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INTEROFFICE MEMORANDUM

To: Personnel Policies and
Procedures Manual Holders

Date: 10 January 94
From: Corporate Policy Mgr
Dept: Corporate Personnel
Ext: 223-9584
Loc: MSO2-1/C4

Subject: ORDERING A PERSONNEL POLICIES & PROCEDURES MANUAL
AND/OR UPDATES

Updates are distributed by job code and government 01 code. Any employee not included in this distribution process and who requires the manual in performing his/her job, may order updates from Printing and Circulation Services in Northboro, MA.

The manual or previous updates to the manual can be ordered electronically for the fastest service. For ALL-IN-1 orders, send to "ORDER @NRO". For VAXmail orders, send to NEST::ORDER. Be sure to include your name, badge number, cost center, site code/mailstop, shipping address (if using outside mail), part number and quantity of items you are ordering. **PLEASE CONTACT NORTHBORO DIRECTLY, AS WE ARE UNABLE TO PLACE ORDERS.**

The manual/updates can also be ordered from Northboro by completing a Request for Literature form (available from Office Supplies). **PERSONNEL MANUALS ARE SHIPPED WITHOUT THE 3-RING BINDER AND TAB DIVIDERS.** Part numbers for these items are listed below. The completed form should be mailed to Publishing and Circulation Services, NRO 2-2/J6, Order Administration.

PART NUMBERS

44th Update (most recent)	10 JAN 94	EF-A2294-50
43rd Update	06 JUL 93	EF-A2180-50
42nd Update	01 FEB 93	EF-A2105-50
41st Update	28 SEP 92	EF-A1921-50
40th Update	27 JUL 92	EF-A1878-50
39th Update	27 APR 92	EF-A1698-50
38th Update	04 NOV 91	EF-A1584-50
Personnel Manual (Complete text includes update #37)		EF-A0980-50
Personnel Manual Binder (Hard Cover)		EN-90264-BD
Tab Dividers (Sec. 1-6, 8, & 10)		EZ-C4863-78

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INTEROFFICE MEMORANDUM

To: Personnel Policies and
Procedures Manual Holders

Date: 10 January 1994
From: Jose Ramirez
Dept: Corporate Personnel
Ext: 223-9584
Loc: MSO2-1/C4

Subject: SUMMARY OF CHANGES TO THE PERSONNEL POLICIES
AND PROCEDURES MANUAL - UPDATE #44 (10 JAN 94)

Replace:

Ordering a Manual or Update Memo
Introduction Memo
Summary of Changes
Table of Contents
Subject Index

DELETE:

4.00A Benefits Coverage Chart - By EMPLOYEE STATUS

DOCUMENT ACTION

- 1.03 Digital Core Values and Related Behaviors - Document replaces Digital Equipment Philosophy. Company's new Core Values and Behavior document approved by the Senior Leadership Team.
- 2.06 Employment Status - Replaces entire section to reflect revised definition for Standard Work Schedule and Special Work Schedule.
- 2.15 Export Requirements for Hiring and Human Resource Acquisition - Replaces entire section of Employment of Citizens from Restricted Countries to reflect export requirements.
- 3.11 First, Second and Third Shift Premium - Replaces entire section of Shift Premium to reflect new title, the addition of a Philosophy section and language changes in the Benefits section.
- 3.13 Standby Compensation - Replaces page 3 to reflect changes in eligible job codes and titles.

- 3.15 **Call-In-Pay** - Replaces pages 2-3 to reflect changes in eligible job codes and titles.
- 4.05 **Life Insurance** - Replaces entire section to reflect new Life Insurance and related programs.
- 4.09 **Disability Absence and Return to Work (updated 22 NOV 93)** - Replaces entire section to reflect changes in the administration program and key definitions.
- 4.16 **Adoption** - Replaces entire section. Amount of reimbursement changed to reflect actual benefits program.
- 4.23 **Leave of Absence** - Replaces entire section to reflect incorporation of the elements associated with the Family and Medical Leave Act (FMLA).
- 4.31 **Workers' Compensation** - Replaces entire section to reflect clarifying language.
- 5.01 **Domestic Relocation** - Replaces pages 3-4, 7-10 and 13-14 to reflect new eligibility requirements. The distance from the old home and to the new worksite must increase the commute by the new minimum of 50 miles.
- 5.11 **Business Expense** - Replaces entire section to reflect new and clarifying language. Reimbursement claims submitted to a different timetable and the reinforcement of the use of contracted vendor to be eligible for reimbursement.
- 5.17 **Group Travel** - Replaces entire section to reflect update on executive travel arrangements.
- 5.18 **Non-Business Aircraft Usage** - Replaces entire section. IRS requirements section added.
- 6.30 **Publication Policy** - Replaces entire section reflecting committee review changes and VTX information.
- 6.35 **Smoke-Free Workplace** - Replaces entire section of Smoking policy. New title reflects new direction of policy. Internal and external designated areas section clarified and responsibilities section updated.
- 6.40 **Work Schedule** - Replaces entire section. Definition and benefits changes updated.
- 6.41 **Special Work Week** - Replaces entire section to address the addition of a Philosophy and Practice sections. Updated language associated with definition and management responsibilities.

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INTEROFFICE MEMORANDUM

To: Personnel Policies and
Procedures Manual Holders

Date: 10 January 1994
From: Jose Ramirez
Dept: Corporate Personnel
Ext: 223-9584
Loc: MSO2-1/C4

Subject: INTRODUCTION

This Personnel Policies and Procedures Manual, developed for managers and supervisors and people in the Personnel Department, is intended to provide a policy and administrative framework for Digital's personnel program. All Digital employees have access to the Personnel Policies and Procedures Manual, through their managers, Personnel Representatives, or Digital's Videotex Library. However, information contained in the manual should not be released to any individual or organization outside the Company without the approval of the Personnel Policy Manager or his/her designee.

These policies are designed to increase your understanding of Digital and its culture and core values. We believe policies provide a frame of reference by which those values can be translated into fair operating practices.

It is the responsibility of every manager, supervisor, and Personnel professional to understand these policies and to administer them in a consistent and impartial manner. Our goal in creating these policies is to provide you with an effective and meaningful tool to help you manage Digital's most important asset - its people.

Whenever possible this manual has been kept intentionally broad in scope with the hopes that this provides individual managers and supervisors with a maximum of flexibility. Digital policies are management guidelines for the implementation of Digital's Employee Relations philosophy. These policies are subject to change without notice as they reflect our values and changing business needs. **AS SUCH, DIGITAL'S PERSONNEL POLICIES ARE NOT CONTRACTS OR GUARANTEES OF ANY PARTICULAR KIND OF TREATMENT OR MANAGEMENT PROCESS.** Only the Senior Leadership Team and members of the Board of Directors are authorized to enter into such contracts.

The meaning, application and interpretation of these policies are reserved to Digital Senior Managers and Personnel professionals, and not to courts of law. The Senior Leadership Team and the Personnel Management Team believe that appropriate use of Company policy is critical to the success of the Company and encourage employees to use the Open Door process (Personnel Policy 6.02) to address issues of concern.

Questions of interpretation will sometimes arise. In those cases you should ask for assistance from your local Personnel organization.

Personnel policies and procedures are subject to further development, modification and/or change, and we encourage your participation in this process by giving us your ideas, suggestions and constructive criticism. Updates to the manual occur approximately two times per year.

NOTE: THIS MANUAL IS ON-LINE. TO ACCESS THE MANUAL, ONCE IN YOUR VAX ACCOUNT, TYPE VTX ORANGEBOOK AT THE "\$" PROMPT. THE MENU WILL GUIDE YOU THROUGH FROM THERE.

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CORPORATE ORGANIZATION CHART

The complete Corporate Organization chart was not available at the time of publication. An updated chart will be distributed to all listed holders of this manual at a later date.

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Date 06 JUL 93

POLICY PHILOSOPHY

Policy at Digital will reflect our belief that Digital's workforce is made up of considerate, highly motivated and committed employees who strive to meet Digital's high ethical, business, and productivity standards. We also believe that managers will weigh business and employee relations issues when making decisions and encourage a positive, productive, healthy and safe work climate.

Fair personnel practices that are responsive to the business needs are the cornerstone of providing a positive work environment. To accomplish this we will write straightforward policies that give guidance to all employees with an understanding that all decisions have business, legal and employee relations implications. We will strive for simplicity in our words and carry the spirit of the core values that guides us in decision-making.

Digital policies are management guidelines for the implementation of Digital's Employee Relations philosophy. These policies are subject to change without notice as they reflect our values and changing business needs. AS SUCH, DIGITAL'S PERSONNEL POLICIES ARE NOT CONTRACTS OR GUARANTEES OF ANY PARTICULAR KIND OF TREATMENT OR MANAGEMENT PROCESS. Only the Senior Leadership Team and members of the Board of Directors are authorized to enter into such contracts.

The meaning, application and interpretation of these policies are reserved to Digital senior managers and Personnel professionals, and not to courts of law. The Senior Leadership Team and the Personnel Management Team believe that appropriate use of Company policy is critical to the success of the Company and encourage employees to use the Open Door process (Personnel Policy 6.02) to address issues of concern.

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PERSONNEL POLICY COMMUNICATION

COMMUNICATION EXPECTATIONS

- o All managers and supervisors possess a Personnel Policies and Procedures Manual.
- o All employees are periodically briefed on key policies.
- o All managers and supervisors receive changes to policies as they become effective.
- o Managers and supervisors inform employees when there are changes to policies affecting them.
- o Personnel departments provide advance training or briefing to managers, supervisors and employees when there are major changes to policies affecting them.
- o Managers, supervisors and employees have the opportunity for involvement in the policy development process.

CURRENT COMMUNICATION PRACTICES

- o The Policy Manual is updated periodically, generally twice a year.
- o Bulletins are sent to Personnel Managers periodically on topics needing further background and clarification.
- o Policies effective between updates are sent to Personnel Managers with instructions to notify managers and supervisors. Employee communication vehicles such as LIVE WIRE, digital today, etc., are used when appropriate.
- o On major policy changes plans are suggested by Corporate Personnel for use by line Personnel Departments to aid implementation. Supporting employee communications will be developed and presented, as appropriate.

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THE FOLLOWING POLICY WAS APPROVED BY THE SENIOR LEADERSHIP TEAM
ON OCTOBER 25TH 1993 AND IS REPRINTED FROM THE CORPORATE POLICY
MEMORANDUM

D I G I T A L E Q U I P M E N T C O R P O R A T I O N

Digital Core Values and Related Behaviors

This is the complete version of Digital's Core Values. The Core Values, in abbreviated form may appear in other publications and policy documents.

The objectives of the enterprise are:

- o to develop long-term and mutually beneficial relationships with our **customers** by understanding their business goals and needs and providing them with high quality, innovative business solutions, products and services.
- o to create and sustain an environment for all **employees** in which we treat each other with respect and value our individual and cultural differences; communicate honestly and openly; reward excellence as essential to company success; develop our capabilities and continually learn.
- o to honor the investment decision of our **shareholders** by managing for profitability and growth through the delivery of innovative customer solutions, products and services.

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Date 10 JAN 94

C O R E V A L U E S

INTEGRITY We choose to be honest in all our business interactions and transactions and remain steadfast when challenged.

We are, first and foremost, honest in all our dealings; with one another, with customers, business partners, investors, suppliers and the communities in which we operate. We are not only honest in the technical sense of the word, but also seek to ensure that the impressions we leave are accurate. We hold ourselves to the highest level of ethical conduct and conscientiously avoid activity that creates even the appearance of any conflict of interest.

Behaviors

We are honest in our commitments to our customers, business partners, investors, suppliers, communities and each other, delivering the agreed upon product or service at the agreed upon time, without excuses.

We compete honestly and do not disparage the competition.

We make commitments and reach decisions based on what we know to be true, after thorough research.

We adhere to the truth despite the pressure of deadlines and the requirement to meet business goals.

We keep our customers informed of our progress in meeting our commitments to them.

We avoid any actions that jeopardize or compromise our integrity and reflect poorly on Digital or on each of us as individuals.

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RESPECT FOR THE INDIVIDUAL We show respect for everyone by what we say and do and value our diverse global workforce.

We treat one another with mutual respect. Our actions, our behaviors and attitudes consistently demonstrate our respect for the dignity and worth of each individual. We maintain a work environment that seeks out and values the insight, experience, contribution, and full participation of all employees. We are committed to understanding, valuing and maintaining a diverse workforce that reflects and responds to the diversity of our customers and our markets.

Behaviors

We listen to and value the viewpoints of others and value differing points of view as a way to improve process, products and services.

We treat others fairly, appraise their work honestly and give credit to those who did the work.

We communicate openly and candidly in a manner that respects each individual.

We challenge issues not people.

Before we act, we understand how our actions will affect people. We communicate in advance with those people affected by our actions.

We ask for help when needed and provide help when others request it.

When we have a problem or issue with someone, we first discuss the matter with that person.

We consider the safety and well-being of others in the workplace.

We welcome and value input and feedback based on cultural differences.

We make all employment decisions on the basis of demonstrated excellence, merit and contribution and not on the basis of preconceived stereotypes.

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EXCELLENCE We excel at everything we do. We strive aggressively for the highest standard of quality to achieve superior value for our customers.

We never compromise in our quest for excellence, customer satisfaction, and company success. We link excellence with consistently and profitably delivering value to our customers. We aim to be the best and excel in every area in which we choose to focus our attention ... we will settle for nothing less.

Behaviors

We establish clear goals for our performance and measure results on the basis of customer satisfaction and company profitability.

We perform every individual or team task to the best of our ability.

We measure and reward individual and group excellence.

We design all our products, services and solutions to meet the highest quality standard.

We compete externally by achieving a higher level of excellence than our competition in delivering value to our customers.

We support our fellow workers in their quest for excellence, knowing that we win or lose as a company.

We consistently drive to decrease the time to get quality solutions to our customers.

We manage intelligent risks necessary to succeed in competitive markets.

We confront and change behaviors or processes that diminish our ability to achieve excellence and competitiveness.

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ACCOUNTABILITY We own up to our words and actions. When we commit to do something, we do it... decisively, responsibly and with urgency so that others can rely on us consistently .

We exercise care in formulating and meeting our commitments to customers and to each other. We understand that others rely on our commitments and expect us to meet them. When we make commitments to customers , to fellow employees and to others, we take personal responsibility for fulfilling those commitments. We immediately inform others when we are unable to meet a commitment. We accept the consequences of our own performance, behavior and words at all times.

Behaviors

We make commitments that we are able to carry out honestly and successfully.

We ensure that commitments will happen through contingency planning and by enlisting those people and organizations that can help fulfill the commitment successfully.

When we encounter an unforeseen delay we openly communicate the situation and recommit to the best possible delivery for our external and internal customers.

We remind others of their commitments and expect others to remind us of unfulfilled commitments.

We reward those who consistently fulfill their commitments with excellence.

We are responsible for our words and behavior as well as our commitments.

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TEAMWORK We work together...energized by our collective talent. We listen to, trust, share with, and empower team members. We use data to move beyond individual opinions to rapid decisions and effective implementation.

We maintain open, honest dialog at all levels of the company. We understand vigorous, constructive dialog is an essential element in building effective work teams and the best way to ensure our ability to create and deliver high-quality business solutions for our customers. When a decision is made and a company goal is established, we work collaboratively with others to meet that goal. We recognize that these company goals are primary and above group or individual goals.

Behaviors

We each take responsibility as team members for a subset of the team's goals in order for the team to achieve the overall goals.

We listen to each other, respect one another's opinions, encourage open debate based on data that leads to decision-making.

When we reach a decision on behalf of the company, we all sign up and we support it.

We resolve differences quickly through the team's decision-making process, focusing on the needs of our customers.

We set achievable team goals that can be measured for success to the customer and the company.

We set a best-in-class model of behavior as a team member, and we encourage others on the team to do the same.

We reward teams that demonstrate excellence and that use the skills and talents of all team members to achieve results that benefit our customers and our company.

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INNOVATION We encourage and value creative solutions to customer needs. We are fearless in expressing unique ideas and taking actions that will generate successful customer solutions.

We value and encourage innovation and creativity. We make elegant and successful use of existing and new techniques to create new business solutions, products and services for our customers' requirements. We open up and develop profitable markets where we have leadership. We are empowered to take intelligent risks after carefully weighing potential hazards and benefits to the company.

- o We reward success and expect everyone to learn from those attempts that are not successful despite our best efforts.

Behaviors

We foster innovative thinking in ourselves and others.

We are unafraid of thinking "outside the boundaries" to arrive at unique, useful and successful solutions for our customers.

We do not penalize failure resulting from thoughtful efforts but learn all we can from it and apply the learning to future projects.

We stimulate "breakthrough thinking" in ourselves and other team members.

We continually learn and develop skills to apply to innovative thinking and implementation and to stay ahead of the competition.

We reward innovation that leads to customer and company success.

We provide a work environment in which individual and cultural differences are understood and valued as catalysts to innovation and creativity.

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CUSTOMER SUCCESS We help our customers and business partners achieve their business goals ...through information systems knowledge, industry expertise, networking skills and consulting. We strive always to outdistance the competition in customer satisfaction.

We are committed to having the most satisfied customers and business partners worldwide. We support and assist our customers to be successful in their own competitive environment through innovative business solutions, information systems knowledge, industry expertise, networking skills and consulting. All of our efforts and decisions are relentlessly focused on maximizing our ability to understand and respond to their needs and expectations.

Behaviors

We actively listen to customers, make sure we understand what they need, respond to their needs, and test to be sure we have provided them with what they want and require for success.

We immerse ourselves in our customers' business goals and needs and help them to anticipate and respond to their future environment.

We make it easy for customers to do business with us.

We have our customers' needs in mind when we design and develop our solutions, products and services.

We make sure that we provide far better value to our customers than our competitors provide.

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Date 27 JUL 92

OTHER POLICY AND PROCEDURE MANUALS

The following is a list of some of other major policy and procedure manuals referenced in this document.

<u>Manual Name</u>	<u>DTN Contact</u>	<u>Outside Number</u>
Corporate Accounting & Reporting	244-6152	(508) 264-6152
Corporate Personnel Administrative Procedures (PSA Manual)	223-8917	(508) 493-8917
Corporate Policy Memorandum *		
Corporate Security Policy & Standards	223-8064	(508) 493-8064
Purchasing Policies & Procedures	223-2908	(508) 493-2908

NOTE: The content of these manuals is generally available through the local Finance, Personnel, Security Information Systems and Purchasing groups and have limited distribution.

* The Corporate Policy Memorandum has a very limited distribution but is generally held by the most senior managers at any given location.

All of the Policy and Procedures Manuals listed above can be accessed on Videotext under the CVP Library, selection Policies and Procedures.

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Section 2

PERSONNEL

POLICIES AND PROCEDURES

Section 2.01

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Date 01 DEC 90

EMPLOYMENT

SCOPE: U.S.

Employment is a shared responsibility of the hiring manager and the Employment organization within Personnel. The hiring manager will work with the appropriate Employment resource throughout the entire employment process.

WORKFORCE PLANNING

The effectiveness of an employment program requires sound workforce planning. Good workforce planning is an ongoing process that should be reviewed jointly by Management and Employment. Workforce plans provide a forecast of the types of personnel that should be sought during a particular business plan period and provide the lead time necessary to formulate recruiting plans.

PRACTICE

OPEN POSITION

An open position results from an approved budgeted addition to staff or a replacement for an employee who has transferred to another cost center or has terminated employment. An open position must be substantiated by an approved Request for Personnel Form (Requisition) prior to interviewing candidates and to the extension of any offer. The Requisition serves as:

- o an intent to source and hire a candidate
- o a written authorization to hire
- o a permanent record in the employee's personnel file

SOURCING

Sourcing is the process used to identify potential job candidates. Employment will source qualified individuals in the following order of priority:

- o Internal candidates - refer to Internal Transfer Policy (Section 2.05) and Job Posting Policy (Section 2.08)
- o External candidates

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DEFINITION OF AN APPLICANT

- o All current employees who submit a letter of interest or a resume.
- o Walk-ins who fill out applications.
- o Individuals selected, based upon their qualifications from a group of mail-in resumes or any other source, whom we contact to consider for employment (i.e., contact by phone or interview; all applicants in whom we have future interest must be classified as applicants).

A candidate referred by a third party is not to be considered an applicant unless contacted directly by Digital to complete an application or schedule an interview.

INTERVIEWING

It is the responsibility of Employment to develop an effective interview scheduling process which will be implemented by the hiring manager. Everyone involved in the interview process should insure that schedules are met and that all interviewees are treated courteously. Employment will be the sole contact with employment agencies.

Applicant Interview Expenses - Digital reimburses reasonable interview expenses for applicants who interview at company offices. Normally, such expenses include round trip travel expenses (coach air fare; or mileage at the company rate, plus tolls, if the applicant uses his/her own car). If an applicant is required to arrange overnight accommodations as a result of the travel distance, such expenses along with reasonable meals and car rental expenses for one day will be reimbursed. Other expense items are generally not reimbursable.

Major interview expenses that are reimbursed must be substantiated by appropriate receipts or reasonable proof of payment, and approved by the Personnel Department before any reimbursement can be made. Any exception must have the prior approval of the Personnel Department.

SELECTION

Selection of the most qualified candidate for a position is based primarily on job related criteria. Other factors that must be considered prior to extending an offer are:

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Reference Checking (see Section 2.12)

Hiring of Applicants with Restrictive Agreements

Digital will not hire an applicant for a position in which his or her job performance will be seriously and adversely impacted by an agreement with a prior employer. Restrictions contained in such agreements may include confidentiality requirements, limitations on the employee's right to contact former customers, and general limitations on the employee's right to compete with the former employer.

It is the joint responsibility of the Personnel organization and the hiring manager to identify such agreements, if any, and to insure that no such adverse impact exists before an offer is made. Hiring managers and Personnel wishing to obtain advice on specific cases should contact the Law Department.

Rehiring of Former Employees

Generally, employees who terminate from the Company will not be considered for rehire. A decision to rehire an employee may only occur after a careful review of the individual's previous company record and with the approval of two successive levels of management. In addition, reference checks with previous Digital supervisors should be carried out to determine if the rehired employee will meet the requirements of the new position. Rehiring someone into a senior management position (i.e. direct report to a group/area manager) requires the additional approval of the appropriate Management and Personnel Management Committee member. When a former employee is rehired, that employee receives no credit for prior service except as provided under the terms of the Pension Plan. Pension plan rules that were in effect at the time of the employee's termination determine what, if any, pension benefits are recoverable. Rehired employees are issued their former badge numbers.

Rehiring Retired Employees

A decision to rehire a retired employee should only occur after a review of the employee's previous company record and a reference check with the previous Digital supervisor. Retirees are prohibited from being rehired as regular employees working 20 or more hours a week. Retirees may be rehired in one of three ways: as regular employees who work fewer than 20 hours per week (R01-19), as temporary employees (T00), or as regular on-call employees (000). Temporary employees must sign a temporary employee contract and are hired in accordance with the

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provisions of Personnel Policy 2.02 except where specifically modified in this paragraph. The following guidelines apply to such rehiring:

- o Retirees should only be rehired to fill critical Company needs.
- o Re-employment as a temporary employee will be for a specified period of time that should not exceed six (6) months. Renewals for additional six month periods are possible, but must be considered as a new rehire and a new temporary employee contract must be signed for the renewal period or periods.
- o Vice presidential review/sign-off in the hiring organization is required for all rehiring of retirees and for renewals of temporary employment periods.
- o Each organization will develop its own review/sign-off process.

When re-employed, rehired retirees will receive those benefits to which their status as retirees entitles them or those benefits to which their status as either a temporary or regular (R01-R19) employee would entitle them, whichever the employee chooses. Rehired retirees receiving monthly pension benefits will continue to receive these benefits while re-employed. Retiring employees who elect to receive a lump-sum pension benefit from the Digital Pension Plan may not be rehired until at least six (6) months following distribution of their lump-sum benefit. Pension accrual will continue during re-employment, but adjustment to the rehired retiree's pension benefit will not be made until the next termination of employment with Digital. Rehired retirees are eligible for other benefits available to employees with the same status. Prior to rehiring a retired employee, managers should advise retirees to assess the impact re-employment may have on their Social Security benefits. In some cases, re-employment may cause a reduction in their Social Security benefits because of the "earnings test".

Local Personnel organizations are responsible for notifying Corporate Benefits both when a retiree is rehired and when a retiree terminates.

Assignment of Relatives - (see Section 6.04)

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Employment of Aliens - (see Section 2.04)

Minimum Age - (see Section 2.01, Employment Standards)

OFFER PROCESS

Both the Employment/Personnel Department and the hiring manager should agree on the offer strategy and procedure. Under no circumstances should employment agencies or search firms extend offers to applicants.

Offer Contingencies - Offers to external candidates are contingent upon the signing of the Employee Agreement and successful completion of a pre-placement examination if applicable (see Employment Standards, below). In addition, offers to all candidates made on or after 6 Nov 86 are contingent upon proof of identity and eligibility to work in the United States in compliance with the Immigration Reform and Control Act (IRCA) of 1986. (For further information on this subject, refer to Section 2.01 of the Personnel Administrative Procedures Manual.)

OTHER EMPLOYMENT CONSIDERATIONS

EMPLOYMENT STATUS (See Section 2.06)

EMPLOYMENT STANDARDS

Minimum Age - We only employ persons of legally employable age. In Massachusetts, for example, people under 16 years of age may not be hired. Applicants 16 and 17 years old must present an Educational Certificate specifying that they may be hired.

If state law prohibits employment of persons aged 16 or 17, that law governs. The local Personnel Department should be consulted if there is a question about this practice.

Pre-placement medical evaluation: All new employees must have a pre-placement medical evaluation prior to commencing work with Digital. This evaluation is made by the Digital Health Services, its designated representatives, or other examiners jointly approved by Personnel and Health Services. This evaluation must be approved by the Personnel Department prior to the employee starting work.

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Exceptions:

- o Temporary employees
- o Field employees who do not have ready access to on-site Digital Health Services.

Break in Service - If a regular employee terminates the Company for a period in excess of thirty-one days, this would represent a break in service and the employee would be given a rehire date. A regular employee who terminates the Company for thirty-one days or less and returns as a regular employee is not considered as having a break in service and the employee would be given the original date of hire. Temporary employees are not eligible for reinstatement.

WAGE CLASSES

Wage Class 2, Hourly (non-exempt) - Employees who are compensated on an hourly basis and manually record hours worked on a weekly timecard.

Wage Class 3, Salaried (non-exempt) - Employees who are compensated on a weekly salary basis and manually report overtime hours or personal time off.

Wage Class 4, Salaried (exempt) - Employees who are compensated on an annual salary basis. Salaried employees do not record hours worked and are not compensated for overtime hours.

TIME REPORTING RESPONSIBILITIES

Wage Class 2 Employees - Wage Class 2 employees must report all hours worked and not worked and must submit a timecard to Payroll every week.

Wage Class 3 Employees - Wage Class 3 employees are not required to submit a timecard if they work a regularly scheduled work week (1-40 hours per week). However, Wage Class 3 employees must submit a timecard to Payroll when they work either more or less than their regularly scheduled work week.

Wage Class 4 Employees - Wage 4 employees are not normally required to submit a timecard. However, when Wage Class 4 employees are absent due to illness, take a vacation, a personal holiday, or are assigned to standby they must submit a timecard.

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RELOCATION EXPENSES See Section 5 for the applicable Relocation Policies or Programs.

REASSIGNMENT

From time to time changing business conditions may require the reassignment of groups of employees from their current organization to other organizations. When this occurs, managers and supervisors should contact their local personnel organization for the appropriate practices to be followed and refer to Personnel Policy, 2.06, Employment Status under Section Responsibilities.

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Consultants

A Consultant is an external resource possessing expertise and in-depth skill and knowledge of a specific professional or industrial application. Consultants are retained to provide Digital clients with objective and impartial opinions within their area of expertise. Normally, their area of expertise is not available within the company. Consultants collaborate with the client to diagnose problems, create and develop products and ideas, and plan strategies.

Consultants are customarily engaged in an independently established business, trade, occupation or profession, and may be self-employed or employees of a firm or service business.

Generally, the day-to-day activity of Consultants is not supervised by the client, rather the client will normally provide statements regarding goals, objectives and deadlines for the project. Similarly, Digital clients normally do not manage or mandate the specific hours a consultant works. Consultants normally provide their own tools and resources to complete the project, and are generally not required to report to the client's place of business.

Consultants are usually compensated for their end result, but may be paid on a time and material basis. Consultants are not Digital employees, are not entitled to Company benefits, are not covered by Digital's Personnel policies and are not eligible to participate in the Company's employee activities. No deductions for taxes, social security, benefits, etc. should be made from payments made to Consultants. (For more detailed information consult your local temporary employment office.)

Other than retirees, no ex-Digital employee shall be employed as a consultant directly or work at Digital as the employee of a consulting firm for one year after leaving Digital's employment. If the hiring of a former Digital employee by a supplier would give that supplier a competitive advantage over other firms, Purchasing may invoke a prohibition as regards the former employee dealing with Digital in a sales, sales engineering or marketing capacity for one year.

Individual exceptions to the foregoing restrictions on business dealings with employees and former employees must be approved by the business or operational vice president responsible for the organization seeking the exception, or by the Corporate Purchasing Vice President. (See Purchasing Policy & Procedure Manual, Section 2.01.)

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No former Digital employee, except retirees, shall be employed as a consultant directly or work at Digital as the employee of a consulting firm for one year after leaving Digital's employment. If the hiring of a former Digital employee by a supplier would give that supplier a competitive advantage over other firms, Purchasing may invoke a prohibition as regards the former employee dealing with Digital in a sales, sales engineering or marketing capacity for one year.

Individual exceptions to the foregoing restrictions on business dealings with employees and former employees must be approved by the business or operational vice president responsible for the organization seeking the exception, or by the Corporate Purchasing Vice President. (See Purchasing Policy 2.01, Digital Business Practices.)

SERVICE WORKERS

Service workers are employed by supplier with whom Digital contracts ongoing self-contained segments of work. This work is contracted for a specific period of time and compensation is based on the total cost of the project/work to be done including labor, materials, and operating expenses.

Service workers are not integrated with our regular employees and/or temporary human resources. They are totally (administratively and daily) managed by an employee of the service worker supplier at the actual work location.

The on-site vendor manager has total responsibility for determining who does the work, how much the workers are compensated, how the work gets done, work schedules, performance measurements, and all other managerial responsibilities. Digital, and its employees, have no direct responsibility/management over these individuals.

Digital's Purchasing organization has the overall management responsibility of the supplier, which includes supplier selection, maintenance, and performance evaluation. It is the purchasing commodity manager's responsibility to ensure that quality service is being delivered at a cost-effective competitive price and in accordance with the terms and conditions of the basic order agreement.

Service Worker Contract Functions (examples)

Security, Media, Landscaping, Custodial, Cafeteria Services, and Moving Services for Office Relocations. Others include Skilled Trade Functions (e.g. plumbing, electricians, HVAC, carpentry), Copy Centers, and Computer Room Management.

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EQUAL OPPORTUNITY IN JOB PLACEMENT

SCOPE: U.S.

PHILOSOPHY:

Digital values a diverse workforce and has a firm conviction that diversity at all levels is critical to the success of the business. Only by demonstrating our commitment to differences can we attract and retain the most qualified individuals.

It is vital, therefore, that our employment actions incorporate our affirmative action and valuing diversity philosophy and are free from discrimination.

POLICY:

Employment processes and procedures for all individuals at Digital will be free from discrimination based on race, color, national origin, gender, sexual orientation, age, citizenship status, religion, disability, or veteran status. Digital will ensure that all individuals will have equal access to and consideration for all appropriate employment opportunities.

In support of our commitment to diversity, Digital will seek to identify and to remove barriers which may prevent the company from attracting and retaining a diverse workforce.

RESPONSIBILITIES:

Managers have the responsibility to and are accountable for:

- o Creating and implementing affirmative action goals and valuing diversity goals in their hiring and sourcing plans; and
- o Ensuring that employment actions in their organizations are free from discrimination and are based on valid business criteria; and
- o Ensuring that they and their staffs are knowledgeable of Digital's equal opportunity in job placement policy and applicable laws and regulations; and

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- o Identifying and removing barriers which may prevent their organization from staffing a fully diverse workforce.

Personnel is responsible and accountable for:

- o Taking every appropriate action to source qualified candidates from diverse populations; and
- o Informing employees and external candidates of Digital's equal opportunity in job placement policy, affirmative action efforts and the value of diversity; and
- o Ensuring processes are in place and are implemented to meet all requirements of this policy; and
- o Reviewing the implementation of this policy on a regular basis to ensure compliance with both its letter and spirit; and
- o Identifying inappropriate behaviors and working with managers to correct it.

PRACTICES:

All management personnel, especially those whose duties directly involve Staffing and Planning, shall join in Digital's efforts to attract a diverse population of applicants.

Notices by governmental agencies regarding equal employment opportunity will be conspicuously posted in compliance with agency rules.

Anyone may file an application for employment.

All applications are kept in a file for the prescribed legal period. These files may be used for other sourcing employment requirements.

POSTING:

All positions approved through the requisition/request for personnel process, must be posted by way of the company's formal posting process. Additional sourcing efforts for such positions may be conducted in parallel with the formal posting process, but only in a manner that will support Digital's Equal Opportunity in

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Job Placement Policy.

It is the intent of Digital to afford all qualified employees the opportunity to advance within the Corporation. It is necessary to insure that there be a communication process that will allow employees maximum access to job openings information. Job posting is the preferred method used to achieve this objective. All job opportunities will be posted internally for a period of ten working days.

All job requisitions that pay a maximum of \$25,000 annually must be listed with the appropriate local State Division of Labor.

RECRUITMENT SOURCES:

Recruitment agencies, search firms, vocational schools, colleges and universities, professional organizations and other regular sources of job candidates will be informed of the company's Equal Employment Policy.

Employment advertisements state that Digital Equipment Corporation is an equal opportunity employer.

Sourcing strategies utilized by the Corporation will incorporate the aforementioned tenets in all of our hiring strategies.

QUALIFICATIONS AND TESTING:

Hiring qualifications for all job levels are fairly administered and are subject to regular review to ensure that they conform to the actual job performance requirements and do not violate law or regulation in their application. Any testing process used as a selection criteria for placement must be reviewed by personnel prior to use and monitored appropriately. EEO/AA is utilized as a resource in structuring the regular reviews and analyzing the appropriateness of any testing methodology.

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RECORD KEEPING:

The Personnel Department keeps up-to-date records that reflect our efforts to comply with Digital's policies and federal requirements..

Copies of the Equal Employment Opportunity Commission report (EEO-1), which we submit every year, are kept on file in the U.S. EEO Offices.

RESTRICTED COUNTRIES:

It is the company's policy to consider hiring citizens from a restricted country. For further information, please refer to the Corporate Policy, 2.15, on employment of citizens from restricted countries.

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U.S. EQUAL EMPLOYMENT OPPORTUNITY/ AFFIRMATIVE ACTION POLICY STATEMENT

It is the policy of Digital Equipment Corporation to ensure that all employees and candidates for employment are considered for all positions on the basis of their qualifications and abilities, without regard to race, color, sex, religion, age, national origin, citizenship status, veteran status, sexual orientation or disability. We shall recruit, hire, upgrade, train and promote all employees in all job classifications and ensure that all personnel actions such as compensation, benefits, company-sponsored training, educational tuition-assistance, and social and recreational programs are administered without regard to these differences. We will provide a work environment free from discrimination and harassment of any kind.

Moreover, we are committed to valuing diversity because it is our firm conviction that an environment which embraces difference is critical to each employee's ability to succeed, and to the success of the Corporation.

In addition, we shall take affirmative action to ensure that all minorities, women, Vietnam Era Veterans, disabled persons and disabled veterans are introduced into the work force and are considered for promotional opportunities as they arise.

Henry Burnett, Manager of U.S. Equal Employment Opportunity and Affirmative Action, will ensure that the intent and practice of this policy is carried out. However, we expect every manager, supervisor and employee to take an active part in putting these principles into practice -- with each other and in our relationships with customers, vendors and others with whom we do business.



Robert B. Palmer, President and CEO

January 1, 1993

BENEFITS COVERAGE BY EMPLOYMENT STATUS

Status	Adoption	Call-in Pay (1)	Death in Family	Dep. Care	Disability	Education (2)	Group Insurance	Holiday Pay	Jury Duty Pay (3)	LOA (4)	Matching gifts
R40 Regular & Special Work Week Schedule	X	X	X	X	X	X	X	X	X	X	X
R30 - R39	X	X	X	X	X	X	X	X	X	X	X
R20 - R29		X	X	X		X	*	X	X	X	X
R01 - R19		X				X	*				X
000 Regular On Call		X				X					X
C00 Co-op		X					Life and Medical only	While at Work			
T00 Dec Temp		X									

(1) Call-In Pay - exempt employees must be on paid standby status

(2) Career Related Courses granted to R40 only

(3) Time off granted to all employees

(4) All regular employees granted military and parental

* New Hampshire Residents working between R15-R40 are eligible for medical and dental coverage

For detailed information on the above, refer to specific policies and/or "YOUR BENEFITS BOOK"

BENEFITS COVERAGE BY EMPLOYMENT STATUS

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Status	Military Reserve Pay (5)	Retirement Benefits	SAVE	Service Awards	Shift Premium	Sick Pay	Standby	Stock Purchase	Student Loan	Vacation	Workers Comp.	HCRA (6)
R40 Regular & Special Work Week Schedules	X	X	X	X	X	X	X	X	X	X	X	X
R30 - R39		X	X	X	X	X		X	X	X	X	X
R20 - R29		X	X	X	X	X		X	X	X	X	X
R01 - R19		X	X	X	X			X	X		X	
O00 Regular On Call		X	X	X	X			X	X		X	
C00 Co-op		X			X	While at work					X	
T00 Dec Temp		X			X			X			X	

(5) Time off granted all regular employees

(6) Health Care Reimbursement Account

For detailed information on the above, refer to specific policies and/or "YOUR BENEFITS BOOK"

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EQUAL EMPLOYMENT OPPORTUNITY

Digital maintains and promotes equal employment opportunity, selecting candidates on the basis of their qualifications for the job.

Implementation

Anyone whose duties encompass recruiting and employment must regularly review the implementation of this policy and its relevant practices to assure that equal employment opportunity, based on valid job requirements, is being actively observed and that no employee or applicant for employment suffers discrimination because of age, sex, race, color, religion, or national origin. Managers and Supervisors are expected to promote equal employment opportunity.

Recruiting and Hiring Minority and Female Applicants

All management personnel, especially those whose duties directly involve recruiting and employment, are aware of our efforts to attract minority and female applicants and are expected to follow this policy.

Equal Employment Notices

Notices by governmental agencies regarding equal employment opportunity are posted noticeably in compliance with agency rules.

Recruitment Sources

All of our recruitment sources, including organizations and media that are utilized by and available to minority group candidates and females, are reminded periodically of our equal employment opportunity policy. Detailed information about Digital, our job openings, and our hiring procedures are supplied to these recruitment sources. All employees are encouraged to refer their family and friends for employment here at Digital.

Employment Advertisements

Our employment advertisements assure equal employment opportunity complying with statutes regarding expression of sex, age or other qualifications.

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Date 16 MAR 79

Applications for Employment

Anyone may file an application for employment.

Application Reserve File

All applicants are informed of the possibility or probability of current or future job openings. All applications are kept in a reserve file for the prescribed legal period and reference to these files is made periodically in conjunction with our employment requirements. This program is designed to ensure equal consideration to minority, female, and non-minority applicants.

Qualifications and Testing

Hiring qualifications for both entry and experience-level jobs are fairly administered and are subject to regular review to assure that they conform to the actual job performance requirements and to changing and novel situations. It must be recognized, however, that Digital has the continuing responsibility to perform its services and functions. In keeping with these responsibilities, the Company will continue to make every effort to hire minority group and female applicants.

Tests that may be administered measure the skills actually required for the particular job. Tests are tools aiding in the selection of the right person for the right job. Our Personnel Department approves all tests used to ensure that they have been properly validated by the appropriate government agency. Any test given to an applicant is administered and evaluated by qualified employees who are fully acquainted with our policy of equal employment opportunity.

Compensation

We pay compensation that is competitive with the industry rates for the work performed so that compensation does not create a barrier for the recruitment of minority group personnel. Opportunities for performing overtime work, or otherwise increasing compensation, are afforded to all qualified employees without discrimination based on age, sex, race, color, religion, or national origin. We compensate all employees equally based upon job classification, experience, and ability.

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Promotion and Training

Employees who fully perform job requirements are given opportunities to prepare themselves for full use of their talents and potential. On-the-job training prepares them to meet all requirements of their jobs.

Candidates for promotion are chosen on the basis of their qualifications and work record - without regard to age, sex, race, color, religion, or national origin. Performance appraisals and work records for all personnel, including females and minority groups, are examined when openings for higher-level positions occur.

Record Keeping

The Personnel Department keeps up-to-date records that reflect our efforts to maintain our policies. These records include:

- o Statistics on current employment.
- o Schedules of job classifications and salary ranges.
- o Records of all employees hired - including job classification and salary - that identify minority group employees in keeping applicable laws of this policy.
- o Job and salary records of employees promoted - including old and new job classifications and salaries.
- o Records of employees resigned or terminated with reasons.
- o Applicant flow records.
- o Training conducted or sponsored by the Company, such as tuition refunds, internal/external courses, seminars and workshops.

Copies of the Equal Employment Opportunity Commission report, which we submit every year, are kept on file in the Corporate EEO offices in West Concord, Massachusetts.

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U.S. EQUAL OPPORTUNITY/AFFIRMATIVE ACTION

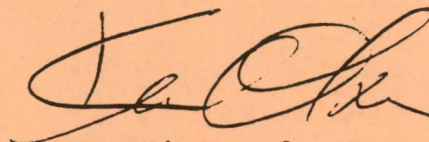
POLICY STATEMENT

It is the policy of Digital Equipment Corporation to ensure that all employees and candidates for employment are considered for all positions on the basis of their qualifications and abilities without regard to race, color, sex, religion, age, national origin, citizenship status, veteran status, sexual orientation, or disability. We shall recruit, hire, upgrade, train and promote all employees in all job classifications and ensure that all personnel actions such as compensation, benefits, company sponsored training, educational tuition-assistance, and social and recreational programs are administered without regard to these differences. We will provide a work environment free from discrimination and harassment of any kind.

Moreover, we are committed to valuing diversity because it is our firm conviction that an environment which embraces difference is critical to each employee's ability to succeed and to the success of the Corporation.

In addition, we shall take affirmative action to ensure that all minorities, women, Vietnam Era Veterans, handicapped persons, and disabled veterans are introduced into the work force and are considered for promotional opportunities as they arise.

Henry Burnett, Manager of U.S. Equal Employment Opportunity and Affirmative Action, will ensure that the intent and practice of this policy is carried out. However, we expect every manager, supervisor and employee to take an active part in putting these principles into practice - with each other and in our relationships with customers, vendors, and others with whom we do business.



Kenneth H. Olsen, President
January 1, 1992

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EMPLOYMENT OF ALIENS

SCOPE: U.S.

POLICY:

An alien is any person who is not a U.S. citizen. Digital will hire U.S. workers whenever possible to fill positions within the U.S. The U.S. worker category includes U.S. citizens, permanent residents, temporary permanent residents, refugees and asylees. Aliens not included in these categories will be considered for employment only:

- o when there is a recognized shortage of qualified U.S. workers who meet the requirements of the position, or
- o when there is a business need which can best be met by a current employee of Digital who is not a U.S. worker and, who would be temporarily assigned to the U.S.

Digital may initiate the permanent residence process for an alien on a temporary visa if the business need arises for the employee to stay in the U.S. beyond the limits of a temporary visa. The decision of the timing of a change in visa status will be the responsibility of the Corporate Immigration Department based on both internal and external factors.

Aliens who do not have proper legal immigration status and authorization to work in the U.S. cannot be employed by Digital. Each employee is responsible for maintaining legal U.S. Immigration status. If an employee does not have or fails to maintain proper legal immigration status in the U.S., he or she will be subject to immediate termination.

PRACTICE:

DETERMINING STATUS

It is the responsibility of the Personnel Representative and the hiring Manager to verify the immigration status of an applicant who is not within the U.S. worker category prior to making an offer for employment. Obtaining this information must be consistent with EEO laws and procedures and the Immigration Reform and Control Act (IRCA); Digital can request proof of U.S. Immigration status permitting employment in the U.S.

Aliens not included in the U.S. worker category will be scheduled

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to meet or communicate with the Corporate Immigration Department during the interview process or prior to a formal job offer being made. Employment may not commence until the employee has visa status permitting employment with Digital in the U.S.

All questions regarding employment of aliens should be directed to the Corporate Immigration Department.

INTERNATIONAL RELOCATION

All new hires or current employees who relocate internationally to the United States will be relocated under the provisions of the appropriate International Relocation Policy (Personnel Policy 5.19).

VISA SERVICE

All visa petitions for intra-company transferees and alien new hires who are in the U.S. or who are moving to the U.S. will be the responsibility of the Corporate Immigration Department. In order to assure that local Department of Labor and Immigration standards are met, labor certifications and visas processed outside Massachusetts or New Hampshire may be referred to outside attorneys qualified in immigration law. The decision to refer visa processes to outside attorneys and to choose appropriate attorneys is the responsibility of the Corporate Immigration Department.

The normal and necessary legal and administrative expense for visa processes will be paid by the cost center employing the alien. Cost of travel to home countries and other unusual costs to obtain a visa are the responsibility of the employee.

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EQUAL OPPORTUNITY, AFFIRMATIVE ACTION AND VALUING DIVERSITY

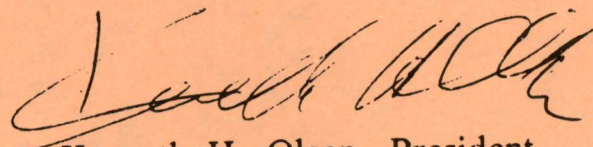
POLICY STATEMENT

It is the policy of Digital Equipment Corporation to ensure that all employees and candidates for employment are considered for all positions on the basis of their qualifications and abilities without regard to race, color, sex, religion, age, national origin, citizenship status, veteran status, sexual orientation, or disability. We shall recruit, hire, upgrade, train, and promote all employees in all job classifications and ensure that all personnel actions such as compensation, benefits, company-sponsored training, educational tuition-assistance, and social and recreational programs are administered without regard to these differences. We will provide a work environment free from discrimination and harassment of any kind.

Moreover, we are committed to valuing diversity because it is our firm conviction that an environment which embraces difference is critical to each employee's ability to succeed and to the success of the Corporation.

In addition, we shall take affirmative action to ensure that all minorities, women, Vietnam Era Veterans, handicapped persons, and disabled veterans are introduced into the work force and are considered for promotional opportunities as they arise.

The U.S. Manager of Equal Employment Opportunity/Affirmative Action and the Corporate Manager of Valuing Diversity, will ensure that the intent and practice of this policy is carried out. However, we expect every manager, supervisor and employee to take an active part in putting these principles into practice - with each other and in our relationships with customers, vendors, and others with whom we do business.



Kenneth H. Olsen, President
July 1, 1990

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INTERNAL TRANSFER

SCOPE: U.S.

POLICY

Digital's greatest asset is our employees and our success depends totally on them. As Digital grows, our employees grow. As we accommodate our expanding business needs, we will strive to accommodate the career needs of our employees through internal transfer. It is the responsibility of both employees and management to assure that these needs are met.

PRACTICE

Employee Responsibilities

- (A) Make informed, realistic career decisions.
- (B) Gather information about other groups, jobs, functions, etc. and utilize managers and Personnel as resources in accessing that information.
- (C) State intentions/desires to manager (as well as other individuals who might help) and ask for suggestions/recommendations.
- (D) Pursue interviews by following up leads, contacting Personnel /hiring manager and utilizing Job Posting processes.
- (E) It is expected that an employee will inform his/her current manager prior to beginning a formal interview process with another group.
- (F) Obtain feedback (both positive and negative) from hiring supervisor and/or employment representative after the job interview.
- (G) Identify development needs and implement plans to meet these needs.

Manager/Supervisor Responsibilities

- (A) Provide continuing specific feedback on performance in present job.
- (B) Assist employees in planning career development and support that development with training, special assignment, etc.
- (C) Share opinions with employee on next job possibilities within/outside organization.
- (D) Provide information/open doors to other groups.
- (E) Encourage employee to do research and informational interviewing around career goals.

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- (F) Replace employee only after the employee finds another position.

Manager/Supervisor Responsibilities (Cont'd)

- (G) Transfer the employee within a reasonable time once the job has been accepted.
- (H) Provide salary information (i.e. current job, other positions) to the employee when appropriate.

Employment Specialist Responsibilities

- (A) Source qualified individuals within the Company, taking into consideration EEO/AA plans.
- (B) Notify the employee's manager prior to contacting an employee about a formal job opening.
- (C) Have and communicate current information on open, budgeted requisitions and know skills and experience required for those jobs, in compliance with the Job Posting Policy, 2.08.
- (D) Give referrals to other employment specialists of employees interested in exploring.
- (E) Treat internal candidates with the same consideration given to external candidates:
- respond by phone or letter to resumes within two weeks.
 - provide information on available positions.
 - set up interviews.
- (F) Achieve a balance in sourcing and selecting internal/external candidates and encourage internal selection when qualified internal candidates are available.
- (G) Inform internal candidates promptly of job hiring decision/status.
- (H) Work closely with the Employee Relations Representative to ensure the job search/transfer process works.
- (I) Provide salary information to employee when appropriate.
- (J) Ensure that employment decisions involving internal candidate are based on qualifications.
- (K) Involve the compensation function to resolve question of salary or classification.

Employee Relations/Personnel Representative Responsibilities

- (A) Educate managers and supervisors in the job search/transfer process.
- (B) Coach and counsel employees.

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- (C) Provide information/resources on internal contacts for employees to do informational interviewing.
- (D) Work closely with the Employment Specialist to assure the job search/transfer is effective.

Hiring Manager/Supervisor Responsibilities

- (A) Ensure that there is a budgeted and approved requisition before interviewing candidates.
- (B) Provide Employment Specialist with a detailed job description, including duties, responsibilities, minimal qualifications and skills.
- (C) Be available to employees who are interested in exploring jobs.
- (D) Know the organization's EEO/AA plans.
- (E) Interview qualified candidates and make a timely decision.
- (F) Give feedback on results of interviews to internal candidates.
- (G) Have a clear understanding with your new hire as to the minimal time commitment needed to fulfill the job requirement by both parties.
- (H) Inform current Manager/Supervisor of interest in interviewing employee and obtain references and performance data prior to making offer to the employee. After an offer is accepted negotiate a release date and obtain salary plan information.

Time in Job

Time in job is expected to include several stages:

- o A learning period, the length of which is dependent on the employee's skill level and on the complexity of the work.
- o A period in which the employee is fully knowledgeable about the job and is able to contribute to the department's overall performance.

In addition, once fully knowledgeable, an employee may assume broadening assignments which assist the employee in preparing for the next job or level of responsibility.

In all cases, the hiring manager must communicate time-in-job expectations to the employee before the employee is offered a position. Non-exempt employees must remain on an assignment at least twelve months and exempt employees must complete at least twenty-four months before transferring. There may be situations

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(e.g., Assembler I moving to Assembler II) in which job family progression is involved or when business conditions justify where these minimums would not be appropriate. Normally, it is expected that a manager will request that an employee remain in a job beyond the minimum requirements. Length of time will vary depending on the nature of the business, the complexity of the job and the amount of time required to fully learn the job and to contribute to the department's performance.

It is considered advantageous for the employee to remain in a job for the period of time which includes the above stages.

Date of Transfer

In most circumstances the transfer date should be no longer than two weeks from job acceptance for non-exempt employees and four weeks for exempt employees, unless all parties agree to an extension.

Transfer Requiring Relocation

For information on relocation benefits available to transferred employees see Relocation Policy (5.05).

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EMPLOYMENT STATUS

SCOPE: U.S.

PHILOSOPHY:

Digital's work environment requires many different work schedules. As business needs change, it sometimes becomes necessary to change these schedules. In establishing work schedules, managers need to consider the objectives of the business while being sensitive to employees' needs.

POLICY:

Digital's policy is to maintain a system for classifying employees by employment status; this system is intended to insure consistent treatment for all employees.

An employee's employment status is determined by the number of hours and days that an employee regularly is scheduled to work each week and by the nature of the assignment, i.e., a regular, or non-regular position. Most employees will work a regularly scheduled forty (40) hour week, consisting of eight (8) hours a day five (5) days a week. The schedule to which an employee is regularly assigned determines his or her paid benefits and holiday schedule.

Digital also intends to establish clear responsibilities for the company and employees according to an individual's employment status.

This policy is not intended to apply to employees who are unable to meet the new requirements of their jobs because of disabilities (see Personnel Policy 4.09, Disability Absence and Return to Work), situations in which the employee's job is eliminated because of organizational Transitions, Redeployment of Reorganizations (i.e., where the employee's job is eliminated because of reductions in work, or restructuring of organizations) or situations in which individual employees refuse to perform assigned work (see Personnel Policies 6.21, Corrective Action and Discipline and 6.24, Employee Conduct).

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PRACTICES:

DEFINITIONS

REGULAR EMPLOYEE - An individual who is employed directly by Digital, has a Digital badge number, is paid from Digital's payroll system with an established start and an end date that is determined by either the company or the individual, and works on one of the following schedules:

- o **STANDARD WORK SCHEDULE (R40)** - Regular and continuous work schedule which is five (5), eight (8) hour days, equaling forty (40) hours each week.
- o **SPECIAL WORK SCHEDULE (R40)** - Regular and continuous schedule compressing a normal work week into four (4) or fewer days and requiring employees to work more than eight (8) hours each work day and thirty-six (36) or more hours per week. These employees are classified as R40 regardless of actual hours worked.
- o **PART-TIME WORK SCHEDULES (R01-R39)** - Regular and continuous work schedule consisting of fewer than forty (40) hours each week.
- o **ON-CALL WORK SCHEDULE (0)** - A schedule that is not fixed and continuous. This work schedule may vary from week to week depending upon company needs.

NON-REGULAR EMPLOYEE - An individual who is employed directly by Digital, is paid from Digital's payroll system, has an assignment that is temporary with established start and end dates, and is classified as one of the following:

- o **DIGITAL TEMPORARY EMPLOYEE (T00)** - An individual who is employed to complete temporary assignments. Temporary employees work for Digital only for so long as their services are needed, and usually for a period of six (6) months or less.
- o **COOP (C00)** - A student in a formal cooperative education program who works as a company employee on a fixed and continuous basis for a specified period of time.

HEADCOUNT EQUIVALENCY - A methodology for headcount management and reporting, used for Digital regular employees and non-regular workers. Equivalency provides managers with a consistent methodology for budgeting, forecasting and

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reporting population and greater flexibility to managers in addressing staffing and Life Balance issues within the context of business needs.

An individual is counted as a percentage of the standard work period which is defined for each country.

For additional information, see Personnel Policy 6.51, Life Balance or the Common Data Population Reporting Manual accessible electronically; type VTX CDPR at the "\$" prompt.

RESPONSIBILITIES

COMPANY RESPONSIBILITIES:

- o Digital insures that all employees are properly classified according to their regular work schedule.
- o When a regular employee's normal work schedule and/or employment status must be changed to meet the Company's business needs, for reasons other than a formal Transition or Redeployment process, Digital will give the affected employee as much notice as possible. Digital will give an employee at least thirteen (13) weeks notice of any change. However, if business conditions permit, a longer notice period is recommended.
- o When an employee is unable to change his or her schedule, the Company will support the employee during the notice period, while he or she is attempting to transfer to another position that does not require a change in status. In this case, an employee would be exempt from time-in-position requirements, i.e., 24 months for wage class 4 and 12 months for wage class 2. However, if the employee is unable to find another position by the end of the notice period, he or she will be given the option of accepting the change in status in the current position. If he or she declines this change, the employee will be terminated from the Company and the termination will be considered a "Company Release".
- o Digital will be sensitive to the changing needs of all employees. Managers will carefully consider any request by a regular employee for a change in work schedule. Before approving a request, the manager must take into consideration the interest of both the Company and the employee.

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- o The Company expects managers to develop and maintain a work force plan which clearly establishes the necessary balance among regular and non-regular employees.

EMPLOYEE RESPONSIBILITIES:

- o Employees engaged in looking for another position within Digital, because of changes in their work schedule, are expected to make a sincere good faith effort in identifying and accepting a position that matches their skills, and meets the needs of the business.
- o Temporary employees should understand the temporary nature of their assignment. If a temporary employee is interested in a regular assignment, he or she should notify his or her supervisor.

REFERENCES

Personnel Policies and Procedures Manual:	
Employment	2.01
Temporary Human Resources	2.02
Cooperative Education Program (COOP)	2.09
Work Schedules	6.40
Special Work Weeks	6.41

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STUDENT EMPLOYMENT PROGRAM

1 SCOPE: U.S.

POLICY

According to the business needs of the corporation, students may be hired to work during school vacation periods. This practice exposes students to the business world and provides the company with a competitive edge in hiring high quality regular employees after their graduation from school.

PRACTICE

PROFESSIONAL PROGRAM

The Professional Program is designed for undergraduate and Master Degree level students who are being trained in jobs equivalent to exempt positions.

College students may be hired to work temporarily in professional capacities according to the business needs of the Corporation. The Professional Program is designed to provide students with training in their fields through special projects and assignments, and to serve as a recruiting vehicle.

Hiring efforts must include local affirmative action objectives and will occur in the following priority order:

1. Digital Scholarship Students. Scholarship programs include: Minority Education Program, Women's Scholarship Program, Freedom House Program, college scholarship programs sponsored by individual organizations.
2. College students who have unique professional skills and the capabilities to meet the business needs of the organizations.
3. Students who have previously worked at Digital.

The following will apply to students hired into professional positions:

- o All vacation hiring must be substantiated by an approved Request for Personnel form prior to an extension of an offer.
- o Students are classified as exempt Temporary employees.

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- o Students are paid according to a fixed wage structure and assigned corresponding job codes in Job Family 12. The wage structure will be revised annually and distributed with the coop salary guidelines.
- o Round-trip travel expenses for those students whose work assignments are 50 miles or more distant from both their school and home, will be paid in accordance with the business expense policy 5.11. These relocation expenses, including lodging, meals and travel, will be paid for the student's initial trip to Digital, prior to starting employment and for the return trip home after the work assignment is completed.
- o Students are not eligible for any other benefits other than those provided for by law.
- o Pre-placement medical examinations are not required.
- o Badges will be issued by the site Personnel Services Administrator (PSA).
- o A Temporary Employee Agreement form must be signed.

Managers who hire Professional Program students should:

- o Prepare a job description plan outlining the student's responsibilities.
- o Orient the student to the job, work-setting, and requirements governing employment with the group.
- o Provide close supervision for the student on a regular basis, as well as periodic reviews of the student's performance.
- o Provide returning students with work assignments of increasing responsibility and relevance to their educational level.
- o Upon the student's termination, make a decision regarding his/her value to the Corporation and return status. (A commitment to rehire in any capacity should be given to the student only where there is clear authority to do so.)

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NON-PROFESSIONAL PROGRAM

Students may be hired during vacation periods in non-professional capacities according to the business needs of the Corporation (e.g., janitors, stockroom attendants, clerical, groundskeepers, etc.)

Hiring efforts will include local affirmative action objectives and will occur in the following priority order:

1. Students who are National Merit Scholars or are recipients of Digital High School Scholarships.
2. Students who have previously worked at Digital.
3. Children of current employees.

The following will apply to students working in non-professional capacities during vacation periods:

- o All vacation hiring must be substantiated by an approved Request for Personnel form prior to an extension of an offer.
- o Students are classified as non-exempt Temporary employees.
- o Temporary vacation employees are paid the minimum rate for the job they are performing.
- o Students are not eligible for benefits other than those provided for by law.
- o Pre-placement medical examinations are not required for vacation employees.
- o Appropriate state laws governing the employment of minors must be followed in all cases.
- o Badges will be issued by the site Personnel Services Administrator (PSA).
- o A Temporary Employee Agreement form must be signed.

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STUDENT DEVELOPMENT PROGRAMS

SCOPE: U.S.

PHILOSOPHY:

Digital Equipment Corporation recognizes that it is good business to provide an environment that will enhance the current academic curriculum offered to students while developing relationships with educational institutions and their research programs. Furthermore in order to meet current and future business needs we recognize that educational institutions are a source of knowledge and expertise. To address the above we are committed to developing policy and practices that will best facilitate these objectives through partnership with the schools, students, and the Company.

POLICY:

It is the policy of Digital Equipment Corporation to ensure that all students who are participants in the Cooperative Education, Student Employment, and Internship Programs be given the opportunity to be part of a business environment where good management practices are followed.

PRACTICE:

To be considered at Digital for the Student Development Programs the student must be enrolled in an accredited educational institution on a full-time basis and pursuing a degree or certificate of completion from a program of studies. The type of program the student is categorized in is determined by the criteria of the program as described in this policy.

Hiring efforts must include local Affirmative Action objectives. Priority should be given to Digital Investment Students, i.e., scholarship, fellowship, research, and returning students.

TYPE OF PROGRAMS

There are three different Student Development Programs: Formal Cooperative Education, Student Employment Program (SEP), and Formal Internship Program.

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Cooperative Education Program

Cooperative Education is a formalized program of study in which students combine classroom theory with practical experience gained through employment on productive work related to the student's major. The program usually provides for alternating periods of school and employment on an ongoing basis until graduation.

A co-op is a student who meets all the following criteria:

1. Is enrolled in a formal Cooperative Education Program at an institution or college under the supervision of an academic director or a faculty advisor.
2. Receives academic credit or otherwise satisfies educational requirements in order to complete a program of studies.
3. Works for a specified period of time.

A co-op student receives compensation and specified benefits from the Company.

The terminology used by Digital for cooperative education is not necessarily identical to that used by educational institutions. Any student who falls under the Digital definition of a co-op, no matter how labeled by the school, must be placed in the proper specified co-op job code.

A commitment made to the Cooperative Education Program often extends beyond a first assignment to a second or third assignment for the student. Once initiated, the commitment cannot be withdrawn if subsequent assignments are available and the student performs satisfactorily in the job. In cases where the manager leaves the department or the department is restructured, the original commitment to the student and the school continues for the duration of that assignment. It is the responsibility of the manager, working with the Personnel organization, to identify a comparable assignment in a timely fashion. In the event a student desires a transfer after completion of initial assignment to another department and has the organization's approval, the manager is released from the original commitment but should provide assistance to the student in locating an alternate assignment.

When a manager identifies a cooperative position in a business plan, he/she will work with Personnel to recruit and hire a student. Co-op schools should be selected with care and whenever possible from the colleges/universities with which Digital has already established relationships.

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The cost of campus recruiting is borne by the cost center originating the request.

A written evaluation is required by the school at the end of each work period. During the work term, on-site visits may be made by the school coordinator to monitor the quality of the program. In the case of unsatisfactory performance, the student's manager and Personnel department should inform the school coordinator in writing and together decide what is to be done. A co-op should not continue employment if the work performance is unsatisfactory.

Upon acceptance of an offer of employment, the student must sign the Temporary Employee Invention and Confidentiality Agreement.

A Requisition for Personnel is required for a co-op student.

Student Employment Program (SEP)

A Student Employment Program is an informal program in which a student combines classroom theory with practical experience gained through employment on productive work related to the student's major.

A student in this program must meet all the following criteria:

1. Will be part of a sponsored program or an independent student seeking practical experience in his/her field of study.
2. Works for a specified period of time, not to exceed six months and usually during school vacation, with a start date and end date.

The student receives compensation and specified benefits from the Company.

Upon acceptance of an offer of employment, the student must sign the Temporary Employee Invention and Confidentiality Agreement.

Students who perform satisfactorily on an assignment should be considered for future SDP opportunities should they become available.

A Requisition for Personnel is required for a student employment candidate.

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Internship Program

An Internship Program is a formalized program of study in which students combine classroom theory with training. The internship can be a required or optional element of a course or program.

An intern is a student who meets all the following criteria:

1. Is assigned to a short term project which can be defined as training and provides no practical value (as defined by the Fair Labor Laws) to the Company.
2. Receives academic credit or satisfies educational requirements.
3. Is participating in and sponsored by a formal institutional program under the supervision of an academic advisor or institution liaison person.

An intern receives no compensation or benefits from the Company.

Upon acceptance of a sponsored intern to Digital, four agreements must be signed by the appropriate persons:

1. Intern Sponsor Agreement (between the institution and Digital): This agreement sets forth the responsibility and obligations of Digital and the Institution with respect to the project.
2. Intern Agreement (student agreement): This defines the obligations of the intern toward Digital.
3. Intern Project Form (detailing the project): This specifies the tasks to be undertaken by the intern in order to complete the assignment.
4. Intern Registration and Access Form: This agreement needs to be completed and forwarded to the Security Department in order for the intern to be issued a temporary badge. Copies of the Intern Agreement and Intern Sponsor Agreement must be attached.

Agreements and forms can be obtained from Personnel.

Requisition for Personnel is not required for an intern.

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RESPONSIBILITY FOR THE PROGRAM

A well-managed Student Development Program involves a team working together to ensure a meaningful relationship between the student and the Company.

Line Organization Responsibilities

The position originates with the manager whose responsibility it is to:

1. Identify the project plan relevant to a student's level of education and experience. The project plan should be discussed with the student at the beginning of the assignment.

It is recommended for the Student Employment Program and Internship Program that a project/training be identified that can be completed within the designated time frame.

For the Co-op Program it is critical to establish a continued plan for successive assignments for an ongoing commitment.

2. Submit a copy of the project plan and/or a signed requisition to Personnel. (A requisition is not needed for an intern.)
3. Arrange interview and where applicable participate in on-campus recruiting.
4. When required by the school, arrange site visits for school program coordinators.
5. Integrate the student into the group, provide a general orientation and discuss assignment expectations. The manager will establish learning objectives for the student and provide close supervision to assist him/her in accomplishing these objectives.
6. At the end of each assignment submit a written performance evaluation to Personnel. This may include evaluations required by the school.
7. Complete the management sections of the termination form and submit to Personnel prior to the student's last day of work. (Not applicable to intern.)

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8. Assist student in locating alternate assignments in the event of a department reorganization during work assignment or for an ongoing commitment. Contact Personnel with status change.
9. Provide visibility for potential regular employment for graduating students recommended for hire.
10. If, during the course of the assignment, the student is exposed to Digital proprietary or confidential information, it is the supervisor's responsibility to identify clearly the nature of the information and acquaint the student with his/her responsibility for protecting such information from inappropriate disclosure. To the extent that such information may be required to be disclosed by the student to a faculty member in connection with the assignment, it is the responsibility of the student to first notify the supervisor. The supervisor will determine the degree of risk and whether such disclosure will be authorized. If further disclosure is authorized, the supervisor will inform the faculty member of the necessity to guard against inappropriate disclosure of the information and, if appropriate, initiate a non-disclosure agreement, from the faculty member.

Personnel Responsibilities

It is Personnel's responsibility to provide program assistance to the organization and when necessary serve as a liaison between Digital and the school. Where Digital organizations are affiliated with College Relations groups, the latter should assume primary responsibility for assistance and interface.

Personnel's responsibility are as follows:

1. Determine project requirements with the manager.
2. Require an approved requisition and project plan (requisition not required for interns).
3. Consult with U.S. College Relations if this is a new Student Development Program within the organization.
4. Extend written offers to new and returning students and ensure that Personnel orientation is provided (not applicable to interns).

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5. Meet with the supervisor and the student to verify that expectations are being fulfilled by both parties.
6. Ensure exit interview and termination process have been completed (not applicable for intern).
7. Where appropriate, provide visibility to the organizations for regular employment of recommended students upon graduation.

STATUS OF EMPLOYMENT

A Request for Personnel form (requisition) must be approved prior to interviewing candidates and to the extension of any offer (Not applicable for interns).

All paid students in these programs are employees with a specified start date and end date and are assigned an employment status of COO. The administrative procedure is managed by the U.S. Temporary Human Resource Office.

Unpaid students are not Digital employees. Administrative procedures are managed by the manager providing the training.

COMPENSATION AND CLASSIFICATION

At the time of hire, students must be placed in the proper job code and compensated according to the Student Development Program salary guidelines. Undergraduate students are divided into two categories: technical and non-technical. Salary and job code are determined by the student's major in school and the academic year the student will be entering when he/she returns to school. (Example: a student who completes the first year of study on May 15 is considered to be a second-year student on May 16.) The salary structures are revised annually by U.S. Compensation. Student Development candidates are compensated at an hourly rate which is adjusted at the beginning of each official assignment as appropriate. No merit increases in pay are authorized. (Interns are not assigned a job code and receive no compensation.)

PROGRAM FEES

Some programs require a participation fee to be rendered to the school. All such fees will be borne by the hiring cost center.

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RELOCATION REIMBURSEMENTS

Digital will reimburse the following expenses, per Business Policy 5.11 for students whose school residence is 50 miles or farther away from their Digital work site: (Not applicable for interns)

- a. Travel to the work site for the first day of the assignment
- b. Return at the end of the assignment to the school residence
- c. Housing should be secured/arranged prior to the first day of the work assignment. Housing referrals should be worked with hiring manager. In extenuating circumstances, a cost center manager can approve:

Three days' living expenses (limited to lodging, breakfast, and dinner) if housing is not immediately available upon student's arrival at the Digital work location.

Students will be reimbursed by means of relocation vouchers which must be submitted within seven days of the date of the expense incurred. Receipts must be included.

Relocation reimbursements are considered as employee compensation and may be taxable per IRS regulations. If applicable, Digital provides a tax adder to compensation.

Living accommodations and related living expenses for the duration of the assignment are the student's responsibility.

Digital does not reimburse the expense of moving personal household goods for student assignments.

BENEFITS

Holiday Pay

Students are paid for Company holidays that fall within their work period at Digital. Students are not eligible for personal holidays. (Not applicable for interns)

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Salary Continuation

Students are eligible to receive salary continuation for casual absence of five consecutive working days or less due to illness or injury. (Not applicable for interns)

BENEFITS UPON POTENTIAL HIRE AS A REGULAR (R20-40) EMPLOYEE

Students who have worked at Digital for at least one complete assignment in the Student Development Program and are hired as regular (R20-40) employees after completion of their degree program will receive an adjusted service date. (Not applicable for interns) This date reflects the total time worked in the Student Development Program. It is used to determine participation in: Employee Stock Purchase Plan, pension plan, accrued vacation, and personal holiday. Vacation accrual is equal to the past service up to a maximum of ten (10) days. Employment with any other company after graduation cancels all credit for past service in Digital.

LEGAL CONSIDERATIONS

Legal contracts with schools are to be negotiated, entered into or revised only by the appropriate level of line management in conjunction with the Corporate Law Department and U.S. College Relations. A copy of said agreement must be filed with the U.S. College Relations Office.

PERSONNEL POLICY REFERENCE MATERIALS

2.01; Employment

- o Students under 18 years of age
- o IRCA - Immigration Reform and Control Act
- o Department of Defense
- o Wage Class

2.04; Employment of Aliens

2.15; Employment of Citizens from Restricted Countries - Denied Parties Screening

6.30; Publication Policy - Student Thesis/Publications

8.03; Information Protection

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INTERN POLICY

POLICY

Digital provides internship assignments for college, university, and high school students in compliance with federal and state laws. Internships are intended to provide a practical learning experience by exposing students to the business world and thereby serving to broaden their education. Internships offer the Company an opportunity to evaluate potential future employees.

PRACTICE

To be accepted at Digital, an intern must be sponsored by and affiliated with a recognized institutional or organizational internship program. Sponsored internship assignments must be coordinated by a Digital Employment manager. Any individual who is not sponsored by and affiliated with a recognized institutional or organizational program will not be accepted as a Digital intern.

Criteria

An intern is a student who meets all of the following criteria:

- o Is participating in a formal institutional program under the supervision of an academic advisor or institution liaison person.
- o Is assigned to a project which can be defined as training and provides no practical value to the Company.
- o Receives academic credit or satisfies educational requirements in order to graduate from a degree or certificate granting program of a college, university or high school.
- o Works on a short-term assignment for which he/she receives no compensation or Company benefits.

Implementation

- o An employment requisition is not necessary for an intern.
- o Upon acceptance of a sponsored intern to Digital, three agreements must be signed by the appropriate persons:

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- Intern Sponsor Agreement (between the institution and Digital): sets forth the responsibility and obligations of Digital and the Institution with respect to the project.
- Intern Agreement (student agreement): defines the obligations of the intern toward Digital.
- Intern Project Form (detailing the project): specifies the tasks to be undertaken by the intern in order to complete the assignment.
- o A temporary badge will be issued after an Intern Registration and Access form is completed and forwarded to the Security Department, together with copies of the Intern Agreement and Intern Sponsor Agreement.
- o If an intern is required to complete a project paper or thesis based upon the work agreement for academic credit, the intern must submit a publication proposal to the supervisor and cost center manager for their approval before the start of the project. The intern's supervisor is responsible for monitoring progress on the project at regular intervals to avoid the possibility of a completed paper which would require restriction. The supervisor and cost center manager should adhere to Section 6.30, Technical Publication Policy, of this manual, in reviewing the completed paper to assure that proprietary or confidential information is identified and removed. After approval of the paper by the intern's supervisor and cost center manager a copy of the paper and a publication release form must be sent to the Corporate Library for archiving.
- o If, during the course of the internship, the student is exposed to Digital proprietary or confidential information, it is the supervisor's responsibility to identify clearly the nature of the information and acquaint the intern with his/her responsibility for protecting such information from inappropriate disclosure. To the extent that such information must be disclosed by the intern to a faculty member in connection with the assignment, it is the responsibility of the intern to inform the faculty member of the necessity to guard against inappropriate disclosure of the information. Refer to Policy 8.03, Proprietary Information Protection Policies.

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- o When engaged in training students who are under 18 years of age, the Company must adhere to restrictions set forth by federal and state government. The local Personnel Department should be consulted about laws and regulations governing minors. Particular care should be taken to provide minors with clear guidelines and expectations regarding the assignment and to review work rules and office conduct with them at the start of the term

NOTE: For copies of agreements and forms and additional information on administration of this policy see Section 2.10 of the Personnel Administrative Procedures Manual, Volume 1.

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GOVERNMENT SECURITY CLEARANCES

POLICY

The Company believes that complying with governmental security regulations for classified contracts is an important part of our business activities. In addition all employees have the responsibility to ensure the security of government classified information.

PRACTICE

Security Clearances

Digital's business sometimes involves Government-classified contracts. Digital is committed to cooperating with the Department of Defense and other intelligence agencies and intends to honor all reasonable requests submitted by investigating agencies. Employees that have a need to bid or service a classified contract are required to have a Department of Defense (DOD) personnel security clearance before being allowed to have access to any classified information. The employee should be cleared to the level that is specified by the Government contract. There are three levels of DOD personnel security clearances. They are Top Secret, Secret, and Confidential.

If an employee receives a request from a customer or OEM that he/she should be processed for security other than the levels listed, the employee should contact the Corporate Government Security Office who will direct him/her to the appropriate individual for processing.

The employee's manager must show an actual need for a security clearance before the required personnel security clearance forms will be issued to the individual. Additional information on processing a government security clearance may be found in the Personnel Administration Manual, Section 2.11.

Consent and Release Statements

When the Cost Center Manager justifies the need for a personnel security clearance, the employee will be issued the required forms for completion, along with a Consent and Release Statement. This statement authorizes a representative of the U.S. Department of Defense to perform a security clearance assessment on an individual who has signed the form. Signing the Consent and Release Statement

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is voluntary, but an employee who will not provide requested information cannot be processed for a security clearance.

Background Investigations

Employees who are being processed for a Top Secret security clearance will be the subject of an "interview oriented background investigation" IBI, which will entail a mandatory in-depth interview between the DOD representative and the individual. Personnel who intend to utilize fellow workers as reference in the clearance process should advise the individuals that they may be contacted by the DOD representative. It is important that the work-sheets for security clearances are submitted in a timely manner. The turn-around for a Secret clearance is generally 3 months, while a Top Secret clearance generally takes 6 months to process.

Visit Requests to Host Visitors that are Communist Country Representatives or Nationals

Department of Defense regulations require that all cleared personnel should be provided with a Defensive Security briefing and a counter-intelligence briefing prior to hosting such a visit. Such briefings will be provided by the Field security officer who is holding the clearance data.

Violations

If an employee unintentionally violates government security, this usually indicates a job performance issue and managers and supervisors should deal with this employee in accordance with the provisions of the Corrective Action and Discipline Policy (6.21). If an employee intentionally violates government security, he or she will be subject to termination from the company.

Termination of Security Clearance

Employees with government security clearances must be debriefed when terminating from the Company. The Corporate Government Security office should be contacted to insure appropriate debriefing procedures are followed.

For more detailed information of government security procedures contact the Security Offices designated in the Personnel Administration Manual.

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REFERENCE CHECKING

SCOPE: WORLDWIDE

PHILOSOPHY:

It is the Company's belief that quality hiring processes are the right cornerstone of placing candidates for a job with the right skills, experience and educational background. A quality process will enable both the manager and employee to ensure that job placement will lead to the ability of the Company to meet its business objectives.

POLICY:

It is the policy of Digital Equipment Corporation to complete reference checks for all final candidates for positions, both internal and external, prior to extending an offer. Such checks must be taken with the necessary precautions to ensure the appropriate protection of personal information submitted by job applicants in accordance with applicable Company policies.

Reference checking must be of a sufficient scope to ensure compliance with applicable laws. Positions that are of a sensitive nature, have significant responsibilities or substantial discretionary authority, or involve the creation or implementation of a legal compliance system may require additional reference checking processes in order to ensure an appropriate compliance system for applicable laws, e.g., the U.S. Sentencing Guidelines.

Country management is responsible for ensuring that appropriate reference checking processes are implemented to meet these requirements.

PRACTICE: U.S.

The following practices will apply for all jobs (internal/external) in all organizations:

- o The reference checking process must be applied consistently to all applicants.
- o The information requested must be business related and focused on the applicant's ability to perform the job. If non-business related information is received, it must not be considered in the hiring decision or retained by managers.
- o Reference checks will include verification of:
 - Employment history

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- Performance
- Education/Training
- o Conviction record information will be sought only by Corporate Security or its designee in accordance with the process below.
- o Arrest record information will not be sought or maintained.
- o If checking references raises questions around inconsistencies, inaccuracies, or other apparent problems, the next level of management should participate in the hiring decision.
- o All information will be used and maintained consistently with the Employee Privacy Policy (Personnel Policy 6.18) and the Internal Transfer Policy (Personnel Policy 2.05).
- o Reference checking information obtained from an external source is considered confidential and is not usually disclosed to the candidates except where required by law.
- o When approval has been obtained to rehire a former employee (Personnel Policy 2.01, Employment), reference information pertaining to their work history with Digital must be obtained in addition to other employee references. Information about terminated employees is available through the Corporate Personnel Administration Department.
- o If a third party is contracted to perform reference checks for Digital, that third party must strictly adhere to the policy and practices stated above.
 - The terms of the contract must comply with this policy. The contractor shall neither obtain nor provide information beyond the limits established in this policy.
 - The Digital buyer of services shall monitor the performance of the contractor to ensure compliance with this policy.
 - Cost of the service will be incurred by the hiring cost center manager.
- o Any organization that has an opening for a position that falls into one of the following categories will in addition to the above practices also notify U.S. Staffing and Planning or their designee prior to making an offer:

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- Any position that is responsible for the implementation or creation of a compliance with laws system; or
- Any position that is responsible for the investigation and/or remedy of acts that could be violations of law in addition to work rule violations; or
- Any position that is SRI 40 or above.

U.S. Staffing and Planning or their designee, in conjunction with Corporate Security and Law, will determine whether additional reference checking processes are required by the Company's legal compliance system for such positions and, if so, conduct them.

Such additional reference checking processes may involve the receipt and retention by the Company of information not permitted by the above guidelines and not appropriate for consideration by management. In such instances, U.S. Staffing and Planning with the assistance of Law and Corporate Security is responsible for establishing a system to ensure: (a) that managers making the hiring decisions do not receive or use the inappropriate information, and (b) that any retention of such information is limited to that required by the Company's legal compliance system and has sufficient safeguards to ensure against inappropriate use or disclosure.

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EMPLOYMENT OF HANDICAPPED INDIVIDUALS

POLICY

Digital needs and wants handicapped individuals as part of its work force. For this reason, Digital is committed to provide equal employment opportunity to handicapped persons. No individual will be discriminated against because of a physical or mental handicap. Digital pledges to take positive actions to insure that qualified handicapped persons will have the opportunity to enter the work force, and that these employees will be encouraged to aspire to promotion and be considered as advancement opportunities arise.

This commitment will be demonstrated in the following areas:

PRACTICE

Recruitment of New Employees

- o The opportunity will be provided for handicapped persons to interview and demonstrate their skills and experience relevant to job openings.

The Company will endeavor to publicize job openings so that the handicapped labor force knows of them and has opportunity to apply and be interviewed.

- o Where appropriate, accommodations will be provided to afford handicapped persons the opportunity to interview for available positions, and to demonstrate their skills and experience relevant to the job. An example of this would be use of a sign language interpreter to interview a deaf person. Employment decisions will be made with consideration to the individual's ability to perform the specific job requirements, given the specific (vs. generalized) handicap.
- o Job openings will not be categorized as "handicap positions".

Work Performance and advancement Opportunities for Current Employees

- o Digital is concerned with providing the work environment which will encourage all employees to utilize their full abilities. Specifically, the Company will make reasonable effort to provide the equipment and the environment which will minimize as much as

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practicable, an individual's handicap in performing the job to his/her ability. Examples of this would be modification of the work site, purchase of special equipment, flexible hours, job restructuring.

- o The Company will endeavor to provide managers, supervisors, and employees the training and support to work effectively with a handicapped employee. Examples of this would be specific information services and sensitivity training.

The Company is prepared to commit resources based on local management review of each situation and will strongly encourage managers and supervisors to conduct their recruiting and management practice consistent with this policy.

For implementation guidelines refer to the Digital "Guide to Handicapped Resources" available from the Corporate EEO/AA organization.

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EXPORT REQUIREMENTS FOR HIRING AND HUMAN RESOURCE ACQUISITION

SCOPE: WORLDWIDE

PHILOSOPHY:

Digital must ensure that all of its worldwide business activities, including employee hiring, acquisition and/or utilization processes, are in compliance with the export laws of the United States and of host governments for those countries in which we operate. This compliance extends to transfers of technical data by means of employment or retention to perform services.

POLICY:

It is Digital's policy that all regular, temporary, and student intern employees, all employees acquired through the Digital purchase of new companies and all consultant and contract human resources must be screened to ensure that they are 1) not listed on the Denied Parties List (DPL), 2) not nationals of Restricted or Embargoed Countries or the People's Republic of China (PRC), and 3) not a non-U.S. person assigned responsibilities which are controlled under the International Traffic in Arms Regulations (ITAR).

PRACTICES:

All candidates must be screened against the Denied Parties List. Any candidates listed on the DPL may not be employed/utilized in any capacity.

The country of citizenship and permanent residence must be identified for all candidates to determine whether a U.S. Government export license is required.

Candidates who are nationals of a Restricted or Embargoed Country or the PRC may require an approved export license prior to employment/utilization if the individual will have access to Restricted Technical Data. This includes access to Digital Networks through which Restricted Technical Data may be obtained.

All non-U.S., non-Canadian citizens or permanent residents must be authorized by a U.S. State Department License prior to receiving or having access to any ITAR controlled technical data and/or products.

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Evidence of export screening must be documented and auditable and maintained for regular, temporary and student intern employees in their Digital Personnel files. Contract Human Resources and consultants' records must be maintained following established procedures to ensure country laws and export compliance laws are met. This record must be kept for six years from the date of creation.

RESPONSIBILITIES:

Human Resource Organization:

When completing the applicant tracking form for regular, temporary and student intern employee candidates the Human Resources Organization is responsible for 1) documenting the DPL Screening and identifying the nationality/country of the applicant, and 2) providing this information to the Hiring Manager so that he/she can appropriately assess the export implications with Country/Area Export Management.

Purchasing/Commodity Managers:

When contracting with outside Contract Human Resource Temporary Agencies/Consultants, Purchasing must ensure compliance with Export regulations to include DPL Screening of the potential candidates and the temporary agencies. Nationality/citizenship information must be made available to the Hiring Manager to ensure that the Hiring Manager can appropriately assess the export implications with Country/Area Export Management.

Hiring Managers:

The Hiring Manager is ultimately responsible for ensuring export compliance.

All of the Above:

In the event that a candidate's name is a prospective match with a name on the DPL, escalate to the Country/Area Export Office for clarification. No further hiring action may be taken with this until specific direction is received from the Country/Area Export Office.

The Denied Parties List (DPL), Restricted/Embargoed Country information, Export Contacts, further information on Restricted Technical Data and ITAR as well as instructions on how to implement this policy can be found on VTX DIET (keyword DIET) in the U.S.; or see your Country/Area Export Manager.

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All questions pertaining to the definition of "nationality", "citizen" or "permanent resident" must be directed to Corporate Immigration.

All questions pertaining to export licensing must be directed to your Country/Area Export office.

Failure to comply with export screening for all prospective candidates could lead to legal action by the government against Digital and its employees and could result in substantial fines and penalties.

Section 3

d i g i t a l

INTEROFFICE MEMORANDUM

TO: Personnel Policy and
Procedures Manual Holders

DATE: January 03, 1989
FROM: John N. Doherty
DEPT: Corporate Personnel
EXT.: 251-1318
LOC.: CFO2-3/C19

SUBJECT: POLICIES 3.01 CORPORATE PHILOSOPHY ON COMPENSATION AND 3.03
COMPENSATION POLICIES AND PROCEDURES.

Because much of the material is out of date, the above mentioned policies are being deleted from this manual. Corporate Compensation is in the process of revising these policies and we will publish the revisions within the next year. In the meantime, specific guidelines may be found in the Salary Management Manual which is updated each year in conjunction with the salary planning process.

If you have specific questions about either of these policy areas, please speak with your Compensation Specialist or Personnel Consultant.

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CORPORATE PHILOSOPHY ON COMPENSATION

SCOPE: WORLDWIDE

Digital's philosophy is to compensate employees competitively, equitably, and based on performance. This includes both base pay and other forms of compensation. The company bases this philosophy on its desire to attract, retain and motivate an outstanding workforce.

To assure these goals are met, Digital is committed to keeping employees informed about their pay. Furthermore, Digital is committed to compliance with the laws and regulations which govern compensation practices.

The company strives to pay competitively, equitably, and for employee performance. However, company performance and business issues are also considerations in what Digital delivers as compensation.

Competitive Pay

It is Digital's goal to pay competitively with those companies which compete with us for employees and products. Digital participates in many local and national surveys of pay practices at these companies. Digital analyzes this information and develops programs based on the surveys' results.

Equal Pay

Digital is committed to ensuring that employees are paid equitably for equal work, job mastery, and job performance. Differences such as race, religion, gender, national origin, marital status, sexual orientation, citizenship status, veteran status, handicap status, and age cannot be considered in determining pay. Supervisors should ensure that their employees are properly classified and should review their employees' salaries for consistency and fairness.

Pay for Performance

Digital recognizes and compensates employees on the basis of job performance. All compensation programs are built to reflect this philosophy.

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JOB EVALUATION AND CLASSIFICATION

SCOPE: U.S. ONLY

It is Digital's goal to have consistent methodologies for evaluating work and classifying employees.

Defining the work is essential to good salary management. It enables both employees and managers to have constructive performance and salary reviews.

Job descriptions are used as a basis of job evaluation and classification. Descriptions also help managers determine how the work to be done will be divided among the employees in the group. Job descriptions are available on the Job Info System, (JIS), accessed on Videotex.

Job Evaluation

Evaluation determines the relationship of jobs within a structure. Digital jobs are evaluated by using a consistent set of factors to measure job content and rank jobs in relation to each other across functions. This methodology ensures that Digital maintains internal consistency. Job evaluation measures job content, not individual performance.

Job Structure

A job structure is a series of salary ranges appropriate for the lowest job evaluated to the highest. The job structure groups jobs based on an evaluation of the work. It establishes degrees of differentiation between jobs and identifies the progression of jobs within a function from low to high.

Classification of Employees

The employee classification process involves matching an employee's work responsibilities with the job description, job code, and job title that most closely reflect the work being performed. Managers determine an employee's appropriate classification based on their knowledge of the employee's work assignment.

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SALARY MANAGEMENT

SCOPE: U.S. ONLY

It is Digital's goal to have fair and consistent practices regarding salary management. The implementation of these policies and procedures is the responsibility of each manager and supervisor throughout the company.

The following represents a broad reference to policies and procedures that relate to Salary Management. For more administrative details, please consult the Salary Management manual.

Salary Planning

Salary planning is a process used by supervisors to plan for the salary increases of their employees for the upcoming year. Salary planning provides a framework to plan approved funding and to deliver pay in a manner that is equitable, competitive, and based on performance.

Salary plans are developed for the following base employees as of the start of the salary plan year:

- * All regular (full-time and part-time) employees
- * Employees on leaves of absence
- * Employees on short-term disability

Salary plans are not developed for:

- * Temporary employees
- * Co-op students
- * Employees on long-term disability

Performance Assessment

Job performance is assessed at least once per year. Because job performance plays a key role in a salary review, a performance review needs to occur before the salary review.

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Salary Reviews

A salary review is the supervisor's assessment of the appropriateness of an employee's salary based on:

- * Job performance
- * Current position in the salary range
- * Mastery of the whole job

The salary review should take place at least every 12 months and should lead to a discussion between the supervisor and the employee. A salary review does not necessarily mean there will be a salary action.

Unplanned Salary Actions

Unexpected events which affect salary plans include:

- * Unplanned promotions -- due to staff changes, organizational changes, and employees transferring into the group at a higher salary range than their current assignment.
- * Changes in employee performance -- employees exceeding or falling short of original expectations as reflected in the salary plan.

A complete salary plan includes money to fund a reasonable number of unplanned salary actions. Supervisors should check with their managers to learn how such funds are managed.

New Hires

To assure equitable salary treatment, supervisors need to involve Personnel resources in salary decisions when hiring new employees. This minimizes the risk of setting a salary too high or too low for a new employee.

Salary Increases

Digital's goal when providing a salary increase is to position an employee's salary appropriately in the salary range, based on an employee's job performance and mastery of the whole job, with consideration given to equity.

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Adjustment to Minimum

An adjustment to minimum is only necessary when competitive conditions move the salary range upward at the beginning of the pay program year. This increase brings employees up to the minimum of the salary range for their current job. To be eligible for this increase, an employee must be meeting the requirements of the job.

All adjustments to minimum must be made within three months of the beginning of the salary plan year. This applies to both exempt and non-exempt employees.

Merit Increase

A merit salary increase is based on individual employee performance. This type of increase moves an employee's salary toward the proper position in the range for his/her current job.

Promotional Increase

This increase brings an employee's salary to an appropriate starting position in the salary range for a new job. There are important differences regarding the timing of promotional increases, based on the type of the promotion.

Please consult the Salary Management manual, Section 5, for more information.

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OVER SALARY RANGE MAXIMUM

SCOPE: U.S.

PHILOSOPHY:

The range maximum reflects the highest salaries a job commands in the competitive market. When a range maximum is exceeded, the employee is paid more than the job is typically compensated in the marketplace. Therefore, salaries should not be planned or implemented to exceed the maximum, except in the circumstances mentioned in this policy.

POLICY:

Under exceptional circumstances, salaries may be planned and implemented above the maximum of the salary range. These salary actions require two additional levels of approval.

PRACTICE:

Salary Planning and Implementation:

Employees whose current salary is above the range maximum should not be planned for an increase during the pay program year.

- o Under exceptional circumstances, Excellent rated performers may be granted increases above the maximum of the range.
- o Guidance for future increases may be found in the Salary Management Manual.

Reclassification to a Job in a Lower Salary Range:

On occasion, an employee may accept or be assigned to a new job within Digital with a lower salary range. The employee must be advised of the lower salary at the time the job is offered or assigned. In these cases, the manager should adjust the employee's salary, so that it is correctly positioned, considering the employee's job knowledge and experience, compared to other employees in the new job code. This will normally bring the new salary to a position within the new salary range.

Where excellent performance is anticipated or where there are unusual circumstances, the new salary may be above the Maximum of the new range, but no more than 120% Range Position.

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The adjustment should normally take place on the effective date of the new job code, but no longer than three months from the effective date of the new job code.

References: See the Salary Management Manual for general guidance and instructions on calculating Range Position.

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PROMOTION

POLICY

Digital's goal regarding promotions is to provide challenging jobs that offer employees the opportunity to contribute to the company's success and to develop the skills and knowledge to advance in their careers. When the business needs of the company create open positions, employees with proven performance and the necessary qualifications will be promoted to fill many of these openings.

A promotion is a permanent assignment to a position requiring additional responsibility, skills, and judgment -- hence, to a position in a higher salary range.

Promotion is a major event in the employee's career and is an opportunity to create a positive motivational impact on the employee. Providing positive motivational impact is a major goal in planning the amount and timing of a promotional increase.

PRACTICE

Before granting a promotion, a supervisor must be sure there has been a significant change in the employee's job content. There are three types of promotional increases:

1. Degree promotional increases

Employees who are granted this type of promotion should receive the promotion and a salary review at the regularly scheduled salary review date. If the employee is below the minimum of the new range, his/her salary must be brought to at least the minimum of the new range at the time of promotion.

2. Non-exempt to exempt promotional increases

When an employee moves from a non-exempt to an exempt job, his/her salary should be reviewed. If appropriate, an increase should be granted at the time of promotion to reflect the new job responsibilities. If the employee is below the minimum of the new range, his/her salary must be brought to at least the minimum of the new range at the time of promotion.

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3. Exempt, non-supervisory to supervisory -- or higher-level supervisory promotional increases

When exempt, non-supervisory employees are promoted to a higher-level supervisory position, or when supervisors are promoted to a higher-level supervisory position, a salary review should be planned. A salary increase may be granted after a period of demonstrated performance (3 to 6 months). If the promotion is based on demonstrated ability to perform in the new position, the salary increase may be granted at the time the new duties are assumed.

AMOUNT OF THE PROMOTIONAL INCREASE:

A promotional increase must at least bring the employee's salary to the minimum of the new salary range. The position in the new salary range will depend on the supervisor's estimate of the employee's performance in the new job. New peer group salaries, especially the salaries of peers with similar experience and performance, should also be considered.

ACTIONS NOT CONSIDERED PROMOTIONS:

1. Reassignment of jobs to a higher salary range
When the content of a job changes, relative to other Digital jobs, it may be reassigned to a higher salary range. This change is not considered a promotion for the employees in this job.
2. Co-op students moving to a higher academic year rate
Co-op students' job codes change as they enter a higher academic year. They are paid at a higher rate, but this change is not considered a promotion.

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OVERTIME PAY

SCOPE: U.S.

PHILOSOPHY:

Digital complies with laws and regulations which govern the payment of overtime. These laws include the Fair Labor Standards Act (FLSA), state wage and hour laws requiring the payment of daily overtime, and regulations which might be passed in the future.

POLICY:

All non-exempt employees (WC2 and WC3) must be paid time and one-half for all hours worked in excess of 40 hours in any one week (FLSA).*

PRACTICE:

For purposes of determining overtime, the work week begins at 12:01 a.m. Sunday or the first day of the scheduled work week and ends at 12:00 midnight Saturday or the seventh day of the scheduled work week.

Overtime will not be paid when the employee has worked fewer than 40 hours in a work week. Employees on a compressed work schedule do not receive overtime pay premium for the time worked beyond their regular schedule unless they exceed 40 hours in a week.*

To determine 40 hours worked, count the regular hours worked plus the following:

- o Vacation.
- o Holidays.
- o Days paid under the death-in-family benefit.
- o Days paid under the Jury Duty policy.
- o Travel time in excess of normal commuting time for non-exempt employees.
- o After-hours training programs where attendance is required and the material covered is necessary to the performance of the job.
- o After-hours study time required for successful completion of a required training program. (Voluntary study time spent on supplement material that is not required for successful completion of the training program is NOT counted as hours worked.)

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All other hours, whether paid or not (such as sick time or hours spent on Standby) do not count toward the 40 hours worked per week.

Example: If an employee works a normal full week of 40 hours, then works on Saturday, all hours worked on Saturday would be paid at time and one-half.

If an employee was sick on Monday, then worked the remaining four days and Saturday, the hours on Saturday would be paid at straight time.

For information on working on holidays, see Personnel Policy 4.01.

If an employee is eligible for shift premium during that week, the shift premium for all overtime hours is also paid at time and one-half. Standby Pay (Personnel Policy 3.13) is also included in calculating the base rate for overtime calculations.

All overtime should be approved in advance by the employee's supervisor. For overtime to be paid, the supervisor must circle the overtime hours on the employee's time card.

Because of federal laws, all overtime hours worked must be paid, whether or not approved in advance. Employees must be paid even if the employee considers the overtime "voluntary." Compensatory time off in lieu of paying overtime is not permitted.

* NOTE: Additional requirements on paying overtime exist in Alaska, California, Florida, Idaho and Nevada. See the administrative version of this policy for details. At the \$ type VTX PI_US <Return>

Other Personnel Policy References:

- 3.11 Shift Differential
- 3.13 Standby Compensation
- 3.15 Call-In Pay
- 4.10 Holiday Pay
- 4.19 Jury Duty

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FIRST, SECOND AND THIRD SHIFT PREMIUM

SCOPE: U.S.

PHILOSOPHY:

It is the intent of this policy to recognize that businesses may require work shifts that go beyond the regular first shift work schedule and that employees should be compensated appropriately for this work.

POLICY:

All regular and temporary employees are eligible for the following shift premiums if they:

- o are assigned to the second or third shift for one full week or more, or,
- o are assigned to a shift where they rotate from first to second to third shift on a regularly scheduled basis within any consecutive four-week period, and
- o work six consecutive hours within the appropriate time frames

Time Frame	Premium
Second -- 3:00 p.m. - 12:00 midnight	10%
Third -- 12:00 midnight - 8:00 a.m.	15%
Rotating (all three shifts)	15%

PRACTICE:

Payment:

Vacation Pay - If an employee takes a vacation during the time he or she is assigned to a shift with a shift premium, the vacation pay includes the appropriate shift premium.

Holiday Pay - If a Company holiday falls within a week during which the employee is earning a shift premium, the holiday pay includes the appropriate shift premium.

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Disability Absence - If eligible, base salary coverage is provided according to employee status and does not include overtime or other pay premiums.

Overtime Pay - Overtime pay for non-exempt employees (Wage Class 2 or 3) is calculated on their shift rate and is paid in accordance with the Company's overtime pay policy.

TRAINING PROGRAMS:

If an employee, regularly assigned to the second or third shift, is reassigned for a period not exceeding 30 days to the first shift for training, the employee should continue to receive the regular shift premium for the entire period.

ADMINISTRATION:

When an employee changes a shift for one week or longer, the cost center manager must forward a shift premium form to Payroll, with a copy to the personnel representative.

PERSONNEL POLICY REFERENCE MATERIAL:

- 4.01 Holidays
- 4.03 Vacation
- 4.09 Disability Absence and Return to Work
- 6.40 Work Schedules
- 6.41 Special Workweeks

BENEFITS COVERAGE BY EMPLOYMENT STATUS

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Status	Adoption	Call-in Pay (1)	Death in Family	Dep.Care	Disability	Education (2)	Group Insurance	Holiday Pay	Jury Duty Pay (3)	LOA (4)	Matching gifts
R40 Regular & Special Work Week Schedule	X	X	X	X	X	X	X	X	X	X	X
R30 - R39	X	X		X	X	X	X	X			X
R20 - R29		X		X		X	*	X			X
R01 - R19		X				X	*				X
000 Regular On Call		X				X					X
C00 Co-op		X					Life and Medical only	While at Work			
T00 Dec Temp		X									

(1) Call-In Pay - exempt employees must be on paid standby status

(2) Career Related Courses granted to R40 only

(3) Time off granted to all employees

(4) All regular employees granted military and parental

* New Hampshire Residents working between R15-R40 are eligible for medical and dental coverage

For detailed information on the above, refer to specific policies and/or "YOUR BENEFITS BOOK"

BENEFITS COVERAGE BY EMPLOYMENT STATUS

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Status	Military Reserve Pay (5)	Retirement Benefits	SAVE	Service Awards	Shift Premium	Sick Pay	Standby	Stock Purchase	Student Loan	Vacation	Workers Comp.	HCRA (6)
R40 Regular & Special Work Week Schedules	X	X	X	X	X	X	X	X	X	X	X	X
R30 - R39		X	X	X	X	X		X	X	X	X	X
R20 - R29		X	X	X	X	X		X	X	X	X	X
R01 - R19		X	X	X	X			X	X		X	
O00 Regular On Call		X	X	X	X			X	X		X	
C00 Co-op		X			X	While at work					X	
T00 Dec Temp		X			X			X			X	

(5) Time off granted all regular employees

(6) Health Care Reimbursement Account

For detailed information on the above, refer to specific policies and/or "YOUR BENEFITS BOOK"

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Date 01 FEB 93

STANDBY COMPENSATION

SCOPE: U.S.

PHILOSOPHY:

It is Digital's intent to respond to emergency external customer needs during non-working hours and to provide appropriate compensation to employees who are required to be available to meet those needs.

POLICY:

Standby compensation is provided to employees who are required to limit their off-duty activities and be on call and available to go to work on short notice.

Employees are assigned to standby status for specific periods of time that are approved in advance and are restricted to external customer related activities, only:

Examples:

- o External customer contract requirements.

Employees who are required to report to work during off duty hours to perform emergency or pre-scheduled work, but are not required to limit their off-duty activities, should not be placed on standby status. However, they may be eligible for compensation under the provisions of Personnel Policy 3.15, Call-In Pay.

When business needs change, and the employee is no longer required to be on call, the employee will be taken off standby status and will no longer receive standby compensation.

PRACTICE:

ELIGIBILITY:

In order for an employee to be assigned to standby status, s/he must meet all of the following criteria:

- A. Must be classified in a customer service job code, per attached job code list.

- o Any exceptions to this eligibility criteria must have written approval from a Strategy Committee level Vice President.

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POLICIES AND PROCEDURES

Section 3.13

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- B. Must be at a first level manager or below, per attached job code list.
- C. Must be a Regular (R01-40) employee.
- D. Must be specifically assigned to standby status in advance.
- E. Must be assigned to standby status for eight hours or more in any one week.
- F. Must not be assigned or paid for standby on a day when s/he reports sickness, vacation, jury duty, death-in-family or personal time off, or leave of absence.

COMPENSATION:

Employees are paid an amount equal to one hour of straight time for each eight (8) hours or fraction thereof, that they are on standby.

Example:

An employee with a base rate of \$10.00 per hour is on standby for 12 hours Monday through Friday and 24 hours on Saturday.

DAY	HOURS ON STANDBY	HOURS PAID FOR STANDBY
Monday	12 Hours	2 Hours
Tuesday	12 Hours	2 Hours
Wednesday	12 Hours	2 Hours
Thursday	12 Hours	2 Hours
Friday	12 Hours	2 Hours
Saturday	24 Hours	3 Hours
Total	84 Hours	13 Hours

In this example, the employee would receive two (2) hours of standby pay for each twelve (12) hours on standby, because we pay the (1) hour of standby pay for every eight (8) hours or fraction thereof that the employee is on standby.

Special Provision for Wage Class 2 & 3 Employees:

Standby pay for Wage Class 2 & 3 employees will be included in the employees regular pay rates for the purpose of computing overtime pay when appropriate.

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The following job codes are eligible for standby pay:

Individual Contributor Job Codes and Titles:

5403 Lead Call Response Specialist
5407 Call Response Specialist 1
5408 Call Response Specialist 2
540A Field Engineer 1
540B Field Engineer 2
540C Field Engineer 3
540D Field Engineer 4

540H Remote Diagnostic Engineer 2
540I Remote Diagnostic Engineer 3
540J Remote Diagnostic Engineer 4
540L Repair Center Engineer 1
540M Repair Center Engineer 2
540N Repair Center Engineer 3
540P Lead Repair Center Engineer
54CC Support Engineer 1
54A2 Software Systems Specialist 1
54AB Software Systems Specialist 2
54AC Software Systems Specialist 3
54AD Software Systems Specialist 4
54AE Software Systems Consultant 1
54AF Software Systems Consultant 2

First Level Manager Job Codes:

54AL Services/Support Manager 1A
54AM Services/Support Manager 1B
54AN Services/Support Manager 1C

REFERENCE MATERIALS:

Personnel Policy 3.15, Call-in Pay
Personnel Policy 4.01, Holidays
Salary Management Manual

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CALL-IN PAY

SCOPE: U.S.

PHILOSOPHY:

Digital believes that employees should be compensated for responding to emergencies during non-work hours that represent a significant intrusion into the employee's off-duty hours where the employee has no ability to control or manage the circumstances.

POLICY:

Digital provides Call-In Pay to certain employees when they perform unscheduled work for external customers during their regular off-duty hours.

PRACTICE:

ELIGIBILITY:

Employees who receive Call-In Pay must meet all of the following criteria:

- A. Must be classified in a customer service job code per attached job code list.
 - o Any exceptions to this eligibility criteria must have written approval from a Strategy Committee level Vice President in advance.
- B. Must be at a first level manager or below per attached job code list.
- C. Must be a Regular (R01-40) employee.
- D. Must be required to perform the work by his/her manager or supervisor.

Employees are not required to be on Standby.

COMPENSATION:

Exempt employees (Wage Class 4) eligible for Call-In Pay will be compensated for actual time worked as follows:

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- o Paid at a rate equivalent to the employee's weekly salary divided by his/her regular weekly hours (e.g. an exempt R40 employee's weekly salary divided by 40 hours).

Non-exempt employees (Wage Class 2 and 3) will be paid at their hourly rate plus any applicable overtime premium. A timecard must be submitted by the employee and approved by the supervisor. If the employee works less than four hours on a single call-in occurrence he/she is guaranteed a minimum of four hours pay.

- o If an employee is called in more than once in the same day the guaranteed four hours minimum applies to each call-in occurrence.
 - If an employee is called in more than once within the four-hour minimum period, that is a single call-in occurrence.
 - If an employee is called in from off-duty hours and is asked to take one or more other call-ins, that is a single call-in occurrence under the intent of this policy.
 - Pay for travel time for non-exempt employees is included in the four hours minimum pay.

The work may be performed either at the customer or Digital site or at home via computer terminal.

The following job codes are eligible for call-in pay:

SERVICES/SUPPORT:

Individual Contributor Job Codes and Titles:

5403	Lead Call Response Specialist
5407	Call Response Specialist 1
5408	Call Response Specialist 2
540A	Field Engineer 1
540B	Field Engineer 2
540C	Field Engineer 3

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540D	Field Engineer 4
540H	Remote Diagnostic Engineer 2
540I	Remote Diagnostic Engineer 3
540J	Remote Diagnostic Engineer 4
540L	Repair Center Engineer 1
540M	Repair Center Engineer 2
540N	Repair Center Engineer 3
540P	Lead Repair Center Engineer
54A2	Software Systems Specialist 1
54AB	Software Systems Specialist 2
54AC	Software Systems Specialist 3
54AD	Software Systems Specialist 4
54AE	Software Systems Consultant 1
54AF	Software Systems Consultant 2
54CC	Support Engineer 1

First Level Manager Job Codes:

54AL	Services/Support Manager 1A
54AM	Services/Support Manager 1B
54AN	Services/Support Manager 1C

PERSONNEL POLICY REFERENCE MATERIALS:

2.01	Employment
3.09	Overtime Pay
4.01	Holidays

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PAID SUPPER BREAK

Non-exempt employees who are asked to work overtime that will extend at least four hours beyond their normal end of shift are given a one-half hour paid supper break after the first hour of overtime has been worked.

Non-exempt employees receive their base rate of pay (excluding overtime pay) during their one-half hour supper break and they must appropriately fill in their time cards indicating the supper break period.

SUPPER ALLOWANCE

When an exempt employee is required to work at least three hours overtime, a \$5.00 supper allowance is authorized for his or her evening meal.

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WAGE GARNISHMENT

POLICY

Digital complies with Federal and State laws regarding wage garnishment. Garnishments are court orders, usually issued following a hearing, requiring that an employee's disposable earnings be legally withheld by his or her employer and paid to a third party to whom the employee owes money. Disposable earnings are that portion of an employee's earnings remaining after the deduction of ordinarily withheld amounts, such as Federal and State taxes, Social Security taxes, et cetera.

PRACTICE

When earnings are garnished, the Payroll Department is responsible for ensuring that the appropriate federal and state laws relating to wage garnishments are followed. The employee is immediately notified by the Payroll Department of the wage attachment and the action that will take place in regards to the attachment.

The Payroll Department must receive a "release" from the court or the appropriate authority in order to discontinue a garnishment.

Court orders for wage garnishment are directed to Digital and, therefore, the Service of Process upon Digital Policy 6.09 should be adhered to in responding to them.

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PAY FOR TRAVEL TIME - NON-EXEMPT EMPLOYEES

A non-exempt employee is considered to be on travel time if they are traveling on Company business and that travel is not part of their normal work day. Travel time is calculated from the time an employee leaves home or work to the time when an employee arrives at his or her destination. The Overtime Policy (3.09) provides an explanation of whether the employee is paid at straight time or time and one half for travel time.

If an employee is offered Company-provided public transportation, e.g., airlines, but requests to drive instead, only the travel time which would have been necessary if the employee had used the Company provided public transportation is considered time worked.

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Date 03 JAN 89

COMPENSATION FOR ADDITIONAL STUDY TIME WHILE ATTENDING COMPANY TRAINING PROGRAM

Digital pays wage class 2 and 3 employees for required study time while attending one of our training programs according to the details below.

ELIGIBILITY

All wage class 2 and 3 employees assigned to a Company Training Program.

FAIR LABOR STANDARDS ACT

The provisions of this policy conform to the Fair Labor Standards Act.

PROCEDURE

Employees attending Company Training Programs normally spend no more than eight hours per day in training, study, and/or lesson preparation. If employees must spend more than eight hours per day on homework assignments or additional study, they are paid their normal eight hours plus time and one-half for the standard amount of homework time established for the course.

Employees are also paid for required time spent preparing or reviewing pre-course materials. The employee is paid according to the provisions of the overtime policy if this review takes place outside of normal working hours. Employees are not paid for time spent on voluntary study. Voluntary study is homework that is in addition to what is required to complete the course.

Employees are also not paid for time spent reading material from Supplementary Study Guides if he or she voluntarily reads this material.

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PAY DURING AFTER-HOURS TRAINING PROGRAMS

(WAGE CLASS 2 & 3 EMPLOYEES)

This policy establishes when a non-exempt employee (wage class 2 or 3) should be paid when the employee attends a training program or similar activity after hours. This policy ensures compliance with the Federal Wage and Hour Law.

POLICY

Non-exempt employees should be paid for after-hours training programs if any of the following applies:

- A. Attendance at the training program is required.
- B. Material covered in the program is necessary to perform his or her current job.
- C. The employee does productive work for the company while attending the program.

Overtime provisions prevail when an employee attending after-hours training or a similar activity exceeds 8 hours in a day or 40 hours in a week.

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RECLASSIFICATION TO ENGINEER

Digital provides a means for technical personnel without degrees to advance to the classification of engineer, provided they have demonstrated their ability to meet our standards for engineers. Qualification are presented below:

Eligibility – Any full-time permanent employee who has been continuously employed by Digital in a technical capacity for one full year is eligible for consideration.

Review Authority – Various organizations within Digital have established Engineering Review Boards. These boards, comprised of senior engineers and Managers who serve for a stated period of time, generally review and approve requests for reclassification of technical employees without degrees to engineering classifications.

Procedure – A manager considering reclassifying an employee to an engineer should contact his or her Personnel Representative to discuss the specific details of how the Engineering Review Board operates in that area.

Definition of Qualifications for Reclassification to Engineer –

- **Basic Knowledge/Technical Competence** – A candidate must have a knowledge of basic engineering subjects, and have demonstrated that he or she can apply, and use meaningfully, these principles in areas related to that specific field of specialty. The candidate also must have demonstrated a sound working knowledge in that area of specialty, in addition to having at least a general understanding of related specialties in that field.
- **Creativity/Objectivity** – A candidate must have the ability to understand that problems have more than a single solution, be able to objectively evaluate and combine these alternatives to select the one best solution for that set of circumstances, and be able to conceive and develop new and unique ideas.
- **Communication Ability** – The candidate must be able to clearly present his or her ideas for consideration by others, present sketches or designs to other departments, and be able to finalize and summarize work for others.

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- Leadership – The candidate must have the ability to direct the work of assistants, to evaluate their technical competence and progress, and be able to teach them any needed technical skills.
- Personal Characteristics – What has the candidate done on his or her own initiative to improve ability to contribute to the engineering community? What growth potential does the candidate have to assume more responsibility? What is the candidate's overall conduct and maturity, the ability to take criticism, a serious-minded approach?

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Benefits Coverage Chart - by EMPLOYEE STATUS

STATUS =====	+ R40 Regular & Special Work Week Schedule	+ R30-R39	+ R20-R29	+ R01-R19	+ o00 Regular On Call	+ c00 Student Dvlpmnt Program (SDP)	+ t00 DEC Temp
Adoption	X	X					
Death in Family	X	X	X				
Dependent Care	X	X	X				
Disabil.	X	X					
Education (1)	X	X	X	X	X		
Group Insurance	X	X	*	*			
HCRA (2)	X	X	X				
Holiday Pay	X	X	X			WHILE AT WORK	
Jury Duty Pay (3)	X	X	X				
LOA (4)	X	X	X				
Matching Gifts	X	X	X	X	X		

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Benefits Coverage Chart - by EMPLOYEE STATUS

+ STATUS =====	+ R40 Regular & Special Work Week Schedule	+ R30-R39	+ R20-R29	+ R01-R19	+ o00 Regular On Call	+ c00 Student Dvlpmnt Program (SDP)	+ t00 DEC Temp
Military Reserve Pay (3)	X						
Retiremnt Benefits	X	X	X	X	X	X	X
Save	X	X	X	X	X		
Service Awards	X	X	X	X	X		
Shift Premium	X	X	X	X	X	X	X
Sick Pay	X	X	X			WHILE AT WORK	
Stock Purchase	X	X	X	X	X		X
Student Loan	X	X	X	X	X		
Vacation	X	X	X				
Worker's Comp.	X	X	X	X	X	X	X

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Date 01 FEB 93

Benefits Coverage Chart - by EMPLOYEE STATUS

- (1) Career related courses granted to R40 ONLY
- (2) Health Care Reimbursement Account
- (3) Time off granted to all employees
- (4) ALL regular employees granted military and parental
 - * New Hampshire residents working between R15-R40 are eligible for medical and dental coverage

For detailed information on the above, refer to specific policies and/or "Your Benefits Book" available in VTX. (Key word BENEFITS_US)

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Date 01 FEB 93

HOLIDAYS

Digital grants paid holidays to regular employees who work 20 hours or more per week as detailed below.

COMPANY HOLIDAYS

- o New Year's Day
- o Memorial Day
- o Independence Day
- o Labor Day
- o Thanksgiving Day
- o Day after Thanksgiving
- o Christmas Day
- o Assignable Day
- o Personal Holiday
- o Location Choice Holiday

ASSIGNABLE HOLIDAY

The assignable holiday is a holiday selected by Digital at the beginning of the calendar year that is generally used to make a "long weekend" when a regular holiday falls on a Tuesday or Thursday.

LOCATION CHOICE HOLIDAY

The location choice holiday is selected for each Digital location at the beginning of the calendar year.

PERSONAL HOLIDAY

The personal holiday is a holiday selected by each employee for use during the current calendar year, and the following procedures apply:

- o A personal holiday is paid in full day increments only.
- o A personal holiday may not be carried from one calendar year to the next.
- o Personal Holiday status (available, taken, ineligible) is reflected on the employee's weekly Statement of Earnings.

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- o An employee may not work on a personal holiday. Should an employee work on a day that was planned as a personal holiday, the day is considered a normal work day and the personal holiday will be used in the future.
- o An employee cannot receive pay in lieu of taking a personal holiday.
- o Employees should notify their supervisor of their intent to take a personal holiday so that the supervisor can plan accordingly.
- o If an employee terminates and has not taken the personal holiday, he/she will receive pay for the unused holiday as part of the accrued benefits.
- o Employees who wish to celebrate religious holidays not covered by the Company holiday schedule are expected to do so by using either personal holiday or vacation.

HOLIDAY PAY

Eligibility - All employees on the payroll receive holiday pay based on their classification below:

- o Regular (R40) employees are eligible for 80 hours of holiday pay per year.
- o Regular (R20-R39) employees receive prorated holiday pay based on the number of hours that they are regularly scheduled to work in accordance with the following schedule:

<u>Status</u>	<u>Holiday Hours</u>	<u>Status</u>	<u>Holiday Hours</u>
R20	40	R30	60
R21	42	R31	62
R22	44	R32	64
R23	46	R33	66
R24	48	R34	68
R25	50	R35	70
R26	52	R36	72
R27	54	R37	74
R28	56	R38	76

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It is the responsibility of the manager, together with the employee, to establish a holiday schedule in advance based on the number of hours the employee is regularly scheduled to work and which does not exceed the number of holiday hours allowed.

If a holiday falls on a day the employee regularly works, he/she would be paid for that day. If a holiday falls on a day the employee is not scheduled to work, he/she would not receive holiday pay or the manager would bring the holiday into the employee's regular work week. For further information on this subject, see Section 6.41, Special Work Weeks.

- o Student Development Program (SDP) students: These students receive holiday pay for those holidays that fall within their SDP work period.
- o Temporary employees: These employees receive no holiday pay.
- o Employees on disability receive pay at the rate which corresponds to the disability program for which they are eligible.

Shift Premium in Holiday Pay - Employees who qualify for shift premium for the week in which the holiday falls receive shift premium for the holiday.

HOLIDAY DURING VACATION

If a holiday falls during an employee's vacation period, the holiday is charged as a holiday and not as a vacation day.

TIME WORKED ON A HOLIDAY

If a non-exempt employee works on a Company holiday, pay for the time worked on the holiday is at time and one-half plus 8 hours holiday pay.

Example: An employee works 4 hours on a Company holiday. The employee would receive 8 hours of straight time for the holiday plus 4 hours at time and one-half for time worked on the holiday.

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VACATION

Annual paid vacation is granted to regular employees who work 20 hours or more per week. Employees are encouraged to take their annual accrued vacation time within a twelve month period.

ELIGIBILITY:

All regular (R40) employees are eligible for paid vacation depending on their length of service. Regular (R20-R39) and special work week employees also qualify for paid vacation based on the number of hours that they are normally scheduled to work each week and their length of service. (For further information see Personnel Policy 6.41, Special Work Weeks.)

YEAR OF SERVICE:

A period starting with the employee's hire, rehire, or employment service change date (whichever is later) or a coop service date, ending twelve months later is a year of service for vacation purposes.

VACATION ACCUMULATION (See Page 4 for Vacation Accumulation Change Notice)

Vacation hours begin to accumulate based on a year of service as defined above. Employees may accrue vacation hours up to a maximum of twice their annual accrual. Regular (R40) employees can accumulate vacation hours in accordance with the following schedule:

<u>YEARS OF SERVICE</u>	<u>MAXIMUM ACCUMULATION</u>
0 through 5	160 hours
6 through 10	240 hours
11 through 20	320 hours
21 and over	400 hours

Regular (R20-R39) employees accumulate prorated vacation hours and have a prorated maximum accumulation depending upon the number of hours they are regularly scheduled to work each week.

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Once the maximum is reached, the accrual ceases and the employee forfeits any further accumulation of hours until vacation hours are taken and available hours drop below the maximum. Notification of an employee approaching maximum hours is provided to the cost center manager on the Monthly Cost Center Vacation Status Report.

VACATION SCHEDULE (R40) EMPLOYEES

Less Than Five Years of Service - Employees earn the equivalent of $\frac{5}{6}$ of a day for each full month of service which would provide the employee with 80 hours of vacation for a full year of service.

More Than Five Years of Service but Less Than Ten Years of Service-

Employees earn the equivalent of $1\frac{1}{4}$ days for each full month of service which would provide the employee with 120 hours of vacation for a full year of service.

More Than Ten Years of Service but Less Than 20 Years of Service - Employees earn the equivalent of $1\frac{2}{3}$ days for each full month of service which would provide the employee with 160 hours of vacation for a full year of service.

More Than Twenty Years of Service - Employees earn the equivalent of $2\frac{1}{12}$ days for each full month of service which would provide the employee with 200 hours of vacation for a full year of service.

SPECIAL VACATION CREDIT AT FIFTH, TENTH, AND TWENTIETH ANNIVERSARY

All regular (R40) employees on their 5th, 10th, and 20th anniversaries of service will receive an additional 40 hours of vacation. The purpose of this special 40 hour vacation credit is to enable employees to be immediately eligible for 120 hours vacation upon completing five years of service, 160 hours vacation upon completing ten years of service, and 200 hours of vacation upon completing 20 years of service.

All regular (R20-R39) employees also receive additional hours of vacation on their 5th, 10th and 20th anniversaries based on the number of hours they are regularly scheduled to work each week.

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VACATION PERIOD

An employee may take accumulated vacation at any time during the year subject to supervisory approval.

PAY IN LIEU OF VACATION

Pay is not granted in lieu of vacation time except when an employee terminates.

HOLIDAY DURING VACATION

When a company holiday falls within an employee's vacation week, the holiday is charged as a holiday and not as a vacation day.

CHANGE OF STATUS/VACATION ACCRUAL

From time to time employees will change from one regular status to another (e.g., R40 to R32 or R20 to R25). In these cases the employee's maximum vacation accrual allowed under the new status will also change. In some instances the employee will have more vacation hours accrued than the new status allows. These employees should generally take this accrued vacation before the change occurs. If this is not possible, the employee will receive all earned vacation pay which is in excess of the new maximum accumulation allowed.

TERMINATION

If an employee terminates employment, the employee receives all earned vacation pay.

VACATION PAY ADMINISTRATION

Standard time reporting cards are automatically distributed by Payroll to all employees for vacation reporting purposes. When vacation is taken, all employees must indicate on this card the vacation hours they will take and have their supervisor approve the vacation period. In addition, it is the cost center manager's responsibility to insure that all vacation hours taken by employees are properly reported and to ensure the accuracy of the Monthly

Cost Center Vacation Status Report which lists calendar year-to-date vacation hours taken and available.

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With proper advance notification of one week, payroll will distribute vacation pay prior to the start of the employee's vacation. Advance vacation pay is not given in less than full week increments.

VACATION ACCUMULATION CHANGE NOTICE

Effective January 1996, the Vacation Policy will be revised to establish a 5 week maximum on unused vacation for all employees, regardless of their years of service.

As with the current policy, accrual vacation hours will stop when the maximum is reached. It will resume when vacation hours are taken and unused hours drop below the maximum.

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Section 4.04

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Date 15 AUG 89

DEPENDENT CARE REIMBURSEMENT ACCOUNT

The Company offers employees the ability to set aside a portion of their weekly pay to cover the cost of qualified dependent care expenses.

ELIGIBILITY

All active, regular U.S. employees scheduled to work 20 or more hours per week will be eligible to participate in this program. Also U.S. and non-U.S. employees on temporary international assignment who are responsible for U.S. taxes and are on the U.S. payroll are eligible to participate.

DIGITAL'S DEPENDENT CARE REIMBURSEMENT ACCOUNT PROGRAM

The Dependent Care Reimbursement Account Program is administered by the John Hancock Mutual Life Insurance Company. This program allows employees to direct a portion of their pay, on a pre-tax basis, into an account that can be used to pay certain qualifying out-of-pocket dependent care expenses.

WHO IS CONSIDERED AN ELIGIBLE DEPENDENT

Eligible dependents are those who qualify under the Internal Revenue Code's definition of eligible dependents, which states:

- o Eligible dependents must be living with you, receiving half support from you, and must be:
 - under age 13 and qualify as a dependent for exemption on your tax return, or
 - age 13 or over, physically or mentally unable to care for themselves and qualify as a dependent for exemption on your tax return.

A disabled spouse also qualifies as a dependent if living with you and physically or mentally unable to care for himself or herself.

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WHAT DEPENDENT CARE EXPENSES ARE CONSIDERED FOR REIMBURSEMENT

Expenses that qualify for reimbursement include:

- o wages paid to a care provider for dependent care and work-related household services inside your home.
- o wages paid to a care provider outside your home as long as the dependent spends at least 8 hours per day in your home.

More information and details concerning this program may be found in The Dependent Care Information Guide - 1989 (Part EZ-33017-50) or from your Personnel Department.

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Section 4.05

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Date 10 JAN 94

LIFE INSURANCE

SCOPE: U.S.

PHILOSOPHY:

The Company recognizes that the event of death will cause a financial hardship for the employee and/or family. It is the goal of the Company to support employees during those times by making a Life Insurance Program available.

POLICY:

The Life Insurance Program is designed to provide a level of support (by the Company) and optional choices for coverage for the employee, spouse, and/or dependent children.

PRACTICE:

Eligibility:

All regular employees who work 30 hours per week or more are eligible for life insurance coverage.

Basic coverage begins on the first day of employment. Optional coverage begins on the day that the Life Insurance Enrollment form has been completed or Evidence of Insurability is approved.

Basic Coverage:

Basic life insurance coverage is provided at no cost to the employee.

The amount of insurance is equal to the annual base salary rounded to the next higher \$1,000 and multiplied by 1 with no maximum for employees earning \$50,000 or more and all employees hired on or after January 1, 1994. The amount of insurance is equal to the annual base salary rounded to the next higher \$1,000 and multiplied by 2 subject to a \$50,000 maximum for employees earning less than \$50,000 and who were hired prior to January 1, 1994.

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OPTIONAL COVERAGE:

Group Universal Health (GUL):

In addition to the basic life insurance coverage provided by Digital, employees may elect one of the following:

- o One Times Your Annual Base Salary
- o Two Times Your Annual Base Salary
- o Three Times Your Annual Base Salary
- o Four Times Your Annual Base Salary
- o Five Times Your Annual Base Salary

The amount of insurance is equal to the annual base salary rounded to the next higher \$1,000 and multiplied by the option chosen. The maximum benefit payment is \$1,000,000 without evidence of good health or \$3,000,000 with evidence of good health. All employees may elect coverage for their spouse and/or eligible dependent children. The employees may elect Personal Accident Coverage for themselves and/or their family.

The cost of all optional life insurance is paid by the employee.

STATUS CHANGE:

If the employee receives a change in annual base salary which affects life insurance coverage, the change in life insurance is effective on the same day as the change in annual base salary, provided the employee is then actively at work, otherwise on the date of return to active work.

Upon retirement, basic life insurance reduces to \$3,000 for employees retiring before January 1, 1996.

FULL DETAILS OF THE PLAN:

This policy statement only summarizes certain provisions of the Life Insurance Plans. Additional information may be found in the Life Insurance Information and Life Insurance Enrollment Kits.

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GROUP MEDICAL CARE PLAN

DIGITAL MEDICAL PLANS AND HEALTH MAINTENANCE ORGANIZATIONS

The Company provides group medical care coverage for employees and for their eligible dependents.

ELIGIBILITY

All co-op students and regular employees who work 30 or more hours per week are eligible for health care coverage for themselves and may elect to cover their eligible dependents.

Information concerning enrollment and dependent eligibility may be found in "Your Benefits Book", or from the local Personnel Department.

HIGHLIGHTS OF THE DIGITAL MEDICAL PLANS

The Digital Medical Plans (Plan 1 and Plan 2), administered by the John Hancock Mutual Life Insurance Company, are comprehensive plans that allow employees to choose their own physician, hospital, pharmacy and other medical care providers. The Digital Medical Plans reimburse employees and the employee's provider of service for all or a major portion of the charges that include, but are not limited to:

- o Hospitalization
- o Surgery
- o Maternity
- o Psychiatric Care
- o Prescription Drugs
- o Age-based physical examinations
- o Home Health Care
- o Services in extended care facilities
- o Hospice care

Both Digital Medical Plans cover the same medical services and procedures and have the same yearly deductible amounts and out-of-pocket limits. The differences are in your weekly payroll deduction and how much each plan will pay towards the cost of a hospital stay or surgical procedure.

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Plan 1 covers 80% of reasonable and customary charges for in-hospital stays and surgical services and procedures while the employee is responsible for the remaining 20% co-payment. The weekly payroll deduction in this case is lower than Plan 2.

Plan 2 covers 100% of reasonable and customary charges for in-hospital stays and surgical services and procedures. The weekly payroll deduction in this case is higher than Plan 1.

Because of the high cost of health care, employees and their covered dependents are asked to continue to share in the expenses of these plans.

EXCEPTION

Employees must be actively at work to take advantage of any new benefit plans that become available, or make any changes to their plans (such as adding dependent coverage, except for a newborn child).

HEALTH MAINTENANCE ORGANIZATIONS

Digital offers employees the option of enrolling in qualified health maintenance organizations as an alternative to our existing medical plan.

What Is An HMO?

A health maintenance organization (HMO) is an organization that provides comprehensive prepaid hospital and medical care to voluntarily enrolled employees. The organization, instead of underwriting the health care and paying someone to deliver it, provides it themselves or makes the arrangements with specified doctors, hospitals, and other medical providers for the delivery of health care services. The employee agrees to receive health care from medical care professionals and hospitals that are associated with the HMOs, except for emergency care of treatment when not in HMO's service area.

Digital Will:

- o Contribute an equivalent dollar amount toward HMO plans as is being contributed toward the Digital Medical Plan.
- o Follow uniform procedural guidelines for implementing the HMO option.

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- o Comply with State and Federal legal requirements.
- o Provide effective communication of available HMO alternatives and the Digital Medical Plan.
- o Offer HMOs that are: - financially sound - well managed - provide quality care - have a reasonable level of benefits - are accessible to employees - provide benefits at a reasonable cost - provide educational material.

Additional information on HMOs is available in "Your Benefits Book" and from your local Personnel department.

Note: This section on HMOs is applicable only to Digital facilities within the United States.

FULL DETAILS OF THE PLANS

This policy statement only summarizes certain provisions of the legal document incorporating the Digital Medical Plans. Additional information may be found in "Your Benefits Book" or from your Personnel Department.

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GROUP DENTAL ASSISTANCE PLAN

The Company provides group dental assistance coverage for employees and their eligible dependents. Dental reimbursement is based on a percentage of fixed "reasonable and customary" charges in the geographic location where the service is provided.

ELIGIBILITY

All regular employees who work 30 hours per week or more are eligible for dental assistance coverage and may elect to cover their eligible dependents.

Information concerning enrollment and dependent eligibility may be found in "Your Benefits Book", or from your local Personnel Department.

DIGITAL DENTAL PLAN

The Digital Dental Plan is administered by the John Hancock Mutual Life Insurance Company. The plan is designed to encourage employees to get regular checkups from their dentist. Because the plan is preventive in nature, they are not required to fulfill an annual deductible.

The plan pays a higher percentage of the total bill for preventive care, such as having teeth cleaned, than it does for restorative care, such as getting cavities filled. The plan provides coverage at 80%, 60% or 50% of established amounts, depending on the type of service provided. The amounts are based on reasonable and customary charges in the geographic areas where the service is provided. All eligible services must be performed by a dentist or dental hygienist and must be necessary for the care of the teeth.

The maximum benefit the plan pays is \$1,000 a person each calendar year. There is a separate maximum lifetime benefit of \$1,000 per person for covered services related to orthodontia.

EXCEPTION

Employees must be actively at work to take advantage of any new benefit plans that become available, or make any changes to their plans (such as adding dependent coverage, except for a newborn child.)

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FULL DETAILS OF PLAN

This policy statement only summarizes certain provisions in the legal document incorporating Digital's Dental Assistance Plan. Additional information or details regarding the entire policy may be found in "Your Benefits Book", or from your local Personnel Department.

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DISABILITY ABSENCE AND RETURN TO WORK

SCOPE: U.S.

PHILOSOPHY:

The Company recognizes that there will be times when employees will be unable to work because of illness or injury. It is the goal of the Company to support employees during these times by:

- o Providing reasonable benefit programs that protect employees' income,
- o Establishing policies and practices that:
 - Support employees' timely recovery and rehabilitation, and
 - Support and enable employees to return to productive work, and
- o Providing reasonable workplace accommodations for employees who require them.

POLICY:

The Digital Disability Plans are designed to provide income protection to eligible employees who are unable to work as a result of an illness or injury.

Digital has contracted with external vendors to manage and administer the Disability Plan. The processes for administering these plans are designed to minimize the burden on employees while ensuring that the Company has the information it needs to determine employees' initial and continuing eligibility for benefits. In all cases, employees have the primary responsibility for ensuring that their managers are notified of their absence, and that the Company has the medical and other information it needs to determine their eligibility for benefits. Employees are required to notify their supervisors on the first day of absence due to illness or injury; failure to notify a supervisor before the end of the third consecutive day of absence may result in Corrective Action and Discipline up to and including termination of employment.

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This policy is also designed to assist the employee in effecting a timely and smooth return to a regular and productive work schedule. It is the Company's policy to offer Meaningful Work when it is available to medically cleared employees returning to work when no longer disabled. The Company will endeavor to return employees to the position held prior to the disabling illness or injury, or to an Alternate Position, or an Accommodated Position. The Company will also make reasonable accommodations necessary to assist the employee in returning to productive work.

Employees who become disabled as a result of pregnancy or childbirth have the same rights and responsibilities as any other disabled employee. Normally, pregnant employees begin their disability period 2 weeks prior to their anticipated delivery date, and return to work 6 weeks after their actual delivery date. These periods may be adjusted if medical evidence establishes the need for a shorter or longer disability period.

Where state law requires additional time off (beyond the period of medical disability) for regular employees who have given birth, or for regular employees who work fewer than 30 hours, it will be provided as unpaid time off.

Employees who request time off to be with newborn children after their medical disability are eligible for a Family/Medical Leave of Absence. (see Personnel Policy 4.23, Leave of Absence.)

Employees who are cleared to return to work after being disabled for other reasons may also be eligible to apply for a Family/Medical Leave of Absence.

Employees who fail to meet their responsibilities as described in this policy may become ineligible to receive benefits, and may be subject to Corrective Action and Discipline up to and including termination of their employment. (see Personnel Policy 6.21, Corrective Action and Discipline.)

ELIGIBILITY, PLAN PROVISIONS AND ADMINISTRATION:

Eligibility:

Employees' eligibility for plan benefits is determined by the provisions of the applicable Disability Plan. (see Your Benefits Book - VTX BENEFITS_US).

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Plan Provisions:

The Income Protection Benefit an eligible employee is entitled to receive is determined by the terms of the applicable Disability Plan. (see Your Benefits Book - VTX BENEFITS_US).

Administration:

All employees are required to report any absences due to illness or injury via weekly timecard submission and must notify their supervisors (see Personnel Policy 6.05, Attendance). This requirement must be met whether or not benefits are payable under a Disability Plan.

If an employee has a repeated history of short absences due to health reasons, the manager should consult with the Occupational Health Nursing Consultant. Employees may be required to submit to a medical examination by Health Services or a consulting physician retained by Digital, before they are cleared to return to work.

All employees who are or will be absent for more than five (5) consecutive working days (or the number of regularly scheduled work days in a seven-calendar-day period, whichever is less) are responsible for contacting the shorter-term vendor which will ensure that a claim for disability benefits (if applicable) is filed. If this vendor has not been contacted by an employee's 8th consecutive working day of absence (or 10 consecutive calendar days, whichever is less), the manager should stop the employee's pay. Pay will not be resumed or be paid retroactively until this vendor has been contacted and the absence approved. (see Personnel Policy 6.05, Attendance.) This vendor is responsible for determining an employee's initial and continuing eligibility for disability benefits up to 26 weeks.

SPECIAL NOTE: Any action on the part of the employee regarding initiation of the disability process may be performed by any person acting in the interest of the employee.

Employees file claims by calling this vendor's (the vendor's) phone number available through the local Human Resources Department or the People Support Network (PSN). The vendor will gather information from the employee to initiate the claim process.

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The vendor will make a decision regarding an employee's eligibility for Income Protection Benefits and/or appropriate duration of disability following a thorough review of all medical and occupational information.

STEP 1: Decisions are usually made following receipt and evaluation of information received as necessary from the employee, his/her manager, and his/her physician(s). If the information does not appear to be complete or if there are questions relative to the claim,

STEP 2: The vendor may consult with a physician on the vendor's staff to discuss the claim. This physician may need to contact the employee's physician directly to discuss the claim. If, following this review, the vendor is still unable to make a disability determination,

STEP 3: The vendor may schedule a medical examination with a physician who is licensed and board-certified in the specialty area of the employee's medical condition. The role of the physician performing this examination is to review the vendor's documentation of the claim, examine the employee without prejudice, and report to the vendor with respect to the employee's restrictions, limitations, and functional capacity based on objective findings.

NOTE: If the employee does not keep his/her appointment, another will be scheduled and benefits (if any) will be stopped until the results of the examination are available and the vendor can make a decision. If the employee fails to keep the second appointment, the employee will be subject to Corrective Action and Discipline.

The vendor will base its disability decision on all relevant information. Disability determinations are based on an assessment of an employee's ability to perform the functions required of his/her job/occupation (as the case may be). The vendor does this by comparing the restrictions and limitations caused by the employee's medical condition to the functional requirements of the employee's job/occupation (as the case may be).

If the claim is approved, the vendor will perform ongoing case management and will ultimately establish a return-to-work date. A return-to-work date may be set at any point in the Disability Management Process.

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Throughout the duration of an employee's disability, the vendor will be in contact as necessary with the employee's manager and other designated Digital Personnel to ensure that all parties have updated information.

It is the employee's responsibility to return to work on the established return-to-work date. If the employee does not return, his/her Income Protection Benefits will cease on the date the employee was scheduled to return. If the employee believes he/she cannot return to work because of the medical condition, it is the employee's responsibility to inform the vendor. The employee's Income Protection Benefits may continue or be resumed if new, relevant medical information is supplied by the employee's physician and while such information is being evaluated and assessed.

If the employee is able to return to work earlier than the date established by the vendor, the employee should contact the vendor to discuss the early return. The vendor may consult with Digital Health Services if there are questions regarding the early return.

If a disability duration is expected to continue beyond 26 weeks, the shorter-term vendor will contact the longer-term disability vendor in order to make an orderly transition. The longer-term vendor may require additional information to support disability beyond 26 weeks. Income Protection Benefits will not be paid beyond 26 weeks until the longer-term vendor has received and evaluated the information necessary to make a determination.

If the claim is denied, an employee's Income Protection Benefit (pay) will stop on the day of the denial. The employee will have up to three days to return to work. In most cases, a claim will not be denied without at least the second step of review described above.

If an employee does not agree with a decision made by either vendor, he/she can appeal that decision. See the section on "Appeals" in this policy.

WORKERS' COMPENSATION:

An employee who incurs a work-related injury or illness may also be eligible to receive an Income Protection Benefit under a Digital Disability Plan. To receive an Income Protection Benefit, the employee must follow the procedures outlined under "Administration" in this policy. The Digital Income Protection Benefit will be determined by the applicable plan and will be

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offset by the amount of the workers' compensation benefit the employee receives.

In some circumstances, an employee may receive a workers' compensation benefit but may not be eligible for any Income Protection Benefits under a Digital Disability Plan. In such cases, the employee would receive only the Workers' Compensation Benefit.

An employee with a work-related illness or injury may be determined by the vendor to no longer be disabled according to the definition of the applicable Disability Plan, but may still be eligible for benefits from the workers' compensation carrier. In such cases, any benefits for which the employee was eligible from Digital will cease but the employee will not be required to return to work until such time as the workers' compensation carrier and Health Services determine a return to work date. (see Personnel Policy 4.31, Workers' Compensation.)

DEFINITIONS:

1. Medically Cleared

An employee is considered to be Medically Cleared when he or she has been approved to return to work under the terms of the applicable plan whether or not the employee requires a reasonable accommodation.

2. Meaningful Work

Meaningful Work enables the employee to perform work which is productive and necessary for the Company with a fixed and continuous work schedule of at least 20 hours a week.

3. Reasonable Accommodation

For the purpose of this policy, accommodations may consist of one or more of the following: changes in normal work schedules, changes in the non-essential functions required of an employee, changes in the way that essential or non-essential functions are performed, modifications to the work place, the provision of equipment or apparatus, or any other medically justified assistance provided to help a disabled employee perform Meaningful Work as defined above. Accommodations can be either temporary or for an indefinite duration. Equipment or apparatus that has been provided must remain with the employee who transfers to a job location where a similar accommodation is necessary. Accommodations are reasonable where the Health

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Services Organization, in conjunction with any authorized agent of the company and after consulting with the employee, concludes that the accommodation is medically justified, and where the employee's manager concludes that the accommodation does not create an undue burden on the operations, resources or safety of the employing organization or the employee.

Normally, the Company's efforts to provide Reasonable Accommodations should focus on assisting the disabled employee to return to the location and position the employee held prior to the disability. Transfers to new managers, new assignments or new locations should only occur where clearly required medically, where it is not feasible to accommodate the employee in the position held prior to the disability and when the transfer is reasonable under the circumstances. Inability to deal with ordinary interpersonal interaction, usual employee-to-supervisor relations or normal business performance demands seldom constitute medical justification for such transfers. Similarly, transfers to different locations (particularly transfers that involve relocation) because of an employee's medical inability to work at their assigned location will be approved only if no other means exists to reasonably accommodate the employee's disability. Where work is available in the employee's assigned location it is generally the employee's responsibility to accept that position and if necessary to move to a location consistent with the reasonable accommodation which has been identified. Company paid transfers under these circumstances must be approved by the appropriate Group Business and Human Resource Managers.

4. Alternate Positions

An Alternate Position provides a returning employee with Meaningful Work for which the employee has the necessary skills, education and experience. Alternate Positions should have responsibilities that are as similar to those held in the prior position as possible. Alternate Positions are offered where available and when the position the employee held prior to disability has been filled in accordance with this policy or eliminated.

An Alternate Position may be in a different job group, job code, or function and may also be at a different Salary Range Indicator (SRI) than the position held at the time the disability commenced. However, the Salary Range for an Alternate Position must be able to accommodate the employee's current salary. It may also be at a different worksite, provided the change in worksite does not constitute a reimbursable move within the meaning of the Company's

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relocation policy (see Policy 5.01, Domestic Relocation).

5. Accommodated Positions

Accommodated Positions are provided to employees under two circumstances. First, Accommodated Positions are provided to employees who are unable to perform the essential functions of the job held prior to their disability with or without reasonable accommodations or in case of an employee for whom no other reasonable accommodation can be made and who are also unable to perform the functions of available Alternate Positions (as defined above) because of remaining medical restrictions or limitations. Additionally, Accommodated Positions may be provided to employees who are medically cleared to return to work when the position held prior to disability is no longer available, and no Alternate Position can be identified.

Accommodated Positions are determined by reference to the capabilities of the returning employee, the needs of the business, the existence of reasonable accommodations and the availability of Meaningful Work within the organization.

Accommodated Positions may be in different job groups, job codes or functions, employment status and may be at a lower SRI than the employee received prior to the disability. Where the employee's wage/salary exceeds the maximum for the SRI of the Accommodated Position, it should be adjusted as described below (see, Additional Guidelines for Returning Employees - Change in Employment Status).

6. Disability

For the purposes of this Policy, disability has the same meaning as provided under the applicable plan. (see Your Benefits Book - VTX BENEFITS_US).

7. Duration of Disability

For purposes of this Policy, the length of disability shall be determined under the applicable plan with respect to relapses or recurring periods of disabilities.

8. Rehabilitative Employment

Rehabilitation Positions are temporary work assignments, jobs which provide temporary modifications to work schedules, temporary changes in reporting locations or other temporary work-related adjustments that are medically necessary to assist

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employees in returning to their maximum level of productivity. Rehabilitative Employment will only be made available when feasible and where Meaningful Work exists.

Rehabilitation Positions are available for employees returning from disability where the vendor and Digital's Health Services conclude that such employment is appropriate and likely to result in successful rehabilitation. Additionally, the employee's manager must determine that it is possible and reasonable to provide the employee with a Meaningful Work assignment given the restrictions and the availability of reasonable accommodations.

At the end of the Rehabilitative Employment period, the employee's status and schedule will be re-evaluated by the vendor, Health Services, the employee's manager, and the designated Digital Human Resources Representative. If they determine that further extension of the Rehabilitative Position is appropriate, an extension will be considered. If it appears that an extension is not appropriate or that the condition will be permanent, the employee's regular employment status (i.e., pay, work schedules, job code, SRI, etc.) will be determined (see Additional Guidelines for Returning Employees - Change in Employment Status below).

RETURN TO WORK FROM A DISABILITY WITHOUT RESTRICTIONS:

DISABILITIES OF 13 WEEKS OR LESS:

An employee returning from a disability of 13 weeks or less who can perform the essential functions of his or her job without any need for reasonable accommodation will be placed in the same position occupied prior to the disability.

Where appropriate, the employee's manager will be authorized to hire a temporary replacement for the disabled employee during this 13 week period.

The manager is not free to fill this position during this 13 week time frame unless it has been determined that there is no real possibility (based on medical evidence) that the employee will return to his/her job within 13 weeks. However, managers may fill positions of employees who have been absent for more than 13 weeks.

DISABILITIES OF MORE THAN 13 WEEKS BUT 26 WEEKS OR LESS:

Employees returning to work after 13 weeks but on or before the last day of the 26-week period will be:

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- Returned to the position(s) held prior to the disability if it is still available, and they can perform the essential functions of the job without any need for a reasonable accommodation, or
- Assigned to Alternate Positions if the prior position is no longer available, if available and feasible, or
- Assigned to Accommodated Positions.

It is the responsibility of the employee's manager to identify a position for this employee. If no position can be immediately identified the employee should be placed in a temporary assignment (at the wage/salary he or she received at the time the disability commenced) for a maximum of 30 days while an Alternate or Accommodated Position is identified.

DISABILITIES OF MORE THAN 26 WEEKS:

The employee's manager (or a manager designated by the employee's functional Vice President where the employee's manager cannot be identified) will be responsible for assisting an employee who has been on disability for more than 26 weeks to find a regular position. These positions include return to their previous assignment if available, or to an Alternate or an Accommodated Position. An employee returning under these circumstances will be returned to his or her former employment status (i.e., full-time or part-time), pay and benefits (with the exception of eligibility for benefits for a new disability illness or accident) for 13 weeks. During this 13-week job search period, the employee will be expected to use his or her best efforts to identify a regular position. If no position can be identified within 13 weeks, the employee will be terminated as a Company Separation (see Personnel Policy 6.01, Termination), and will be eligible for eight (8) weeks base pay in lieu of notice. The employee will not be eligible for any other notice, pay in lieu of notice, lump sum payment, salary continuation, disability payment or similar notice period payment under this plan.

Employees who refuse to return to their prior position, or to accept an Alternate or Accommodated Position when offered, should be terminated immediately and treated as a Company Discharge (see Personnel Policy 6.01, Termination).

If an employee becomes disabled (new condition or reoccurrence of previous condition) during the 13-week job search period and later returns to work full-time or part-time, the job search period will continue for the number of weeks that were remaining at the time the subsequent disability began.

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RETURN TO WORK FROM A DISABILITY WITH NEED FOR REASONABLE ACCOMMODATION:

When the vendor or any other Digital insurance carrier reports that an employee is Medically Cleared to return to work with restrictions that require the Company to provide reasonable accommodations, Health Services, the employee's manager and local Human Resources will make an initial determination as to whether those restrictions can be reasonably accommodated.

DISABILITIES OF 13 WEEKS OR LESS:

If an employee returns to work within 13 weeks from the start of the disability and has a need for a Reasonable Accommodation, he/she will be returned to the job held prior to becoming disabled if he/she is able to perform the essential functions of the job with reasonable accommodations. If no reasonable accommodation can be made so that the employee can return to his or her former position, Digital Health Services in conjunction with the vendor or the Digital insurance carrier should work with the employee, the employee's physician, and the employee's manager to identify an Alternate or Accommodated Position. When an Accommodated Position is identified, the employee's SRI and salary should be adjusted. (see Additional Guidelines for Returning Employees - Change in Employment Status, below).

Employees for whom no Alternate, Accommodated, or Rehabilitation Position can be found or who are medically unable to perform the essential functions of these positions, will remain on Disabled Status and will continue to receive disability benefits for as long as they are eligible. Periodic medical documentation will be required for employees returning to disabled status as outlined above.

DISABILITIES OF MORE THAN 13 WEEKS BUT LESS THAN 26 WEEKS:

When an employee returns to work with a need for Reasonable Accommodations after 13 weeks but on or before the last day of the 26-week period, he/she will be returned to the job held prior to becoming disabled if it is still available and if he/she is able to perform the essential functions of the job with Reasonable Accommodations. If the employee's restrictions prevent him/her from performing the essential functions of the job held prior to disability, Digital Health Services in conjunction with the vendor (or the Digital insurance carrier) should work with the employee, the employee's physician, and the employee's manager to identify an Alternate or Accommodated position. When an Accommodated Position is identified, the

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employee's SRI and salary should be adjusted. (see Additional Guidelines for Returning Employees - Change in Employment Status, below.)

Employees for whom no Alternate or Accommodated Position can be found will be returned to their former status (i.e., full-time or part-time), pay and benefits until such time as a position is identified.

DISABILITIES OF MORE THAN 26 WEEKS:

Employees who return to work with a need for Reasonable Accommodations after 26 weeks whose former job is no longer available will be returned to their former status (i.e., full time or part time), pay and benefits (with the exception of eligibility for benefits for a new disability) for 13 weeks. The Company will identify a manager to assist the employee to find a job (i.e., to an Alternate or Accommodated Position) during this 13 week job search period. The employee will be expected to use his or her best efforts to identify a regular position. If no position can be identified within 13 weeks, the employee will be terminated as a Company Separation (see Personnel Policy 6.01, Termination), and will be eligible for eight (8) weeks base pay in lieu of notice. The employee will not be eligible for any other notice, pay in lieu of notice, lump sum payment, salary continuation, disability payment or similar notice period payment under this plan.

Employees who refuse to return to their prior position, or to accept an Alternate or Accommodated Position when offered, should be terminated immediately and treated as a Company Discharge (see Personnel Policy 6.01, Termination).

If an employee becomes totally disabled (new condition or reoccurrence of previous condition) during the 13-week job search period and later returns to work full-time or part-time, the job search period will continue for the number of weeks that were remaining at the time the subsequent total disability began.

POSITIONS ELIMINATED BY AUTHORIZED TRANSITION/WORKFORCE REDUCTION OR PLANT CLOSING PROGRAMS:

An employee returning to work from disability under any status (with or without need for Reasonable Accommodations) within 26 weeks, whose position was eliminated by an authorized and approved Transition/Workforce Reduction Program during his/her absence, will be terminated in accordance with the provisions

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of that Program. These employees will be eligible for any notice pay, pay in lieu of notice and/or severance or support package only as provided for under that program.

An employee returning to work from a disability under any status (with or without Reasonable Accommodations) after 26 weeks whose position was eliminated by an authorized and approved Transition/Workforce Reduction program during his/her absence, will be returned to his or her former employment status (i.e., full time or part time), pay and benefits (with the exception of eligibility for a benefits for a new disability) for 13 weeks, for the purpose of finding a new position. The Company will identify a manager to assist the employee during this 13-week job search period, and the employee will be expected to use his/her best efforts to identify a regular position. If a regular position is not identified within this 13-week job search period, the employee will be terminated as a Company Separation (see Personnel Policy 6.01, Termination), and will be eligible for eight (8) weeks base pay in lieu of notice. The employee will not be eligible for any other notice, pay in lieu of notice, lump sum payment, salary continuation or similar notice period payment.

Normally employees on disability are notified of their selection for transition after they are determined to be Medically Cleared to return to work full-time or part-time. However, where the facility in which the employee has worked is closed as a part of an approved Plant Closing, and the employee's position is eliminated as a part of that Plant Closing, the employee will be notified at the same time as other employees impacted by that Plant Closing. These employees will be terminated in accordance with the provisions of that approved Plant Closing, regardless of the length of their disability, and will be eligible for any severance or support package offered to employees under that Program.

ADDITIONAL GUIDELINES FOR RETURNING EMPLOYEES:

1. Salary Actions

Salary Actions and adjustments for employees on disability will normally be delayed until they return to work. Employees on rehabilitative status may be granted salary increases provided the time actually worked since the last increase (excluding time spent in a disabled status) meets current salary planning guidelines.

An employee in rehabilitative status who works fewer hours than he/she did prior to their disability may receive two

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sources of pay (i.e., disability benefits for hours not worked, and regular pay for hours worked in accordance with normal Digital policies).

The 20 hour/week minimum work schedule set forth in this policy may be modified to comply with applicable laws, or in those rare instances where the employee's manager, Health Services, the vendor, and Human Resources conclude it is appropriate to grant an exception.

2. Change in Employment Status

When it becomes necessary to make a permanent change in a disabled employee's employment status because the employee is placed in an Accommodated Position (except if a change in the employee's work schedule is temporary or due to another Reasonable Accommodation) as outlined above, the employee's manager, together with Human Resources, will, to the extent applicable;

- Determine the job code/title that corresponds to the work being performed,
- Change the employee's Personnel records to reflect the new employment status (i.e., R40 to R30), job code and title
- Adjust the employee's salary so that it is correctly positioned within the new range considering the employee's job knowledge and experience when compared to other employees performing that work in the organization and to no more than 120% range position for the new job.

3. Refusal to Accept Positions

Returning employees who refuse to return to the position held prior to disability, to accept an Alternate or Accommodated position or to accept a Rehabilitative Position or any other form of Reasonable Accommodation when offered will be terminated and treated as a Company Discharge. (see Personnel Policy 6.01, Termination.)

APPEALS:

1. Disability Determinations

If an employee's claim for Income Protection Plan Benefits from Digital is denied or terminated, the employee may file an appeal as provided for under ERISA. This appeals process is described in Your Benefits Book, VTX BENEFITS_US.

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2. Return to Work and Change In Job or Employment Status Decisions

Employees may have any decision made by Digital under this policy reviewed under Personnel Policy 6.02, Open Door. (see Personnel Policy 6.02, Open Door.)

PERSONNEL POLICY REFERENCE MATERIAL:

Your Benefits Book, VTX BENEFITS_US

- 4.23 Leave of Absence
- 4.31 Worker's Compensation
- 5.01 Domestic Relocation
- 6.01 Termination
- 6.02 Open Door
- 6.05 Attendance
- 6.21 Corrective Action and Discipline

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EMPLOYEE STOCK PURCHASE PLAN

The Employee Stock Purchase Plan enables employees to purchase shares of Digital stock through automatic payroll deduction.

ELIGIBILITY

All employees are eligible to participate in the program after they have completed 6 months of service with the Company. Entry to the plan is permitted up to December 1 and June 1.

PAYMENT PERIODS

Payment periods are June 1 to November 30 and December 1 to May 31. Employees should sign up for the plan no later than 10 days prior to the beginning date of any new period.

AMOUNT OF INVESTMENT IN PLAN

Employees may authorize payroll deductions in whole percentages within the following range:

- o minimum deduction is 2% of regular base pay
- o maximum deduction is 10% of regular base pay

PAYROLL DEDUCTION FUND

Payroll deductions are accumulated and held in a non-interest paying account until the end of the payment period when stock is purchased. Only full shares of stock may be purchased and any unused balance in the employee's account is carried over into the next payment period.

PURCHASE PRICE OF STOCK

Stock is purchased for the employee at the end of the payment period. The purchase price of the stock is the lesser of 85 percent of the average market price of the stock on the first

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business day of the payment period, or 85 percent of the average market price of the stock on the last business day of the period. The number of shares purchased for each employee is determined by the amount of money deducted from the employee during that payment period.

SUPPLEMENTARY CONTRIBUTION OPTION

Employees may also elect to have an additional dollar amount withheld which is equal to the last purchase price. This is the supplementary contribution and is explained in Article 6 of the plan.

INTERNATIONAL RELOCATION

Employees who relocate internationally from the United States are encouraged to contact Corporate Investor Services and/or the International Relocation function prior to their relocation in order to understand the administrative procedure necessary to maintain enrollment in the Employee Stock Purchase Plan at locations where a plan may be available outside the U.S..

FULL DETAILS OF THE PLAN

This policy statement only summarizes certain provisions of the Employee Stock Purchase Plan. Additional information or details may be obtained from the Personnel Services Administrator for your facility. A prospectus can be obtained from the Personnel Department.

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MATCHING GIFT PROGRAM

SCOPE: U.S.

POLICY:

The Matching Gift Program has been established to help assist those non-profit organizations which Digital employees deem worthwhile and choose to support.

PRACTICE:

ELIGIBLE EMPLOYEES

All regular employees and their spouses, retired employees and their spouses, and members of the Board of Directors and their spouses are eligible to participate in this program.

ELIGIBLE INSTITUTIONS OR ORGANIZATIONS

All institutions, organizations, associations and funds must be non-profit, qualified as 501(c)(3), and tax-exempt by the Internal Revenue Service.

Gifts to Educational, Cultural, Social Service and Environmental Health and Handicapped agencies are eligible provided they hold the necessary tax exempt status listed above and fall within the guidelines of the program.

CONTRIBUTIONS

Digital matches cash or security donations of \$25.00 minimum up to \$1,000.00 per institution per employee, per calendar year on a 50 cents on the dollar basis. Securities are valued at the quoted market price on the date of contribution.

Additional information and forms may be obtained from the employee's Personnel Department.

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EXTERNAL EDUCATIONAL ASSISTANCE

SCOPE: U.S.

PHILOSOPHY:

Digital is committed to continuous learning and development for all employees in order to maintain a competitive advantage in the marketplace. Therefore, Digital encourages and supports educational and training assistance to ensure that employees have the skills required for the Company's success. Digital's External Educational Assistance (EEA) program is an investment that:

- maximizes productivity and job satisfaction;
- reduces the potential for skills obsolescence; and
- assists in fostering a healthy employee relations environment.

External Educational Assistance is a Company-sponsored program that assists employees in taking approved courses, degree programs, and educational seminars and conferences that are not offered internally at Digital. A written development plan, tied to Digital's business goals, is a prerequisite to an employee requesting External Educational Assistance funds.

POLICY:

Digital's goal is to develop the types of skills, abilities and knowledge that will enhance employees' contributions to the Company. External Educational Assistance at Digital is designed to assist employees in meeting these objectives through their completion of courses, seminars, conferences and programs that are sponsored by organizations other than Digital. External Educational Assistance supports courses, seminars, conferences and programs that are identified in an employee's development plan and that meet: 1) short-term employee development goals that focus on current job assignments; or 2) long-term learning objectives that meet a Digital business requirement.

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PRACTICES:

MANAGER RESPONSIBILITIES

A manager is responsible for:

- evaluating and balancing the goals of the Company and the aspirations of her/his employees;
- appropriately managing and allocating funding for External Educational Assistance for her/his employees;
- guaranteeing that employees have a written development plan that ties External Educational Assistance to: identified current organizational or individual business goals; or the acquisition of skills, knowledge or competencies that a business unit or a functional manager has confirmed are necessary for future business success;
- ensuring that an employee's formalized development plan balances both business and individual goals;
- accurately tracking employees' year-to-date External Educational Assistance spending;
- guaranteeing that all outstanding costs, grades and procedures are closed within 60 days of completion; and
- obtaining the next level of management's approval for a course, seminar or conference that costs in excess of \$2,000.

When approving an employee's request for External Educational Assistance, the manager is accountable for this financial investment by the Company. A manager must take into account business goals, employee goals and issues of affordability when evaluating a request for External Educational Assistance.

When an employee leaves Digital, the manager is responsible for ensuring that all outstanding EEA payments are clearly identified on the "Termination/Retirement Information Form."

EMPLOYEE RESPONSIBILITIES

An employee needs to work with her/his manager to:

- identify a course, seminar, conference or program's relationship to current or future business goals and the employee's approved development plan;

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- fill out the appropriate administrative forms prior to beginning a course, seminar, conference or program; and
- complete all procedural requirements (including submitting final grades and receipts) within 60 days of completion.

APPROVAL OF COURSES, SEMINARS, CONFERENCES AND NON-CREDIT COURSES

An employee must meet all applicable eligibility requirements noted in the "External Educational Assistance Categories" section of this policy to receive External Educational Assistance. The determination of whether a course, seminar or conference is Job Required or Career Related, and the identification of the appropriate tax status, is the responsibility of the employee's manager. When a course, seminar, or conference costs more than \$2,000, two levels of management approval must be obtained.

For an employee to be eligible to receive External Educational Assistance funds to participate in a seminar, conference or other non-credit course, the learning experience must be Job Required (as defined in the "External Educational Assistance Categories" section of this policy). External Educational Assistance funds only cover seminars, conferences and other non-credit courses that are primarily a learning experience for an employee. When an employee's primary responsibility for attending a seminar or conference is to represent Digital, External Educational Assistance funds should not be used for this purpose. When Digital offers an internal education or training program that is substantially similar in content, accessibility and cost to an external non-credit course, seminar or conference, employees must enroll in the Digital program.

Some examples of why External Educational Assistance may not be approved are: no substantial current or future business need has been identified; issues of affordability; the employee does not have a current development plan; final settlement is still pending 60 days after the completion of a course, seminar, conference or program; or the employee does not meet other eligibility requirements noted in this policy.

If business requirements, the employee's job or the employee's manager change, this could affect the previous approval of a course, seminar, conference or degree program. In these instances, managers would be expected to evaluate educational needs as noted in the "Manager Responsibilities" section of this policy.

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EXTERNAL EDUCATIONAL ASSISTANCE CATEGORIES

Digital provides eligible employees with two types of External Educational Assistance: Job Required and Career Related. The need to identify these two types of External Educational Assistance is due to different eligibility requirements. It is important to note that the required tax status determination, as defined by the IRS, has no relationship to whether a course, seminar, or conference is Job Required or Career Related, as defined by Digital (see the "Tax Implications" section of this policy for further details).

Job Required:

Job Required courses, seminars and conferences are defined as providing skills, abilities and knowledge that are necessary for an employee's current area of responsibility. Job Required courses are normally taken during working hours and are tied to a written development plan. The exception is if a course is only offered in the evening. The determination of whether a course, seminar or conference is Job Required is made by the employee's manager.

Eligibility: All Regular Active (R01-R40) and Regular On-Call (000) Digital employees are eligible to apply for Job Required External Educational Assistance.

Career Related:

Courses or programs that are defined as Career Related are to prepare the employee for a Digital job or career opportunity and must be:

- tied to a written development plan that is approved by the employee's manager;
- taken at an accredited college or university with academic credit(s) being received by the employee (unless audit status is approved by the manager; see "Auditing A Course"); and
- related to a current or future occupational Company need that is substantial enough to warrant the investment by Digital.

Eligibility: All Regular Active (R20-R40) Digital employees who have a current performance/salary rating of 1, 2, or 3 are eligible to apply for Career Related External Educational Assistance.

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PAYMENT, FINAL SETTLEMENT AND TAX IMPLICATIONS

Payment:

Payment is requested by an employee for an approved External Educational Assistance course, seminar, conference or program by completing the Application for External Educational Assistance prior to the start date. Payments for approved Job Required or Career Related endeavors are made to employees through Employee Disbursements Processing Units prior to a course, seminar or conference beginning.

Upon termination, if an employee has an outstanding EEA advance and has not started the course, seminar or conference, she/he is expected to reimburse Digital for this cost (see Personnel Policy 6.01).

Level of financial support for approved courses: Digital will support 100% of normal tuition costs. Registration, lab and book fees are also covered at 100%, and are reimbursed via an Expense/Miscellaneous Voucher (see the back of the Application For External Educational Assistance form for a listing of costs covered). External Educational Assistance does not cover application fees, entrance exams, entrance exam preparatory courses, graduation fees or other costs that are not mandated to participate in a course, seminar or conference (e.g., health insurance, optional course materials and site fees). For Job Required courses, seminars and conferences, reasonable travel expenses should be considered (see Personnel Policies 3.23 and 5.11).

Final Settlement:

Within 60 days after successfully completing a course, an employee must submit to her/his manager the grade and receipts from the institution. For seminars and conferences, an employee must submit proof of payment. Managers are responsible for tracking this process with their employees.

Employees are responsible for reimbursing Digital in full and within 30 days for any course receiving an "Unsatisfactory" (as defined by the granting institution), "Incomplete" or "Withdrawal" grade status. Employees are expected to reimburse Digital through Employee Disbursements Processing Units.

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Tax Implications:

Under certain circumstances Digital's payments for courses will be taxable to employees. In such cases, Digital is obligated by law to report income and withhold taxes. Therefore, managers have the following responsibilities:

1. Answer the taxability questions in the Tax Status section of the Application for External Educational Assistance.
2. Track all taxable courses on a calendar year basis by completing and retaining a copy of the Application For External Educational Assistance.

The determination of taxability is distinct from the policy determination of Job Required or Career Related. Taxability is determined from two questions that appear in the Tax Status section of the Application for External Educational Assistance. If either question is answered "yes," then the course is a taxable course. However, at certain times taxable courses are not taxed due to the operation of Section 127 of the Internal Revenue Code. When in effect, Section 127 exempts \$5,250 of taxable course payments from taxation per year. Section 127 expired on June 30, 1992, but may be reinstated at some future time.

Determination of Taxability: The following information is designed to help managers and employees determine whether a course is taxable.

A course is taxable if either of the following (A or B) is answered "yes":

- A. Is this course required to satisfy the minimum educational requirements of the employee's current job?

This means that if the employee accepted a job that had a minimal educational requirement (e.g., High School Diploma, Bachelors Degree) that the employee had not met, but had agreed to pursue, the course taken would be taxable.

For example, a person is hired to fill an accounting position which requires a degree in accounting. This person is currently taking courses to complete her/his degree and was hired with this in consideration. These courses are needed in order for the individual to meet the minimum educational requirements for the position, and, therefore, the reimbursements for these courses are taxable.

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If an employee met the minimum educational requirements when she/he started the current job, but the educational requirements later changed and the employee needed to take courses to meet the new requirements, those courses would not be taxable.

B. Does this course or degree program prepare the employee for a position within a new trade or business?

In general, a course or degree program which prepares an individual for a new trade, business or career will be taxable. The course or degree program is taxable even if the employee has no intention of pursuing the new career either inside or outside Digital. On the other hand, if the education merely enables the employee to change duties or obtain a promotion within the same field of work or career without qualifying the employee for a new trade, business or career, the education will not be taxable. In general, engineering is a trade or business, so an employee with an engineering degree working as an engineer will not be taxed on courses which maintain or improve his/her present skills. On the other hand, a technician without an engineering degree generally would be taxed on engineering courses.

Additional examples: A secretary who needs to improve writing skills takes a professional communications course at a local university. This course would enhance secretarial skills, but would not qualify the individual for a new career, trade or business. Question B would be answered "no." Someone who progresses from a personnel assistant to a personnel consultant and finally to a personnel manager does not change her/his trade or business, and again question B would be answered "no."

The new trade or business test is difficult to apply to individuals pursuing an M.B.A. degree. An M.B.A. degree may not qualify an individual for a new profession, but an inquiry must still be made as to whether the individual will be qualified to perform new duties which are not within the same general type of work as are involved in her/his present employment. It is important to look at each course individually and not at the degree program as a whole when making the evaluation. An individual pursuing a finance career is probably not qualifying for a new trade or business when she/he takes courses in finance. However, this individual may qualify for a new trade or business if she/he takes courses in management or in some other field of concentration within an M.B.A. program which are not directly related to her/his current general duties.

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Training Expense Data: Managers must track training expense data so that employees may take full advantage of Section 127. When in effect, Section 127 exempts \$5,250 of company payments for taxable courses from taxation per year. Digital does not have to report such payments as income to employees or withhold taxes. Any External Educational Assistance in excess of this \$5,250 is subject to income and withholding tax. Since 1991, both undergraduate and graduate level courses have been treated the same way under Section 127.

When Section 127 is not in effect, managers must continue to track the training expense data because Congress might reinstate the section retroactively. Accurate records are essential to ensure correct tax treatment of all course payments during a year in which Section 127 is reinstated. Consult with Personnel regarding the current status of Section 127.

DEGREE PROGRAMS

A manager must first determine if a degree program meets Digital's Career Related criteria (see External Educational Assistance Categories). If the degree program is approved, all courses contributing to the degree will be funded by Digital. Whenever possible, elective courses should simultaneously meet a degree requirement and have value to Digital.

It is important to note that each course within an approved degree program must be identified as either Job Required or Career Related. An Application for External Educational Assistance must be completed for each course included in a degree program.

AUDITING A COURSE

Digital supports an employee auditing a course (as opposed to taking a course for academic credit) only when such a course is Job Required. Audited courses must be taken at an accredited college or university or at media-based programs offered at various Digital locations. At the end of a course, an employee must submit to her/his manager a confirmation that she/he was enrolled and participated in the course.

GRADES

Employees registered for courses taken at colleges and other institutions must obtain a grade that the granting institution defines as satisfactorily completing a course for credit. This grade must be submitted to the employee's manager no later than 60 days following the completion of the course along with all necessary documentation to ensure final settlement.

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NUMBER OF COURSES

There is no specified number of courses that an employee may take simultaneously. The manager and employee need to determine what is reasonable and necessary so that the employee can remain maximally productive in her/his current job. As a general guideline, an employee should not take more than two courses simultaneously. However, a manager must take into account business goals, employee goals, and issues of affordability when evaluating a request for External Educational Assistance. The frequency and number of courses may vary depending on:

- the employee's job, development needs, and the appropriateness of specific courses for meeting those needs.
- the employee who is in a field where functional or technical knowledge changes rapidly, and Digital requires such knowledge.
- the need to fill critical work force skills.

CREDIT BY EXAMINATION

Digital will support the costs for challenge or equivalency examinations for courses normally taken as part of an approved degree program at an accredited institution. These examinations include the College Level Examination Program (CLEP), as well as other examinations used by accredited institutions.

Digital supports employees who want to obtain a high school equivalency diploma through programs and/or required examinations that are approved by the Department of Education of the state in which the exam is given.

The procedure for receiving External Educational Assistance for Credit By Examination is the same as for any other approved course. A grade or test score does not have to be submitted, but the granting institution must certify that the examination has been completed by the employee.

COURSE QUALITY

Digital is a corporation comprised of individuals who have diverse educational and training needs and goals. As a result, the types of education and training programs for which employees request External Educational Assistance can vary.

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Employees and their managers are strongly encouraged to review the content and methods that will be used prior to the start of a course, seminar, conference or program. Occasionally, employees may find that they are being exposed to materials or exercises that they believe are offensive to them. In such cases, employees should immediately notify their manager and Personnel to determine the course of action.

Digital will only support university and college level courses that meet certain accreditation standards. In the United States, courses (including correspondence courses) given by a college, university, trade or technical school must be accredited in order for an employee to receive External Educational Assistance.

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SERVICE RECOGNITION PROGRAM

SCOPE: WORLDWIDE

POLICY:

The Service Recognition Program has been established to recognize employees for their years of Company service.

ELIGIBILITY:

Regular employees receive awards in recognition of Company service. Each employee receives an award after completion of five years of continuous service as a regular employee and upon completion of each additional five years of continuous service.

PRACTICE:

Eligible employees are given an opportunity to select from a choice of awards. Additionally, each eligible employee's immediate manager or supervisor receives a personalized certificate or letter for presentation to the employee.

Employees who have completed five through fifteen years of service should be recognized at an informal group meeting with light refreshments. Twenty, thirty and thirty-five year employees should be recognized at a meal event outside the workplace limited to the employee, manager and one or two guests as is appropriate to the country, culture and business where the event is being held. Business Managers working with Personnel Managers will make the decision as to what is appropriate. Where the company has a cluster of facilities or employees, efforts should be focused on planning group events hosted by the local management team.

Meal expenses should be reasonable and in accordance with local limits as specified in the company's Business Expense Policy, meal guidelines by city (\$VTX TRAVEL.)

Twenty-five year anniversaries are special and will be recognized as such. A recognition banquet will be held in each geography (U.S., GIA, Europe) hosted by Senior Management for their respective employees.

For additional information and consultation to address country specific requirements, Human Resource Management must contact Corporate Employee Services.

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DEATH IN FAMILY

POLICY (U.S.)

Digital provides time off to employees who experience a death within their family. In addition, flowers or a donation to an appropriate charitable organization are sent as an expression of sympathy to the employee's immediate family as described in the appropriate section below.

PRACTICE (U.S.)

Time Off with Pay

All regular R20-R40 employees who experience a death within their family may take up to three working days off with pay to attend to affairs related to the death. For purposes of paid time off, family is defined as mother, father, wife, husband, daughter, son, sister, brother, step-parent, step-child, foster parent, guardian, mother-in-law, father-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law, grandson, granddaughter, and grandparent. An employee is paid straight time plus any appropriate shift premiums for a maximum of eight hours for each work day absent. Employees working less than eight hours per day are paid for the number of hours regularly scheduled. R40 employees on special work weeks are paid the number of hours they are regularly scheduled, including appropriate overtime and shift premiums.

Days off are taken consecutively. Employees working less than five days per week take off three consecutive scheduled work days. Additional paid time off is not normally granted.

Flowers, Donations

The practice of sending flowers applies to all regular R20-R40 employees. Flowers are sent when a death occurs within the employee's immediate family, which is defined as mother, father, step-parent, wife, husband, daughter, son, step-child, sister and brother. Flowers are also sent to the family when an employee dies. The employee or family may choose to send a donation to charity in lieu of flowers. Digital's president also sends a letter as an expression of sympathy. A similar practice is followed in the event of an employee or retiree's death.

For the appropriate procedure see Section 4.15 in the Personnel Administrative Procedure Manual. The approximate cost for flowers or the amount of donation is \$30.00.

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ADOPTION

| SCOPE: U.S.

POLICY:

All regular employees who work 30 hours per week or more are eligible for adoption benefits.

ELIGIBILITY:

| If an eligible employee adopts a child under 18 years of age, the Company reimburses 100% of the costs up to \$3,000 per adopted child.

Eligible expenses include:

- o initial medical examination of the child
- o adoption agency fees
- o placement fees
- o attorney fees
- o legal expenses (court costs)

PAYMENT:

Claims for adoption expenses should be submitted to John Hancock for processing, however, Digital's Payroll Department reimburses the employee directly. This benefit payment is treated as income for tax purposes so Payroll withholds appropriate taxes from the check.

LIMITATIONS:

No payment shall be made for fees charged as a preliminary step in adoption unless and until a child is subsequently placed in the home of the employee. After the child has been placed, fees will be paid retroactively.

| NOTE: For additional information on this subject, see Your Benefits Book, VTX BENEFITS_US.

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MILITARY RESERVE TRAINING

SCOPE: U.S.

PHILOSOPHY:

Digital recognizes its responsibility to allow all regular employees time off for required Military Reserve Training.

POLICY:

Time off for required Military Reserve Training is granted to all regular employees.

PRACTICE:

Notification to Digital

An employee required to undergo military reserve training should notify his/her supervisor in writing at least 30 days prior to the specific dates of the training obligation. The supervisor then forwards a copy of the notification with a copy of the employee's military orders to the Personnel Department.

Pay During Military Training

The Company will make up the difference between military pay and regular base pay (for R20-40 employees only) for up to ten working days in a calendar year if the employee's military pay is less than regular base pay (including shift premium). In practice an employee will receive his/her regular base pay (including shift premiums) while on military reserve training. Upon return to work the employee will submit a military pay voucher to the Payroll Department with an approved request from the supervisor. The amount of the voucher will be deducted from a subsequent check.

Employees who attend required military reserve training for longer than two weeks in a calendar year are granted additional time off without pay.

Vacation

An employee required to undergo military reserve training may take accrued vacation separate from the training period at a convenient time approved in advance.

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Active Duty Time

Employees in the Military Reserve may also be required to participate in active duty assignments. Examples of active duty are the original four- to six-month assignment, or activation during a state or national emergency. Time off for these reasons is handled in accordance with the Military Leave of Absence Policy (see Personnel Policy 4.23, Leave of Absence).

Holiday During Military Training

If a regular scheduled holiday falls during an employee's military reserve training, the employee is given an extra day off with pay at a later date agreed to by his/her supervisor.

Other Personnel Policy References:

- 4.01 Holidays
- 4.03 Vacation
- 4.23 Leave of Absence

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JURY DUTY

SCOPE: U.S.

PHILOSOPHY:

Digital recognizes the responsibility of all employees to serve on jury duty when called.

POLICY:

Time off for jury duty is granted to all employees.

NOTIFICATION TO DIGITAL

Any employee who must serve on a jury should notify his/her Supervisor in writing as soon as he/she learns of being selected. The Supervisor should then forward a copy of the notification to the Personnel Representative.

PAY DURING JURY DUTY

Regular R20-R40 employees are compensated for jury time as set forth below. Other employees will not be compensated for jury time except to the extent required by law. Questions regarding such compensation should be directed to Personnel who will consult with the Law Department.

If an employee's jury duty pay is less than the regular base pay (including shift premiums) would be for the same period of time, Digital will make up the difference between the jury duty pay and the regular base pay. Employees working less than eight hours per day will be paid for the number of hours regularly scheduled. In practice an employee will receive his/her regular base pay (including shift premiums) while on jury duty. Upon return to work the employee will submit a copy of a voucher check or other evidence showing the amount of compensation while on jury duty to the Payroll Department with an approved request from his/her Supervisor. This amount will then be deducted from a subsequent check.

WITNESS PAY

Employees who are required to appear in court as a witness are also paid the difference between their court pay and their regular base pay (including shift premiums).

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JURY DUTY POSTPONEMENT

Normally Digital does not assist employees who wish to postpone serving on a jury. In unusual situations, where the absence of an employee could be critical to a work project, the Personnel Representative should be contacted to assist in rescheduling the jury duty assignment.

References:

Policy 4.19 Jury Duty--Administrative version
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COMPANY PAID MEMBERSHIPS IN PROFESSIONAL SOCIETIES AND COMPANY PAID SUBSCRIPTIONS

COMPANY PAID MEMBERSHIPS

Digital normally does not reimburse employees for individual memberships in professional societies. There are, however, exceptions.

Individual memberships in specialized societies are only paid when the membership is directly related to the employee's vocation and job responsibilities and the department can benefit as a whole from the membership, such as through publications, courses, seminars and conferences, sponsored by the society.

Not more than one membership to a given organization is sponsored by a single department or field office.

Individual memberships in IEEE, and other general professional societies, are not paid by the company.

Employees who attend authorized professional society meetings are reimbursed for any mileage, tolls, parking, and any necessary meals.

COMPANY PAID SUBSCRIPTIONS

Digital does pay for job-related journals, newspapers and magazines. The appropriate purchasing documents of record are required for these subscriptions and must include authorization by the cost center manager.

General interest magazines such as Newsweek, Popular Mechanics, Business Week and Fortune are not approved by Digital.

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LEAVE OF ABSENCE

SCOPE: U.S.

PHILOSOPHY:

The Company recognizes that employees may need to be absent from the workplace in order to address personal needs and obligations.

POLICY:

Leaves are considered voluntary time off without pay and are granted for a specific period of time. It is the policy of Digital Equipment Corporation to ensure all requests for leave of absence are administered fairly and consistently.

PRACTICE:

TYPES OF LEAVES:

Normally a leave of absence is granted only for one or more of the following reasons:

- o Personal - A leave provided to employees to enable them to respond to personal issues or emergencies not covered under any other leave.
- o Educational - A leave provided to enable an employee to complete a degree or other significant planned educational programs.
- o Military - A leave provided for employees who are activated from a reserve or National Guard Unit, are drafted, or who join the armed forces of the United States on a full-time active basis (does not include employees in Military Reserve Training, see Personnel Policy 4.17, Military Reserve Training). Military Leaves are available to any regular employee who is activated, enlists or is drafted into active full-time military service.
- o Family/Medical (FMLA)
 - A leave provided to birth, adoptive and foster-care parents for the purpose of bonding with children within 12 months of the event; or

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- For the care of a family member (i.e., spouse, child or parent who has a serious health condition or, for the employee's own serious health condition.

NOTE: Employees are entitled up to 12 weeks during any 12 month period which starts on the date the leave begins.

ELIGIBILITY:

o Educational and Personal:

- All regular R20 - R40 employees
- Must have 2 years of regular continuous service
- Decision to grant or deny is within the discretion and judgment of the employee's manager or supervisor (see Personnel Policy 4.13, Educational Assistance.)

o Family/Medical (FMLA)

- All regular employees
- Must have 12 months of prior cumulative regular service
- Leaves are granted upon request to eligible employees after submission of such request to his/her manager or supervisor.

Please see "Duration" section for special provisions on FMLA intermittent/reduced work schedules.

o Military

- All regular employees
- There are no prior service requirements
- Leaves are granted upon request to eligible employees after submission of such request to his/her manager or supervisor.

NOTE: With the exception of Military and Family/Medical Leaves, the manager/supervisor should determine if the leave is in the best interest of the Company, the organization's staffing requirements, and the employee's long-term potential with the Company.

Employees must be in good standing with the Company to be eligible for a leave. Employees who are in Corrective Action and Discipline (see Personnel Policy 6.21, Corrective Action and Discipline), or whose last performance rating was less than satisfactory, are normally ineligible for Educational and Personal Leave only.

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DURATION:

A leave of absence is granted for the specific periods of time listed below unless longer periods are mandated by applicable law.

<u>Type Of Leave</u>	<u>Specific Time Period</u>
Military	Four years or less
This leave may be extended by a year at the request of the U.S. Federal Government.	
Educational	One year or less
Personal	One year or less
Family/Medical (FMLA)	12 weeks or less

FMLA INTERMITTENT/REDUCED WORK SCHEDULE:

- o Leave taken to care for a child after birth, adoption, or a foster child placement must be taken in consecutive work weeks, unless approved otherwise by the employee's manager or supervisor.
- o When leave is taken for the employee's or a family member's serious health condition, leave may be taken consecutively, or on an intermittent basis, or on a reduced work schedule based on certified medical necessity.

Requests for the extension of any leave must be submitted in advance and approved in writing.

VIOLATIONS OF A LEAVE OF ABSENCE:

If an employee violates the terms of the leave, he/she is subject to immediate termination and will be treated as a Company Discharge (see Personnel Policy 6.01, Termination). Examples of violations of a leave of absence include, but are not limited to: working without the prior approval of the supervisor/manager while on leave, failure to return to work when required to do so by the terms of the leave or a request from the Company, engaging in activity incompatible with reasons given for the leave, behavior contrary to Company policy or practice while on a leave. (see Personnel Policy 6.06, Conflicts of Interest).

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APPROVAL/NOTICE:

A Request for Leave of Absence form must be completed for all leaves of absence. Information included must describe the length, purpose and other details of the leave. The employee's supervisor, cost center manager, and Human Resource department must approve all requests for a leave of absence.

All requests for Leave of Absence forms (approved or denied) must be maintained in the employee's Personnel file. An employee must give his/her manager as much advance notice as possible of his/her intention to take a Leave of Absence. However, four (4) weeks advance notice is considered appropriate when the need is foreseen.

Health Certification: FMLA/Intermittent/Reduced work schedule will require Health Certification. All other FMLA leaves may require additional Health Certification when the employee is requesting or returning from a leave associated with a health condition.

RETURN FROM A LEAVE OF ABSENCE:

The following criteria must be used to determine the status of employees returning from a leave of absence unless otherwise required by law.

- o Military and Educational -

Employees returning from a Military Leave of Absence must contact Digital within 90 days after separation. Six month Reservists and National Guard Members must contact Digital within 31 days after separation.

For both leaves, the manager makes a reasonable effort to place the employee in the same position. If this is not practical the manager places the employee in an equivalent position with like status or in a position as close to the previous position as possible.

- o Family/Medical - In the absence of a workforce reduction, an employee returning from a Family/Medical Leave of twelve (12) weeks or less would be placed in the same or equivalent (pay, benefits and other employment terms) position that he/she held prior to the leave. Any request for an additional leave of absence beyond the 12 weeks maximum for a Family/Medical Leave of Absence would be treated as a request for a

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Personal Leave of Absence unless state laws require a longer period for such leave.

If the employee returns from an approved Personal Leave which has been added to a FMLA Leave and the combined absence equals 12 weeks or greater, the manager must make a reasonable effort to place the returning employee in a position within the Company, however, a position is not guaranteed upon return.

- o Personal - An employee returning from a Personal Leave of absence of 12 weeks or less would be placed in the same or equivalent position that he/she held prior to the leave. If the employee returns from a Personal Leave of longer than 12 weeks, the manager must make a reasonable effort to place the returning employee in a position within the Company, however, a position is not guaranteed upon return.

RETURN FROM LEAVE WITHOUT A POSITION:

An employee returning from a leave without a guaranteed position may not be returned to an active/paid status unless and until a regular assignment is identified. In such cases, the manager may elect to extend the leave for a reasonable period of time, not to exceed 30 days, to allow the employee and manager time to identify a position. If no position is found within this period, the employee should be terminated as a voluntary resignation.

TERMINATIONS FROM A LEAVE OF ABSENCE:

When an employee notifies the Company that he/she will not return from a leave of absence, or fails to return or notify the Company within three (3) business days of their expected date of return, termination will occur. Similarly, an employee on a Leave of Absence may be terminated under a Transition/Workforce Reduction or Plant Closing Program approved by the Corporate Cross Organization Transition Committee.

BENEFITS:

- o Medical, Dental, Life and Disability Insurance - An employee may continue individual/family medical, individual/family dental, optional life insurance coverage that was in effect on the last day worked by prepaying the employee share of the premiums. Employees

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on FMLA leaves who do not wish to prepay in full may contact the People Support Network (PSN) for making alternate arrangements. During the Leave of Absence, employees are not eligible to participate in the Digital Disability Plan. Should an employee become disabled while on any type of leave of absence, he/she would remain on leave of absence status for the duration of the approved leave and would not be eligible for disability income protection. If the employee remains disabled at the end of the leave of absence, he/she would become eligible for income protection benefits at that time under the terms of the Disability Plan.

- o Pension Plan - If the employee returns to work, the employee's status under the pension plan continues during a leave of absence for purposes of determining eligibility for membership, vesting and retirement.

- o Vacation -

An employee may receive compensation for earned vacation hours at the beginning of the leave, provided the vacation hours do not exceed the length of the leave, or vacation hours may be taken upon returning to active employment.

* Personal, Educational, FMLA Leaves:

- Vacation hours do not accumulate
- Employees on an FMLA intermittent/reduced work schedule will accrue vacation hours based on actual hours worked.

* Military Leaves:

Vacation days continue to accumulate up to a maximum of two years vacation accrual. However, the employee must return to active employment to become eligible for any vacation accrued while on Military Leave.

- o Length of Service - Time on leave is credited toward the employee's length of service and is applied when he or she returns to work.
- o Stock Purchase Plan - If an employee is a member of the plan at the beginning of the leave, all accumulated

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deductions up to that date may remain in his or her account and be used toward the purchase of shares at the end of the current period. Any balance remaining in the employee's account will be carried over into the next payment period. Whenever the employee returns to active employment, deductions will automatically resume with his or her first payroll check. The employee may cancel from the plan upon commencement of leave and rejoin at the next entry date after return to active employment.

If an employee is not currently enrolled in the stock purchase plan, leave time is credited toward the six month eligibility period.

COMPENSATION:

- o Qualified and Restricted Stock Plans - If the employee is a participant in either the Qualified or Restricted Stock Plan, restrictions on these options continue to lapse while the employee is on a leave of absence.
- o Salary Increases - An employee on a leave of absence is not eligible for a salary increase. Absence as a result of leave of absence does not count as time worked toward the next salary review except in the case of a Military Leave of Absence. Employees returning from full time active duty assignment may require salary action to place them in an appropriate position in the range of the job from which they left.

MANAGER'S CHECKLIST:

Before an employee commences a Leave of Absence, the employee's manager must complete a manager's checklist. This checklist will assist managers in determining the status of cash advances, credit cards, property passes, etc., while the employee is on Leave of Absence. This checklist is the cover sheet on the Request for Leave of Absence form.

EXCEPTIONS:

Any exceptions to this policy must be approved by the next level of Business and Human Resource Management.

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MEDICAL AND DENTAL COVERAGE FOR EMPLOYEES VISITING THE U.S. FROM DIGITAL SUBSIDIARIES

Digital provides medical and dental coverage for employees from overseas locations entering the U.S. on company business or training. Generally, medical and dental benefits that the employee possesses at his or her home location are not in effect during the stay in the U.S., so these employees are eligible to participate in the medical and dental assistance plans currently offered to our regular (R30-R40) U.S. personnel.

CANADIAN SUBSIDIARIES

Canadian employees who are visiting the U.S. for periods of less than one year continue to be covered by the Canadian insurance plans while in the U.S. If their stay is longer than one year, they should notify their Personnel Manager and/or Corporate Benefits with the Canadian insurance program.

ALL OTHER SUBSIDIARIES

For employees visiting the U.S. for thirty-one days or less, full medical and dental emergency coverage (for treatment and services covered under the Digital Medical Plans) will be provided by the Company at no cost to the employee. The level of benefits covered is subject to the reasonable and customary guidelines for service or treatment in that geographic area. The employee does not need to fill out an enrollment card. No dependent coverage for either medical or dental expenses is available.

For employees visiting the U.S. for more than thirty days, medical and dental coverage is available for both the employee and the employee's dependents if with them. By completing the appropriate enrollment form, the employee and dependents will be enrolled in Digital Medical Plan 2 at no charge. They will, however, be subject to the deductible and co-payments applicable to that plan.

Notification of Coverage - The protection available should be explained to the visiting employee before his or her arrival in the U.S. The local Personnel Department should be sure that the visiting employee has properly completed the enrollment form if he or she desires this coverage.

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BENEFITS FOR PERMANENT PART-TIME EMPLOYEES

Digital provides certain benefits to permanent part-time employees.

THIRTY HOUR WEEK PART-TIME EMPLOYEES

Holidays, Vacations and Sick Pay - These employees are eligible for these benefits in the amount of pay that they would have received had they been working. That is, rather than eight hours pay, they receive six hours pay per day.

Group Insurance - They are also eligible to participate in the group insurance program as if they are permanent full-time employees.

TWENTY HOUR WEEK PART-TIME EMPLOYEES

Holidays, Vacations and Sick Pay - These employees are eligible for these benefits in the amount of pay that they would have received had they been working. That is, rather than eight hours pay, they receive four hours pay per day.

Group Insurance - They are not eligible to participate in the group insurance program.

EMPLOYEE STOCK PURCHASE PLAN

Employees who work twenty hours or more are eligible to participate in the Employee Stock Purchase Plan.

TRANSFER TO FULL TIME STATUS

If a permanent part-time employee transfers to regular full-time status, refer to policy service dates for details.

PENSION PLAN

All permanent part-time employees are automatically covered by the company pension plan after reaching age twenty-five and completing one year of service.

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WORKERS' COMPENSATION

SCOPE: U.S.

POLICY:

Digital provides workers' compensation insurance coverage for employees as prescribed by law. Benefit levels vary by state. The intent of this coverage is to provide income for employees who have injuries or illnesses arising out of and in the course of employment with the Company.

ELIGIBILITY:

- o All Digital employees, including temporary employees with a Digital badge, are eligible for workers' compensation coverage.
- o Contract workers and independent consultants are not provided coverage under this policy.
- o Only regular employees who work thirty hours or more per week are eligible for salary continuation.
- o Coverage for both workers' compensation and the Digital Disability Plan begin the first day of employment.

PRACTICE:

Workers' compensation provides income replacement, medical care, and rehabilitation for employees whose injuries or illnesses arise out of and in the course of their employment. Workers' compensation also provides benefits for dependents in the event of an employee's death.

Employees are entitled to workers' compensation benefits under state workers' compensation laws whether the injury is caused by the negligence of the employer, the employer's agent, fellow employees, or by the employee (except for serious and willful misconduct by the employee).

Employees are required to report within 24-48 hours all injuries and illnesses that arise out of or in the course of their employment to the Health Services Centers providing support to the employee's designated worksite. Upon notification and completion of required documents, Health Services will submit the report of injury to the appropriate insurance company and/or state agency as well as continue to case manage the claim for as long as it remains open.

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STUDENT LOAN PROGRAM

SCOPE: U.S.

POLICY

Digital recognizes that the costs of higher education are constantly increasing. In light of this, Digital offers two programs to assist with the financing of these costs.

UNITED STUDENT AID FUNDS (Guaranteed Student Loan Program)

Eligibility

Employees, their spouses, their dependent children, and retired employees.

Requirements

- o Employees must have a minimum of two years continuous service at the time of application.
- o A student must be enrolled and be in good academic standing at a post-secondary educational institution approved by the U.S. Office of Education.
- o A student must be enrolled on at least a half-time basis at a post-secondary educational institution approved by the U.S. Office of Education.

Approved post-secondary institutions include most two and four year colleges, graduate and professional schools, and many vocational schools. The applicant for a loan should check with the institution for eligibility.

This policy applies to all Digital facilities in the United States and Puerto Rico.

CONSERN - LOANS FOR EDUCATION (U.S. Chamber of Commerce)

Eligibility

All Digital Employees, full-time and part-time, the employee's children, spouse or other relative.

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Requirements

- o A student must be accepted for enrollment or currently enrolled at an accredited educational institution.
- o The borrower must be a credit worthy U.S. citizen or permanent resident or have a credit worthy co-signer who is a U.S. citizen or permanent resident.
- o There is no family income test.

Eligible Schools

Any accredited undergraduate, graduate or professional school, private high school, vocational or technical school.

Administrative guidelines for these programs are in the Personnel Administrative Procedures Manual, section 4.32.

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RESPONSIBILITY FOR EMPLOYEES RETURNING FROM DISABILITY

This policy outlines the company's responsibility in dealing with employees who are returning from disability. Specifically, the policy is as follows:

- The company has responsibility to immediately re-employ all employees who are returning from a disability on a full-time or a rehabilitative basis. For the purposes of this policy "company" is defined as the employee's cost center manager or in the absence of a cost center manager, the group manager.
- An employee returning from a disability of six months or less and without work restrictions will be placed in the same position that he or she was functioning in prior to being disabled.
- An employee returning from a disability of more than six months or with work restrictions will be placed in a comparable position. For purposes of this policy, a comparable position is defined as a position which is as close as possible to salary level of the position the employee held prior to becoming disabled.
- If an employee is offered a comparable position and the employee refuses to accept the position, this is a voluntary termination and the company has no further obligations to re-employ the individual.

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CORPORATE RETIREMENT PHILOSOPHY

SCOPE: WORLDWIDE

Retirement is a significant change in the worklife of an employee and has implications for both the individual and Digital. The individual employee has primary responsibility to prepare and respond to this life event. The Company will assist the employee by providing relevant retirement information and some retirement benefits and communicating their availability.

Retirement Definition - A Digital employee is considered to have retired and to be eligible for all retirement benefits if he or she voluntarily terminates employment after having, as appropriate for a subsidiary, a) reached the normal retirement age or, b) reached the legally mandated retirement age and satisfied other formal Company retirement provisions. No prior Company approval is required in such cases.

An employee who has met the "early" retirement eligibility requirements can leave the Company and receive reduced retirement benefits. Company consent may be required for retirement before the normal or mandated age and possibly for employment beyond these ages. In highly unusual circumstances the Company may also deem, for certain purposes, someone retired who does not otherwise satisfy appropriate retirement criteria, provided the person consents.

Preparation for Retirement - Each employee should on their own plan for retirement years before his or her anticipated retirement. When an employee is at or near retirement age he or she may participate with their spouses in optional retirement preparation activities offered by the Company.

Decision to Retirement - The decision to retire should be made by the employee after careful consideration and possible consultation with his or her manager. The Company can require retirement as permitted by law.

Transition to Retirement - Under certain circumstances it may be possible for the Company to allow an individual employee to arrange for a gradual or "phased" transition into retirement. Such arrangements must be compatible with business needs and will require Company approval on a case by case basis to ensure that the employee remains fully productive until complete retirement. Normally, employees permitted to "phase" into retirement will need

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to accept changes in their work role, responsibilities, schedule, compensation, and/or benefits.

Retirement Income Security - A retired employee's financial security is normally based on a combination of government benefits, Company pension benefits where such benefits are provided, and personal savings/investments.

Depending on an employee's lifestyle and possible government benefits, employees may want to consider increasing personal savings to supplement Digital pension and government benefits. Such personal savings could significantly help to ensure adequate retirement financial security. Personal efforts might include using the credit union to assist in savings, and/or other outside savings and investment activities.

Benefits for Retired Employees - Digital offers some of the benefits provided to active employees to retired employees and their families with some reductions in coverages because of costs or legal mandates. Such benefits are provided in a manner compatible with the Company's benefits for active employees. Consequently, retired employees are given benefit choices, expected to share in costs, and urged to use their benefits in a conscientious, cost-effective manner.

Rehiring Retired Digital Employees - Digital may encounter circumstances where business conditions or job requirements call for consideration of the rehiring of retired Digital employees. Retired Digital employees shall be eligible for rehire to temporary, regular (R01-R19), and regular on-call positions provided there is a need for their skills and experience and provided this practice is permitted by local law.

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CORPORATE RELOCATION PHILOSOPHY

SCOPE: WORLDWIDE

The Company philosophy is to staff its organization and facilities with local employees. Because of the high financial costs to the Company and personal/family disruption associated with relocation, Digital believes that the relocation of an employee should be considered only when it is necessary to meet the Corporation's business objectives.

DISCUSSION

From time to time, employees will be offered a Company relocation. At least one of the criteria below must be met before a manager considers relocating an employee:

- o Organizational structures or organizational geographic moves require the employee to move or, an employee has required skills or experiences not locally available. In these instances the relocation is primarily for the Company's benefit and any benefit to the individual is incidental. Because this is the case, the Company has the responsibility to make the relocation as painless as possible by providing the employee with the full range of benefits available under policy guidelines.
- o There is an opportunity for the achievement of a significant part of a written development plan to meet specific key development and career objectives. There should be clear long-term benefit to the Company.
- o There is a necessity to provide resources for a strategically important business goal. Goals include; technology development, knowledge transfer, customer relations, sales goals, affirmative action and EEO goals.

Individuals who do not satisfy the above criteria and request relocation to take a new position for personal reasons for the purpose of self development do so at their own expense. This reinforces the position that the only relocation reimbursable is a move at Company discretion.

Managers who are considering relocation of an employee to meet business objectives, are expected to carefully consider the job that needs to be performed and the appropriate policy which applies to the specific relocation need. Digital has several

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domestic and international relocation policies to meet requirements for varying relocation circumstances. In addition to selecting the appropriate policy it is expected that Managers will consistently and equitably apply policy to all employees offered the same type of relocation. In other words, managers cannot add to or reduce any provisions of the Relocation Policy to a relocating employee.

There is neither expectation nor intent that Company relocation policies will cover all potential expenses that an employee might incur. The Corporation's relocation policies will recognize specific types of significant cost directly attributable to relocation. Relocating employees will be reimbursed for reasonable expenses incurred for which they are eligible within the appropriate policy.

Each employee should make the decision to relocate only after considering all of the factors presented by the offered relocation.

Prior to making the decision, the employee and his/her family are expected to gather available information within Digital, become familiar with the prospective location and develop realistic expectations about the relocation, the new community and the job opportunity. Managers and Personnel should provide pro-active support to assist the employee and family in making the decision. Personnel will assist the employee by providing policy orientation and information about specific relocation services required by the employee's move. It is also expected that the employee will share responsibility for planning and coordinating his/her individual relocation process.

Relocation is a major change event for the employees and the employee's family. The relocation process is both disruptive and stressful. Managers and Personnel are expected to recognize and actively support the employee's needs in arriving and adapting to a new organization and a new community. Assistance to employees may include:

- o recognition that the employee and family adjustment may require an extended period of time,
- o follow-up meetings with the employee at regular intervals to resolve continuing relocation or adjustment issues,
- o providing active assistance to the employee in the form of social support/introductions, Digital contacts, or information about community resources.

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DOMESTIC RELOCATION

SCOPE: U.S.

PHILOSOPHY

Digital Equipment Corporation believes that relocation supports the acquisition and development of employees whose skills deliberately enhance the Company's strategic, competitive advantage. Local labor markets are viewed as the preferred recruiting areas, reserving the use of relocation services for critical business needs. Therefore, these services are intended to demonstrate a clear business return on the relocation investment. The employee is responsible for assessing the risks and opportunities that a relocation job offer may cause and the decision to accept an offer is fully voluntary.

POLICY

Digital Equipment Corporation acknowledges that there are four types of domestic relocation programs necessary to support the business' acquisition and development requirements in the delivery of fair, timely and quality services. Digital Equipment Corporation has classified domestic relocation into the following four move type programs.

PROGRAM A. REGULAR WORK ASSIGNMENTS

These relocations occur when employees' new work locations are beyond a reasonable commute and current business plans indicate "future and continued needs" for the position.

PROGRAM NUMBERS:

- # A1: Homeowners' Regular Work Assignments;
- # A2: Renters' Regular Work Assignments.

PROGRAM B. TEMPORARY ASSIGNMENTS

These relocations occur when Digital's profitability objectives forecast short term, time limited requirements for Digital expertise, not available in the local labor markets.

PROGRAM NUMBERS:

- # B1: 3 to 12 Month Temporary Assignments;
- # B2: 13 to 24 Month Temporary Assignments.

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PROGRAM C. COLLEGE HIRE and ENTRY LEVEL TRAINING ASSIGNMENT:

These relocations result from formal workforce college recruiting program plans for high potential recruits whose primary residences are beyond a reasonable commute.

PROGRAM NUMBERS:

- # C1: Standard College Hires;
- # C2: College Hire Trainees.

PROGRAM D. DIGITAL SPONSORED GRADUATE DEGREE PROGRAM ASSIGNMENTS

These temporary relocations result from acceptance into a Digital sponsored full-time graduate degree program e.g. GEEP, GEM, etc., which includes university classroom training at locations beyond a reasonable commute.

PROGRAM NUMBER:

- # D1: Digital Sponsored Graduate Degree Program Assignments.

The Regular Work Assignment, the Temporary Assignment and the Digital Sponsored Graduate Degree Program Assignment have distinct services for renters and homeowners.

ELIGIBILITY REQUIREMENTS

- A. A "Relocation Authorization Form" must be approved. Each relocation requires an approved relocation authorization form identifying the individual employee and a specific program type, signed by the appropriate level of management and received by the US Relocation Program Office.
- B. When relocating critically skilled employees, managers may consider it necessary to offer additional relocation "incentives". US Relocation has three "critical skill" incentive service options which requires the completion and approval of the "Return on Investment Analysis Worksheet". Contact US Relocation for details.
- C. The following mileage qualification requirements must be met.

The employee's commute to work must increase by the following three mileage tests, measured by the shortest of the more commonly traveled routes between locations:

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1. the distance from the old work site to the new work site must be at least 15 miles; and,
2. the distance from the old home and to the new work site must increase the commute by a minimum of 50 miles; or exceed 75 miles; and,
3. the new home location must be within a "reasonable commute" * to the new work location and closer than the old home to the new work site.

* Generally speaking, Digital's definition of a "reasonable commute" is based on typical US suburban work site commute situations. In the metropolitan work locations of Manhattan and the Bay Area of San Francisco and Orange County, California, reasonable commutes should be interpreted by Digital Managers and US Relocation in light of local, customary commuting norms which typically involve longer commutes from "suburban residences". Any new home location selection that is greater than 60 miles from the new work location requires US Relocation's approval.

- D. Each relocation program type has specific service eligibility terms and conditions subject to US Relocation's administrative process requirements.
- E. All relocation services and payments cease upon termination.

ADMINISTRATIVE NORMS and PRACTICES

- A. Relocations are not initiated until a relocation authorization has been approved by Digital managers. Hiring managers accept responsibility for managing the approval cycle for relocation authorizations.
- B. In the event that the company initiated work transfers include the elimination of some employees' positions due to restructuring or work process consolidations, business managers are required to gain the Cross Organizational Review Board's approval.
- C. The employees' actual housing circumstances (renters versus homeowners) will determine the level of relocation services.
- D. Employees agree to participate in comprehensive relocation policy orientations and US Relocation's educational processes for relocation services.

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- E. Homeowners relocating on Regular Work Assignments (Program Number:A1) should receive and evaluate their "Preliminary Market Appraisal" prior to accepting job offers.
- F. Hiring managers agree that interviewing trips include scheduled time for familiarization with the new community and real estate orientations.
- G. Employees prepare specific "home finding" plans, prior to scheduling the home finding trip.
- H. Homeowners relocating on Regular Work Assignments (Program Number:A1) agree to actively market their primary residence for a reasonable price based on current market conditions.
- I. Homeowners relocating on the Regular Work Assignment (Program Number:A1) agree to actively market their homes for 90 days before accepting the Digital supplier's "guaranteed offer".
- J. Relocating employees coordinate and manage the timing of their move process in order to minimize their needs for temporary living and storage of household goods.
- K. Hiring managers commit to providing reasonable and sufficient business time off for expediting the relocation process. Additionally, employees understand and expect to commit "personal time" to the relocation process.
- L. Targeted move dates into the new home location should be within 6 months of the employee's work site transfer date. All vouchers are cleared within the 12 month time period specified on the approved relocation authorization.
- M. Cash advances are limited to approved closing cost expenses. Cash flow planning and personal expense management are employee responsibilities.
- N. Tax preparation and IRS submittal are employee responsibilities.
- O. Temporary Work Assignment relocatees co-contribute to their housing expenses while "on assignment". Renters and homeowners are expected to contribute a maximum of 10% of their gross annual salary towards the cost of the rental

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unit (rent plus utilities, excluding phone and cable). If the homeowner does not rent or lease their home at the old location, an employee contribution is not required. US Relocation determines Digital's limits for the financial subsidies based upon family size and local real estate conditions.

- P. Relocation services limited to a specific home, e.g. mortgage interest differentials, Runzheimer incentives, etc., cease when "the home" is no longer the "place of residence", i.e. once an employee has vacated the home.
- Q. Only one relocation program is "in effect" at any given time. Duplicate services/payments are not allowed. Digital will coordinate relocation services and reimbursements in the event that two company sponsored relocations are occurring simultaneously e.g. coordinating the transfer of relocation services from a temporary assignment move program to to a regular work assignment relocation program, etc..
- R. Relocation policies are designed for the relocation of a "household". Digital's definition of a household is limited to the IRS dependent living with employees.
- S. In the event of a married Digital couple, both relocating to the same work area, only "one" household move is eligible for relocation services and reimbursements. The employees and the respective cost center managers jointly decide which employee is actually named and approved for the relocation authorization service expenditures.
- T. Specific relocation services, in effect at the time of the relocation job offer, establish the specific move program terms and conditions for relocating employees. Domestic relocation services are subject to changing Digital business conditions as well as fluctuations in the local real estate and lending institution market conditions. US Relocation manages and interprets policy, specifying to employee the terms and conditions specifically applicable, in effect at the time of the relocation authorization.
- U. Employees may personally decide to relocate, at their own expense for positions not eligible for Digital sponsored relocation services.
- V. "Partial" relocations are not allowed.

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W. The Regular Work Assignment and the College Hire programs include a 24 month employee commitment in return for Digital's relocation expenditures. Voluntary resignations within 12 months are subject to a full repayment obligation of the Digital relocation expenses. In addition, voluntary resignations within 13 to 24 months require repayment of the unexpired pro-rated relocation obligation. US Relocation will review this employee obligation practice using Digital's standardized processes for repayment within 90 days of termination.

X.

EMPLOYMENT STATUS AT END OF TEMPORARY ASSIGNMENTS

Upon the ending of a temporary assignment involving relocation, the employee's home organization shall have the responsibility to manage and finance an appropriate process in accordance with this section.

It is the responsibility of both the home and assignment managers to ensure that the initial plan for the temporary assignment includes a plan for either a position for the employee upon his/her return or a job search process. The home organization manager should communicate with the employee regarding available positions at the home location throughout his/her assignment as appropriate under the circumstances. The assignment manager will be responsible for providing the employee with a reasonable amount of time to meet with the home organization manager and to interview in the home location prior to the planned date of return.

If the home organization has an available position to which the employee is qualified to return, then the employee shall return to that position and receive the applicable relocation services specified in this policy.

If the home organization does not have an available position to which the employee is qualified to return, and the employee has not been offered and/or does not accept another position prior to the planned date of return, then the employee shall be given a ten day period in which to elect one of the following options:

a. STAY IN ASSIGNMENT LOCATION

Employee may elect not to return to his/her home location, in which case he/she will elect one of the two following options:

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1. Have his/her employment terminated at that time and receive 13 weeks of base pay plus either the then-current transition benefits, or if none are available, 8 weeks of base pay; or
2. Conduct a 13 week job search in the assignment location beginning at the end of the assignment. If the employee is offered and accepts a new job within the 13 week period, he/she shall begin the new position. If the employee is not offered or does not accept a new position within the 13 week period, then his/her employment will be terminated at that time and he/she will receive either the then-current transition benefits or if none are available 8 weeks of base pay.

In either case, the employee will not be eligible for any of the return to home location relocation services under this policy. He/she will continue to receive the assignment location relocation benefits until either employment termination or transfer to the new position, and thereafter will not be eligible for any further relocation services.

b. RETURN TO HOME LOCATION

The employee may elect to return to his/her home location and commence a job search. Relocation services will end upon the employee's return to the home location.

In the event that the employee is selected for transition through an approved transition process prior to the end of 13 weeks of dedicated job search after the end of his/her assignment, then the employee will elect one of the following options:

1. Have his/her employment terminated at that time and receive 13 weeks of base pay reduced by the amount of prior job search since the end of his/her assignment plus the then-current transition benefits; or
2. Continue a job search in the home location for the remainder of the 13 weeks since the end of his/her assignment. If the employee is offered and accepts a new job within the 13 week period, he/she shall begin the new position. If the employee is not offered and accepts a new position within the 13 week period, then his/her employment will be terminated at that time and he/she will receive the then-current transition benefits.

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DEFINITIONS

The following definitions generally describe the intent and purpose of the US Domestic Relocation service delivery system. The actual terms and conditions in effect at the time of the approved authorization are described during the US Relocation orientation process with relocating employees. Please contact US Relocation for specific information, terms, conditions, eligibility requirements, restrictions and exclusions.

A. RELOCATION POLICY EDUCATION AND SERVICE DELIVERY ORIENTATIONS:

Digital provides comprehensive relocation services to relocating employees and their families, utilizing both Digital Human Resource personnel and external relocation industry suppliers. The foundation for US Relocation's service delivery capability is the partnership between the relocating employee and the US Relocation Specialist. Employee's knowledge of the policy, programs, processes, services, eligibilities, restrictions and exclusions are of paramount importance. The US Relocation Specialist's role is assisting employees with the relocation process, coordinating supplier based services and problem solving appropriate to employees' needs. The US Relocation and relocating employee's partnership begins at the time that the relocation job offer is extended and is completed when the last service is delivered.

B. HOME FINDING SERVICES:

Digital provides reimbursements or lump sum payments for a home finding trip which includes reimbursements for travel expenses to and from the new work community, lodging and meals for the employee and their IRS dependents in order to locate a new residence. Relocating employees have the option of using Digital's "destination service supplier" for individualized local real estate orientations and broker introductions at the new location.

Digital's home finding reimbursements are qualified by the type of relocation program approved for the specific employee and the number of miles the employee is moving:

1. Moves 50 to 99 miles: \$200 lump sum payment are reimbursed for travel reimbursements.

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2. Moves 100 miles or more: expenses are reimbursed as defined by policy 5.11 per the relocation move days allowed.

Home finding expenses are reimbursed on relocation vouchers, except for the "3 to 12 Month Temporary Assignments" which are vouchered as "Business Expenses".

Employee Responsibilities:

Employees are expected to develop specific home finding plans prior to taking these trips. Home finding plans should include information gathering on the new locale; targeting specific communities of interest; determining personal, social and financial requirements and/or limits; identifying and setting appointment times with various real estate brokers. This planning expedites the home finding process and effects successful home finding. Home owning employees are urged to have the results of their Preliminary Market Analysis, prior to scheduling their home finding trip. If an employee decides to extend a home finding trip beyond the approved policy's time limit, it is at the employee's personal expense.

C. OLD LOCATION CLOSE OUT SERVICES:

Digital provides financial assistance for helping employees sell, or end the leases of their primary residences due to a company sponsored relocation. Renters and home owners will receive different services based on their actual housing status at the time of the company sponsored relocation job offer.

1. Renter's Services:

Lease Cancellation Fees:

Employees whose primary residence is a leased or rented property are eligible for up to 2 months of lease cancellation fees, if the landlord requires a penalty payment. Supporting documentation will be required for reimbursing these expenses on relocation vouchers.

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2. Home Owner Services:

For home owning employees, the home sale is a crucial step in the relocation process. There are two options available to home owning employees: one, selling the homes on their own, or, two, accepting the Digital supplier home purchase guaranteed offer.

Employees need to carefully make pricing decisions and factor in the opportunities that the Digital "Marketing Incentives" provide for them. The Digital Supplier Home Purchase Option is structured as a last resort solution for employees' home sale challenge.

Employee Obligation:

Digital Relocation expects employees to develop comprehensive plans for marketing the sale of their home. Home sale plans should be based on current local real estate conditions. Employees are expected to routinely assess their marketing strategy's effectiveness and modify pricing, cosmetic, safety or environmental property liabilities and detriments for expediting sales. Marketing plans are to be routinely reviewed with US Relocation and the Digital Relocation Supplier throughout the home sale process.

Homeowning employees with approved authorizations for Move Program Number A1 are eligible for the following services, if the owned property is their primary residence.

- a.) A Preliminary Market Analysis (PMA), wherein a Digital supplier or contracted appraiser does a "walk through" analysis for assessing the home's current range of value. The Preliminary Market Analysis is not a formal appraisal; it does not take measurements nor require process formal inspections. It does provide employees with an independent and unbiased opinion on their property's market value.

The Preliminary Market Analysis provides the employee with a "reality check" for the inherent personal financial impact of the decision to accept a company sponsored relocation job offer. Digital's

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relocation reimbursements assist with the expenses resulting from employee moves, within defined limits. There may exist certain personal employee lifestyle choices which are beyond the scope of Digital's relocation policies.

b.) **Marketing Incentives** by which employees are able to creatively incent the sale of their homes, are available if certain pricing, listing and marketing requirements are satisfied.

c.) **Closing Costs Reimbursements** are meant to include real estate commissions up to 6%, reasonable and customary one time fees, actual legal and title fees within limits, some mortgage pre-penalty charges, etc., all of which are subject to relocation service standards.

Eligibility for closing costs reimbursements is determined by:

one, the employee's inclusion of the Digital required "broker's listing agreement clause" when listing the property with a broker, and,

two, assigning the sale to the Digital Home Sale Supplier.

d.) **Supplier Home Purchase Option** is available only after 90 days of marketing if the home meets a number of significant structural, safety, environmental, title and home classification requirements.

e.) **Critically Skilled Employees' Loss on Sale Incentives** are available for specifically approved employees when the Business "return on investment analysis" justifies the expense in light of profitability objectives. These incentives exclude "home improvements" and vary by amount depending upon the "sale method" used by the employee.

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D. ESTABLISHING A NEW HOME:

Digital's relocation expenses assist employees with maintaining their current housing standards at the new location. Expenses are limited by the type of housing the employee had at the time of the company sponsored relocation job offer. Employees may, of course, live in any type of housing. However, Digital's financial assistance for "Establishing A New Home" is limited by the employee's existing housing at the old location. Digital uses standardized industry relocation data to calculate the company's relocation assistance limits.

Digital relocation expenses are incurred for assisting employees who are moving to the new work location area. If employees choose to purchase a home, not within a "reasonable commute", the relocation expenses are not eligible for "Establishing a New Home Services".

Please note that Digital does not encourage new home construction due to the difficulties that the real estate industry experiences in the resale of unique properties; the extended relocation processes that typically accompany new home construction and the lost equity problems that often result from the reselling of custom built homes.

1. Renters "New Home Establishment" Services:

a.) One Month's Rental Assistance:

Digital will provide a lump sum payment equivalent to one month of rental fees, within reasonable limits established by Digital for the new location's rental market for assisting with security or deposit fees.

b.) Critically Skilled Employees' Runzheimer Rental Program (RRP) Incentives:

RRP Incentives may be available for specifically approved employees when the Business' "return on investment analysis" justifies the expense in light of profitability objectives.

2. Homeowners New Home Establishment Services:

a.) Closing Costs Reimbursements can include actual and reasonable title and legal fees, required employee appraisals and transfer fees, required one time

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fees, necessary inspection expenses and up to 2 mortgage points. Restrictions do apply to closing costs reimbursements.

- b.) Mortgage Interest Differentials for employees whose new conventional mortgage has a 2% increase in interest rate, as compared to the former interest rate, may be eligible for a 4 year declining differential. Calculations are based on the current actual interest rates, reviewed bi-annually. The reimbursement distribution schedule is the 1st twelve months at a 100% interest differential; the 2nd twelve months at 80%; the 3rd twelve months at 50% and the 4th twelve months at 25%.
- c.) Critical Skilled Employees' Runzheimer Mortgage Interest Subsidy Program Incentives may be available for specifically approved employees when the Business' "return on investment analysis" justifies the expense in light of profitability objectives.

E. MOVE OF GOODS AND STORAGE SERVICES:

Digital will provide reimbursements within reasonable limits for the transportation of employee goods from the old location to the new home. Employees have the option of a Digital contracted supplier van line service or a self move using "rental vehicles". Digital may provide temporary storage for specific time limits, depending on the approved relocation program. Items requiring special handling may be ineligible.

F. TRAVEL TO THE NEW LOCATION:

Digital reimburses actual travel en-route expenses for relocating employees and their IRS dependents moving greater than 100 miles. Employees should determine the most cost effective travel method, recognizing that short moves are less costly when employees drive; that public transportation maybe more cost efficient for long distance moves. Employees should discuss their travel plans with US Relocation prior to the trip scheduling. Employees relocating between 50 and 99 miles are eligible for a \$200 lump sum payment.

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G. TEMPORARY HOUSING ALLOWANCE:

Digital expects relocating employees to coordinate property close outs and new home establishment in a cost effective manner for reducing the need for temporary living accommodations. In the event that employees' "good faith management" of the home change process necessitates temporary housing, employees will be asked to submit to US Relocation a statement of need, an estimate of the number of days required of their temporary housing and documentation of their final home "move in date". Payments will be made as lump sum per diems, based on need, and capped by the approved program limits.

H. MISCELLANEOUS EXPENSE ALLOWANCE:

Relocation necessitates additional cost of living expenses. Digital recognizes that homeowners' expenses are greater than renters; that regular/permanent moves are more costly than temporary relocations. Digital's calculations are based on pro-rated salaries equivalences and vary for regular and temporary move types by housing types, and the housing characteristics at the old location. (See the miscellaneous expense column in the program exhibit pages for further information.)

The college hire program relocations are only eligible for a miscellaneous expense lump sum if their job orientation requires temporary training program over 3 months in duration.

The miscellaneous expense allowance calculations include, but are not limited to, the following typical expense areas: additional tax burdens, tax consultants, appliance hook-ups, car licenses, cleaning costs, resume preparation for IRS dependents, small repairs, additional storage expenses, shipping of "excluded move of goods", disposal of rubbish, new window shades, some temporary living expenses and/or other related incidental expenses. Miscellaneous expenses allowance are paid as lump sums to the relocating employee.

Digital does not require itemized receipts, although employees should keep track of all relocation expenses for their IRS tax preparation. Digital does not require employees to actually expense any of the miscellaneous expenses in the aforementioned ways, as employees' actual needs may dictate other miscellaneous relocation expense uses.

I. TAX ADDER ASSISTANCE PROGRAM SERVICES:

Status of Laws (as of the date of this policy) - Digital is

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required under current US Tax Law to treat as compensation all relocation expenses and reimbursements. Therefore, these payments are included in the employee's Form W2, Wage and Tax Statement.

Certain relocation expenses are deductible and employees may claim these deductions by filing Form 3903, Moving Expenses, with their Federal Income Tax return.

Deductible expenses are described in the instructions to Form 3903, Moving Expenses.

A detailed breakdown of relocation reimbursements is furnished to the employee at the end of each calendar year in which relocation payments are made.

Digital provides each employee with a summary of all relocation payments and reimbursements made during the year and reports the total amount of relocation expenses to the tax authorities as required by law. Digital categorizes expenses as deductible (non-taxable) or non-deductible (taxable) in order to calculate a "tax adder" for each employee. The Tax Adder Program was developed to ASSIST relocating employees with their tax liabilities resulting from non-deductible moving expense reimbursements. The Tax Adder Program is an assistance only. It is NOT intended to provide dollar for dollar reimbursement for additional taxes.

FICA is not considered to be a tax. However, FICA is required by law to be paid on all compensation and the payment of additional FICA is the employee's responsibility.

Digital pays tax adder ONLY with respect to relocating employee's compensation from Digital. No tax adder is provided for the employee's non-Digital income, gains or losses. The amount of adder is a function of the employee's wages, marital status and the amount on non-deductible relocation expenses processed during the year. Tax adder is treated as additional compensation subject to withholding which the company pays directly to the taxing authorities.

SUMMARY EXHIBITS * ON THE TERMS AND CONDITIONS OF THE US DOMESTIC MOVE TYPE PROGRAMS

* Please note that these charts are only examples of the summary terms and conditions in effect on this policy's publication date. Actual terms will vary based on real estate and business fluctuations. Please contact US Relocation for the current terms and conditions.

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EXHIBIT #1

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PROGRAM "A": REGULAR WORK ASSIGNMENTS* (Pg. 13)
 Program Numbers: A1: Homeowner Services; A2: Renter Services

Eligibility Tests	Home Status	Home Finding Services	Old Home Close Out	New Home Set Up
1. Approved relo. authorization 2. Meets mileage tests: a) +15 mi. to work site b) +35 increased commute or, c) +75 mile commute 3. Relo. Svcs. = old location housing type 4. ** Critical skill incent. based on bus. "ROI" analysis 5. 2 yr. employee obligation pro-rated monthly forgiveness after 12 mths.	Home Owners	1) Moves > 100 miles: a) Dest. Svcs. b) 5 day trip expenses per pol. 5.11 2) Moves > 50-99 mi: a) =\$200 lump sum b) Dest. Svcs.	1) Pre. Market Analysis 2) Closing Cost 3) Mkt. Incent. for employee sales 4) Supplier purchase after 90 days mktg. 5) ** Loss on Sale	1) Closing Costs 2) Mortgage Int. Differential 2% delta: 4 yrs @ 100%, 80%, 50%, 20% 3) ** RMS
	Renters	Same as above	2 month lease cancellation fee	1) 1 month rental deposit lump sum 2) ** RRP

** Critical skill incentives which require Business Return on Investment Analysis Worksheet.

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PROGRAM "A": REGULAR WORK ASSIGNMENTS* (Pg. 13)
 Program Numbers: A1: Homeowner Services; A2: Renter Services

Home Status	Move of Goods	Travel to New Site	Temporary Housing	Miscellaneous Expenses	Tax Adder
Home Owners	1) Supplier move or truck rental & \$300. bonus 2) Up to 90 days storage	Travel enroute expenses for employee and IRS dependents per policy 5.11	If needed, to incent home sale: \$100. per day to \$6K	1 month base pay = \$3K to \$6K (min. to max.)	Adders applied (\$300. self move bonus excluded)
Renters	Same as above	Same as above	If needed \$100. per day to \$3K	50% of 1 mth. base pay = \$2K to \$4K (min - max)	Same as above

** Critical skill incentives which require Business Return on Investment Analysis Worksheet.

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EXHIBIT #2

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PROGRAM "B": TEMPORARY ASSIGNMENTS* (Pg. 13)
 Program Numbers: B1: 3 to 12 Months; B2: 13 to 24 Months

Move* Program	Home Status	Home Finding Services	Old Home Close Out	New Home Set Up	Move of Goods
3-12 Month Assignment:	Homeowners & Renters:	Destination Services	N/A Keeps home only	1)Furnished & accessorized apartment & utilities 2)\$10. per diem	In-eligible
	To Assignment:				
13-24 Month Assignment:	Homeowner:	1)Moves>100 =5 days if w/family 3 days if single 2)>50-99 mi. = \$200. lump sum 3)Destination Services	Not eligible	Employee pays 10% base pay for rent and utilities, if home is rented Digital subsidy's based on family size, by locale	Move + storage for duration *vanline move or truck rental & \$300. bonus
	Renter:	Same as above	2 month lease cancellation	Same as above	Same as above
	From Assignment:				
	Homeowner:	N/A	If needed 2 mth. lease cancellation	N/A	Same as "to assign."
	Renter:	Same as "to assign."	Same as homeowners	1 month rental deposit lump sum not to exceed limits	Same as "to assign."

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PROGRAM "B": TEMPORARY ASSIGNMENTS* (Pg. 13)
 Program Numbers: B1: 3 to 12 Months; B2: 13 to 24 Months

Move* Program	Home Status	Travel to New Location	Temporary Housing	Misc. Expense	Return Trips	Tax Adder	
3 -12 Month Assignments:	Home Owners & Renters	Business expense vouchers	Business expense vouchers	\$250. on relo. vouchers	Once every 3 weeks if IRS dep. at home	Adders applied	
13- 24 Month Assignments"	To Assignment:						
	Home Owner:	Travel en route employee and IRS dependents per policy	If needed, \$100. per day to \$3K cap.	2 weeks base pay \$1.5K to \$3K (min. - max.)	Once a year	Adders applied \$300. bonus excluded	
	Renter:	Same as above	Same as above	Same as above	Same as above	Same as above	
	From Assignment:						
	Home Owner:	Same as "to assign"	Same as "to assign"	If needed, \$100. per day to \$3k	1 week of base pay \$750. - \$1.5K	N/A	Same as above
	Renter:	Same as "to assign"	Same as "to assign"	Same as above	2 weeks of base pay \$1.5K - \$3K	N/A	Same as above

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PROGRAM "C": COLLEGE HIRE AND TRAINING ASSIGNMENTS* (Pg. 13)
 Program Numbers: C1: Standard College Hires; C2: College Hire Trainees

Eligibility Limits	Move Program	Home Finding Services	Old Home Close Out	New Home Set Up***	Move of Goods***
1. College Hire Requisition 2. Meets mileage tests	Standard College Hires (one site with on site trng.)	1) Dest. Svcs. 2) >100 miles: 3 days actual trip expense per policy 5.11 3) <99 miles: \$200. lump sum	N/A (No home sale provisions)	1) Rental Asst. = 1 month actual to \$600. 2) Utility hook-ups; actuals to \$200. No homes purchase provisions *** \$1800. lump sum option with no tax adders for these 4 services.	1) >500 mi. moves= vanline for 2K lbs. no rv's or boats 2) <499 mi. moves= truck rentals only
1. Entry Level Exempt Trng. Program acceptance 2. Meets mileage tests 3. Relocation Svcs. at the time of program completion	College Hire Multi-Month; Multi-Site Trng. Program	The Standard College Hire Relocation Program "C" services are used at the completion of training, if multi-site training locations, beyond a "reasonable commute", are involved. Once a regular and final worksite has been determined by the College Program Manager, the Standard College Hire Program "C" can be initiated.			

** THESE RELOCATION PROGRAMS INCLUDE A 24 MONTH EMPLOYEE OBLIGATION IN THE EVENT OF VOLUNTARY TERMINATION.

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PROGRAM "C": COLLEGE HIRE AND TRAINING ASSIGNMENTS* (Pg. 13)
 Program Numbers: C1: Standard College Hires; C2: College Hire Trainees

Move Program	Travel to New Site***	Temporary Housing***	Miscellaneous Expenses	Tax Adder
Standard College Hires	Travel Enroute expenses per policy 5.11 *** or an \$1800. lump sum option with no tax adders for these 4 services.	1 week (\$700. if needed)	None	Adders applied (\$1800. lump sum excluded)
College Hire Multi-Month; Multi-Site Trng. Program	Duration of Temp. Training Assignments			Same as above
	Program specific design and paid by the training program	<3 months = program provides housing	N/A	
		>3 months = employee 10% base pay for furnished & accessorized apartment & utilities w/ rental subsidy	\$250. per temporary move NO RETURN TRIP	

** THESE RELOCATION PROGRAMS INCLUDE A 24 MONTH EMPLOYEE OBLIGATION IN THE EVENT OF VOLUNTARY TERMINATION.

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PROGRAM "D": SPONSORED GRADUATE DEGREE PROGRAM ASSIGNMENTS* (Pg.13)
 Program Number: D: Graduate Program Assignments

Eligibility Tests	Move Program	Home Finding Services	Old Home Close Out	New Home Set Up
	To School:			
1. Mgmt selection approval (BS/BA req.)	DIGITAL Sponsored Graduate Degree Program:	Mileage Tests: 1) >50-99 miles = \$300. lump sum	2 months lease cancellation	1) 1 month dep. lump sum 2) 10% base pay to Digital's limits for rent & util. if old home is rented 3) 20% base pay for renters
2. Meets Mileage tests		2) >100 miles = 3 days = single 5 days = if IRS dependent accompany		
3. Satisfies Digital's Training Prg. Requirements				
	From School:			
		Renters Only Homeowners: N/A	N/A	Renters=1 mth. rental deposit to \$600.

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PROGRAM "D": SPONSORED GRADUATE DEGREE PROGRAM ASSIGNMENTS* (Pg.13)
 Program Number: D: Graduate Program Assignments

Move Program	Move of Goods	Travel to New Site	Temporary Housing	Miscellaneous Expenses	Tax Adder
DIGITAL Sponsored Graduate Degree Program:	To School:			\$1000. Return trips Once a fiscal year	Adders applied \$300. bonus excluded
	1) Supplier move or truck rental & \$300. bonus	Moves over 800 miles=fly. Travel \$ cap.= \$40. per day/ per person			
	2) Storage for duration				
	From School:				
	Same as "to school"	Same as "to school"	Same as "to school"	\$1000.	Same as above

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RELOCATION OF NEWLY HIRED EMPLOYEES - U.S.

SCOPE - U.S.

Digital reimburses certain costs for all newly hired regular employees when they are offered and accept a position which meets relocation criteria and when the newly hired employee's circumstances qualify under the relocation policy eligibility criteria. This policy explains those costs that are reimbursable or directly payable by the Company. Reimbursements apply to newly hired employees and their dependents (as defined by the Internal Revenue Service). The intent is to treat newly hired employees equally and fairly in terms of their relocation allowances.

ELIGIBILITY

1. Requisition for Personnel

For relocation expenses to be paid, the Requisition for Personnel Form for the specific position for which the employee has a job offer, must be approved and budgeted for relocation by the appropriate management levels.

2. Mileage Qualification

In order to qualify for relocation benefits the following two tests must be met:

- a. The employee's commute from current residence (old home) to new work location must increase by a minimum of 35 miles, or exceed 60 miles; and
- b. The employee must move within 35 miles of their new work location.

These mileage qualifications are calculated by using the shortest of the more commonly traveled routes between the employee's home and work location.

3. Timing of Relocation

Employees are expected to complete the incurring of relocation expenses/activities within one year of their date of hire.

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4. Authorization

In order to start the relocation process, a relocation authorization form must be completed and signed by the appropriate level of management and submitted to U.S. Relocation.

5. Termination

If an employee terminates from the Company at any time during the relocation process, all benefits associated with the relocation discontinue as of the date of termination.

RELOCATION PROCESSES

Orientation Information

Upon receipt of a job offer with approved relocation benefits, recruiters should encourage their external candidates to contact U.S. Relocation for a specific orientation to relocation services, benefits and restrictions.

Approval of Relocation Expense Vouchers

Relocation Expense Vouchers are prepared by the employee and submitted for signatory approval within one week of expenses being incurred. Approval of all Relocation Expense Vouchers (with supporting receipts) are signed by the employee, incoming Cost Center Manager and U.S. Relocation.

Note: All relocation expenses of \$25.00 or more, require receipts.

RELOCATION BENEFITS

1. Househunting Trip

The purpose of the househunting trip is to enable employees to make arrangements for permanent accommodations which should reduce the need for temporary living at the new location.

a. Eligibility:

- o Househunting trip benefit is conditional upon acceptance of job offer and meeting the following mileage criteria:

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- * Moves less than 75 miles from current residence to new work location, househunting expenses are not reimbursed. The employee receives a flat sum of \$200 to assist with expenses related to househunting.
- * Moves 75 miles or greater from current residence to new work location:

Expenses for one round trip to the new location are reimbursed for the employee, spouse and dependents. Covered expenses are limited to travel, lodging, meals and child care when children are not taken on househunting trip. Househunting trips are limited to 5 days paid time off (excluding travel time) at the new location. Personnel Policy 5.11, Business Expense provides guidelines for all related expenses.

In the event that the spouse is a Digital employee, the spouse will also be eligible for the 5 days paid time off benefit in order to accompany the relocating employee. Separate trips will not be reimbursed.

2. Travel Expenses En Route to the New Location

a. Air Travelers

Digital will provide airline tickets through the normal Business Expense Policy (5.11) and reimburse travel to and from the airports. In most instances, these expenses should be incurred on the same day.

b. Personal Vehicle Travelers

Relocating employees who drive their own vehicle to the new location are expected to drive 350 miles per day and will be reimbursed for meals, lodging, mileage and tolls per Personnel Policy 5.11, Business Expense. Receipts are required.

c. Rental Car Travelers

Relocating employees can rent a car to drive to the new location, in lieu of airline tickets. 350 miles a day are expected to be driven and meals, lodging, car rental, gasoline and tolls will be reimbursed per Personnel Policy 5.11, Business Expense. Receipts are required.

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3. Temporary Living at the New Location

a. Over 75 miles:

The Temporary Living Allowance lump sum should be used to defray expenses at the old and the new locations caused by the employee relocation.

Relocating employees will receive the following temporary living lump sum payment when they move 75 miles or more from the current residence to new work location.

- . Single Employee \$3,500 - Lump Sum
- . Employee & Dependent \$4,500 - Lump Sum
- . Each Additional Dependent \$ 500 - Additional Lump Sum
(as defined by IRS)

- o A relocation voucher for the lump sum temporary living allowance should be submitted by the employee.
- o No receipts are required for this reimbursement.
- o Employees are responsible for retaining receipts for personal tax records.

b. Under 75 miles:

Moves less than 75 miles from current residence to new work location are NOT eligible for the temporary living lump sum payment. However,

- * Reimbursement of up to two nights temporary lodging and meals are allowed, if necessary (receipts required) to cover the time household goods are in transit.

A. Temporary Living Lump Sum for Digital Spouses Relocating

In the event two employees are married to each other and each employee is offered a job involving company reimbursed relocation, Digital will reimburse each employee the benefits of the temporary living lump sum. The temporary living lump sum will be reimbursed in the following way:

Moves 75 miles or greater from the current residence to new work location: each employee will be treated as a single

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employee and will receive the single employee lump sum amount of \$3,500.

If there are other dependents, Digital will pay \$500 for each dependent and only one employee will submit expenses for these dependents.

Note: one spouse cannot be the dependent of the other spouse.

Example: Husband and wife, both Digital employees, have two children. Each employee is offered a company sponsored relocation. The lump sum payment in this situation is as follows:

Husband	-	\$3,500	(single employee amount)
Wife	-	\$3,500	(single employee amount)
Child 1	-	\$ 500	
Child 2	-	\$ 500	
Total	=	\$8,000	

4. Return Trip Home

Only in some extenuating circumstances, an employee or spouse may take one return trip to old location to finalize personal business matters due to his/her relocation. Approval of this trip will require authorization by the employee's new Cost Center Manager; the Company will reimburse the employee for actual expenses incurred for direct transportation and lodging for up to three (3) days. No other expenses will be reimbursed. The return trip home must be taken within six months of the actual move. Employees must use vacation or personal time off for this trip.

MOVING EXPENSES

1. Household Goods Move

Digital has contracted with major van lines for the purpose of moving employee's household goods. A van line will be assigned by Digital and all expenses associated with the move of goods will be absorbed by Digital through the incoming cost center.

Packing of normal household goods and personal effects, transportation of those items from the old location to the new location, and unpacking of those items at the new location is paid by Digital. Tips to movers are not reimbursed. Due to the high costs of moving household goods, Digital urges relocating employees to discard all unusable items prior to the move.

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2. Storage of Household Goods

If it is necessary to store household goods during the move, handling and up to 60 days of storage is also paid for moves 75 miles or over.

3. Household Pets

Household pets (small animals that live in the home) are expected to accompany the employee in transit. When this is not possible, Digital reimburses the employee for transportation costs and the purchase of airline tickets if necessary.

Employees are responsible for making arrangements and paying all costs associated with using a specialized mover to transport exotic pets, large pets, livestock, birds, reptiles and large aquariums. Small aquariums that are empty and clean will be moved by Digital.

4. Live Trees and Plants

The employee is responsible for making arrangements and paying all costs to move or dispose of live trees and plants.

5. Artificial Trees and Plants

Digital will pay the cost of transportation when the artificial trees and plants are moved as part of the household goods shipment and do not require special handling.

6. Wine Collections

The employee is responsible for making all arrangements and for paying all associated costs for the moving and/or storage of wine collections.

7. Boats and Trailers

Reasonable expenses are paid by Digital for the shipment of small boats and/or trailers when shipped as part of the household goods shipment. A small boat or trailer must be able to fit within the confines of the van line trailer (max. width 90") and must not require special handling equipment to load or unload. Small recreational or work vehicles (up to 2,000 pounds) are included in this category.

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The employee is responsible for all arrangements and costs associated with shipping boats, trailers, recreational vehicles or work vehicles that cannot be shipped within the confines of the van line trailer as part of the household goods shipment. Digital will reimburse employee up to the amount that would have been covered if the item fit in the van via a relocation voucher. The amount to be reimbursed will be determined by U.S. Relocation.

If the employee tows a trailer or a recreational vehicle to the new location, the employee may add 5 cents per mile to the mileage reimbursement at the current business rate.

8. Mobile Homes

If an employee primarily resides in a mobile home and wants to move it, the costs involved to disconnect, transport and install the mobile home are paid by Digital. The assigned van line, under contract with Digital, will make all necessary arrangements through a mobile home move specialty company.

9. Transportation of Automobiles

Transportation of two automobiles is authorized only for moves greater than 350 miles. Only automobiles that are driveable and able to pass a state safety inspection will be transported by the assigned van line. Automobiles must be picked up within 48 hours after arrival at the specified destination. If necessary, automobiles may be shipped 30 days prior to, or after, the actual move of goods.

The employee is offered the option of driving or having the automobile shipped by the van line. If the employee drives his/her own automobile, reimbursement is made at Digital's current business mileage rate. Only automobiles owned by the employee or the employee's dependents, as defined by the Internal Revenue Service, can be moved under this policy.

If a Digital-leased automobile will be provided for an employee at destination, the transportation of one personally owned automobile is paid.

INSURANCE COVERAGE

Digital Equipment Corporation does not insure the household goods of relocating employees against damage or loss. However, insurance against such damage or loss is provided through a

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non-Digital insurance company. Digital disclaims any liability for such damage or loss. The employee's sole source of reimbursement for such damage or loss shall be against the insurance company in accordance with the terms of the relevant insurance policy issued by such insurance company.

1. **Amount of Coverage** - The employee's household goods items are insured for replacement cost up to a maximum of \$50,000 under the basic policy.

Insurance coverage beyond the basic policy limits may be purchased for the employee by Digital at a reasonable premium through the same insurance company.

The employee must provide documented evidence of excess value to U.S. Relocation prior to the items being packed for shipment in order for the additional insurance coverage to be provided.

If any item is damaged, the insurance company, not Digital, reserves the right to make a determination to repair or replace. If it is determined that an item is repairable, the insurance company will arrange to have the item repaired or compensation will be paid based on the estimated repair cost. If an item is not repairable, compensation will be paid based on the current replacement cost for a like item.

2. **Items of Unique Value** - Digital will pay for additional insurance for high value items. The value of each item must be verified by a qualified appraiser. (Insurance coverage will be provided only when U.S. Relocation receives a copy of the written appraisal before the items are packed for shipment.)
3. **Appraisals** - Appraiser's fees will be reimbursed by Digital when accompanied by the appropriate receipt. Contact U.S. Relocation for names of appraisers.
4. **Coverage Restrictions** - There is no coverage for:
 - * money, coins, jewelry, watches, precious stones, personal papers and animals;
 - * damage associated with pre-existing flaws or imperfections, wear and tear, or atmospheric extremes;

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* one-of-a-kind items of unique sentimental value are limited to value established for like items under current market conditions.

5. **Filing Claims** - Claims should be filed no later than nine months from date of delivery on an interstate relocation or 90 days on an intrastate move. Refer to the U.S. Relocation Guide for additional information.

Note: Damaged items must be available for inspection.

VAN LINE LIABILITY

The Van Line is fully responsible for damage to personal property caused by its negligence (damage to shrubs, trees, walls, etc.). These damages are not covered by the transit insurance policy for household goods. Claims for this kind of damage should be pursued directly with the van line or filed under a homeowner insurance coverage policy.

DELIVERY OF GOODS

Digital pays only for the cost of delivery of goods during normal work hours, Monday through Saturday. If the employee must move out of the old home or into the new home on Sunday or a holiday, any additional charges will be paid if prior approval is obtained from the incoming Cost Center Manager.

Note: In the event that the shipment of household goods results in an overflow requiring more than one truck, both trucks may not arrive on the same day at the new location.

SELF MOVE

Trucks or Trailer Rental - If the employee chooses to rent a truck or trailer to move all or part of their personal goods, it must be coordinated directly with the rental agency of the employee's choice. Reasonable and actual expenses for packing materials and rentals qualify for reimbursement. Digital has no formal contracts for these services. Transit and personal liability insurance coverage is the employee's responsibility. Digital assumes no liability for personal injury to employees or other persons who come in contact with the employee or the employee's personal goods while the move is in progress since the employee is acting on their own behalf.

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Personal Vehicle - If an employee chooses to move personal goods with their own vehicle, they will be reimbursed at Digital's current business mileage rate.

TIME OFF

When necessary employees may receive up to three paid working days off to handle various details of the move.

LEASE CANCELLATION

If an employee is required to terminate a lease upon moving, Digital reimburses him/her for up to three months rental fees. A copy of the lease or similar documentation and receipt of payment are required.

TAXES

1. Status of Laws (as of the date of this policy)

Under the current U.S. tax laws, Digital must report all relocation expenses and reimbursements to the U.S. Government by adding those payment figures to the employee's W2 Income Statement.

Certain relocation expenses are deductible by taxpayers by means of filing an IRS Form 3903 with their federal income tax return. Deductible expenses are described in the instructions to Form 3903.

A detailed breakdown of relocation reimbursements is furnished to the employee at the end of each calendar year in which relocation payments were made.

Note: Employees are responsible for retaining copies of all relocation vouchers and receipts in order to substantiate tax deductible expenses.

2. Digital Relocation Reporting and Tax Adder

Digital provides each employee with a summary of all relocation payments and reimbursements made during the year and reports the total amount of relocation expenses to the tax authorities as required by law. Digital categorizes expenses as deductible (non-taxable) or non-deductible (taxable) in order to calculate a "tax adder" for each employee. Digital has developed the Tax Adder program in order to assist relocating employees pay tax liabilities resulting from non-deductible moving expense reimbursements. The Tax Adder program is intended to render substantial assistance to

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employees. It is NOT intended to provide dollar for dollar reimbursement for additional taxes. Digital pays tax adder ONLY with respect to relocating employee's compensation from Digital. No tax adder is paid on employee's and employee's spouse's non-Digital income, gains or losses.

FICA allocations are not considered as taxes. However FICA are required by law to be paid on all compensation and are the employee's responsibility.

The tax adder is calculated in December of each year. The amount of adder is only a function of an employee's wages, marital status and the amount of non-deductible relocation expenses processed during the year. Tax adder is treated as additional wage/salary income, withheld into the appropriate tax withholding fields and paid directly to the tax authorities.

Personal tax consultation is NOT reimbursable as the intention of the Miscellaneous Allowance is to offset such expenses.

OPTIONAL RELOCATION SERVICES

It is the responsibility of the relocating employee to locate a rental property or purchase a primary home at the new location. An approved Digital service provider will arrange for a local community orientation at the new location once a job offer has been extended. This service is intended to make home finding in the destination as productive and easy as possible, and is available to all relocating employees at their option. Please contact U.S. Relocation for details on this service.

DISCOUNT PROGRAM

Any employee purchasing a home from the Digital Third Party Home Inventory will receive a credit equal to 50% of the broker's commission at the time of the closing.

RELOCATION MORTGAGE ASSISTANCE

To assist relocating employees who will be purchasing a primary residence at the new location, an agreement has been made with several major national financial institutions who will offer a Relocation Mortgage Service. This service provides a full home financing program plus timely mortgage approval and a convenient process.

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The Relocation Mortgage Service is intended as an alternative to local home financing resources. Employees are encouraged to seek comparable information on all sources before making the individual decision which best meets their home financing requirements.

As with all home mortgage situations, costs incurred for the Relocation Mortgage Service will be billed by the lender directly to the employee. Reimbursement of these expenses will be in accordance with Digital Relocation Purchase of Home Policies.

Contact U.S. Relocation for details.

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RELOCATION OF CURRENT EMPLOYEES - U.S.

SCOPE - U.S.

Digital reimburses certain costs for regular employees when they are offered and accept a position which meets relocation criteria and when the employee's circumstances qualify under the relocation policy eligibility criteria. This policy explains those items that are reimbursable or directly payable. Reimbursements apply to employee's spouse and their dependents as defined by the Internal Revenue Service. The intent is to treat all employees fairly in terms of their relocation allowances.

ELIGIBILITY

1. Requisition for Personnel

For relocation expenses to be paid, the Requisition for Personnel Form for the specific position for which the employee has a job offer must be approved and budgeted for relocation by the appropriate management levels.

2. Mileage Qualification

In order to qualify for relocation benefits the following three tests must be met:

- a. The distance from the old work location to the new work location must be a minimum increase of 15 miles; and
- b. The employee's commute from current residence (old home) to new work location must increase by a minimum of 35 miles, or exceed 60 miles; and
- c. The employee must move within 35 miles of their new work location.

These mileage qualifications are calculated by using the shortest of the more commonly traveled routes between the employee's home and work location.

3. Timing of Relocation

Employees are expected to complete the incurring of relocation expenses/activities within one year of their date of transfer.

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4. Authorization

In order to start the relocation process, a relocation authorization form must be completed and signed by the appropriate level of management and submitted to U.S. Relocation.

5. Termination

If an employee terminates from the company at any time during the relocation process, all benefits associated with the relocation discontinue as of the date of termination.

RELOCATION PROCESSES

1. Orientation Information

Employees should contact U.S. Relocation for a specific orientation to relocation services, benefits and restrictions as soon as possible after receiving a job offer that includes relocation benefits.

2. Approval of Relocation Expense Vouchers

Relocation Expense Vouchers are prepared by the employee and submitted for signatory approval within one week of expenses being incurred. Approval of all Relocation Expense Vouchers (with supporting receipts) are signed by the employee, incoming Cost Center Manager and U.S. Relocation.

Note: All relocation expenses of \$25.00 or more, require receipts.

3. Cash Advances

Advances will be authorized by U.S. Relocation only after a Relocation Authorization has been approved.

Relocating employees may be advanced a sufficient amount of money to meet anticipated closing costs reimbursements. All other cash transactions should be covered by the Miscellaneous and/or Temporary Living Allowance. Company relocation advances are not intended to provide money to defray expenses which are the employee's personal responsibility. Digital does not provide personal loans to employees. Use of relocation cash advances for down payments toward the purchase of a home, automobile or other personal expense items is not permitted.

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Advances will not be disbursed any earlier than 10 banking days prior to incurring the expense. Employees should consider initiating their advance requests 30 days prior to their scheduled closing dates.

Employees are responsible for submitting a relocation voucher, with required receipts, and/or check repayment of any unused portion of the advance, within 30 days.

Contact U.S. Relocation for cash advance methods.

RELOCATION BENEFITS

1. Familiarization Trip

Note: Familiarization trip benefits are not allowed for moves under 75 miles.

The purpose of the familiarization trip is to ensure employees have an understanding of the major financial differences which may be encountered in their move to the new location.

Familiarization trips are allowed only for moves of 75 miles or greater and can include up to 5 working days paid time off.

Reimbursable expenses incurred on a familiarization trip are treated as business expenses and are submitted on Business Expense vouchers with appropriate receipts (see Personnel Policy 5.11, Business Expense).

- o Familiarization trips for homeowners must occur prior to job acceptance.
- o Familiarization trips for homeowners are not allowed until the employee has received a preliminary market analysis of their current residence (see preliminary market analysis section of this policy).
- o Expenses of one round trip for the employee, spouse and children to the new location for purposes of familiarization are reimbursed. Expenses covered are limited to travel, lodging, meals and child care, if children are not taken on the familiarization trip.
- o In the event that the spouse is a Digital employee, the spouse will also be eligible for the 5 days paid time off benefit in order to accompany the relocating employee. Separate trips will not be reimbursed.

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2. Househunting Trip

The purpose of the Househunting trip is to enable employees to make arrangements for permanent accommodations which should reduce the need for temporary living at the new location.

a. Eligibility:

- o Househunting trip benefit is conditional upon acceptance of job offer and meeting the following mileage criteria:
 - * Moves less than 75 miles from current residence to new work location, househunting expenses are not reimbursed. The employee receives a flat sum of \$200 to assist with expenses related to househunting.
 - * Moves 75 miles or greater from current residence to new work location:

Expenses for one round trip to the new location are reimbursed for the employee, spouse and dependents. Covered expenses are limited to travel, lodging, meals and child care when children are not taken on househunting trip. Househunting trips are limited to 5 days paid time off (excluding travel time) at the new location. Personnel Policy 5.11, Business Expense provides guidelines for all related expenses.

In the event that the spouse is a Digital employee, the spouse will also be eligible for the 5 days paid time off benefit in order to accompany the relocating employee. Separate trips will not be reimbursed.

3. Travel Expenses En Route to the New Location

a. Air Travelers

Digital will provide airline tickets through the normal Business Policy (5.11) and reimburse travel to and from the airports. In most instances, these expenses should be incurred on the same day.

b. Personal Vehicle Travelers

Relocating employees who drive their own vehicle to the new location are expected to drive 350 miles per day and will be reimbursed for meals, lodging, mileage and tolls per Personnel Policy 5.11, Business Expense. Receipts are required.

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c. Rental Car Travelers

Relocating employees can rent a car to drive to the new location, in lieu of airline tickets. 350 miles a day are expected to be driven and meals, lodging, car rental, gasoline and tolls will be reimbursed per Business Policy 5.11. Receipts are required.

4. Temporary Living at the New Location

a. Over 75 miles:

The Temporary Living Allowance lump sum should be used to defray expenses at the old and the new locations caused by the employee relocation.

Relocating employees will receive the following temporary living lump sum payment when they move 75 miles or more from the current residence to new work location:

. Single Employee	\$3,500 - Lump Sum
. Employee & Dependent	\$4,500 - Lump Sum
. Each Additional Dependent	\$.500 - Additional Lump Sum (as defined by IRS)

- o Employee must notify U.S. Relocation of IRS dependents by U.S. or electronic mail to be eligible for this benefit.
- o No receipts are required for this reimbursement.
- o Employees are responsible for retaining receipts for personal tax records.

b. Under 75 Miles:

Moves less than 75 miles from current residence to new work location are NOT eligible for the temporary living lump sum payment. However,

- * Reimbursement of up to two nights temporary lodging and meals are allowed, if necessary (receipts required) to cover the time household goods are in transit.

c. Temporary Living Lump Sum for Digital Spouses Relocating

In the event two employees are married to each other and each employee is offered a job involving company reimbursed relocation, Digital will reimburse each employee the

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benefits of the temporary living lump sum. The temporary living lump sum will be reimbursed in the following way:

Moves 75 miles or greater from the current residence to new work location: each employee will be treated as a single employee and will receive the single employee lump sum amount of \$3,500.

If there are other dependents, Digital will pay \$500 for each dependent and only one employee will submit expenses for these dependents.

Note: one spouse cannot be the dependent of the other spouse.

Example: Husband and wife, both Digital employees, have two children. Each employee is offered a company sponsored relocation. The lump sum payment in this situation is as follows:

Husband	- \$3,500 (single employee amount)
Wife	- \$3,500 (single employee amount)
Child 1	- \$ 500
Child 2	- \$ 500
Total	= \$8,000

5. Return Trip Home

Only in some extenuating circumstances, an employee or spouse may take one return trip to old location to finalize personal business matters due to his/her relocation. Approval of this trip will require authorization by the employee's new Cost Center Manager; the Company will reimburse the employee for actual expenses incurred for direct transportation and lodging for up to three (3) days. No other expenses will be reimbursed. The Return Trip Home must be taken within six months of the actual move. Employees must use vacation or personal time off for this trip.

MOVING EXPENSES

1. Household Goods Move

Digital has contracted with major van lines for the purpose of moving employee's household goods. A van line will be assigned by Digital and all expenses associated with the move of goods will be absorbed by Digital through the incoming cost center.

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Packing of normal household goods and personal effects, transportation of those items from the old location to the new location, and unpacking of those items at the new location is paid by Digital. Tips to movers are not reimbursed. Due to the high costs of moving household goods, Digital urges relocating employees to discard all unusable items prior to the move.

2. Storage of Household Goods

If it is necessary to store household goods during the move, handling and up to 60 days of storage is also paid for moves 75 miles or over.

3. Household Pets

Household pets (small animals that live in the home) are expected to accompany the employee in transit. When this is not possible, Digital reimburses the employee for transportation costs and the purchase of airline tickets if necessary.

Employees are responsible for making arrangements and paying all costs associated with using a specialized mover to transport exotic pets, large pets, livestock, birds, reptiles and large aquariums. Small aquariums that are empty and clean, will be moved by Digital.

4. Live Trees and Plants

The employee is responsible for making arrangements and paying all costs to move or dispose of live trees and plants.

5. Artificial Trees and Plants

Digital will pay the cost of transportation when the artificial trees and plants are moved as part of the household goods shipment and do not require special handling.

6. Wine Collections

The employee is responsible for making all arrangements and for paying all associated costs for the moving and/or storage of wine collections.

7. Boats and Trailers

Expenses are paid by Digital for the shipment of small boats and/or trailers when shipped as part of the household

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goods shipment. A small boat or trailer must be able to fit within the confines of the van line trailer (max. width 90") and must not require special handling equipment to load or unload. Small recreational or work vehicles (up to 2,000 pounds) are included in this category.

The employee is responsible for all arrangements and costs associated with shipping boats, trailers, recreational vehicles or work vehicles that cannot be shipped within the confines of the van line trailer as part of the household goods shipment. Digital will reimburse employee up to the amount that would have been covered if the item fit in the van via a relocation voucher. The amount to be reimbursed will be determined by U.S. Relocation.

If the employee tows a trailer or a recreational vehicle to the new location, the employee may add 5 cents per mile to the mileage reimbursement at the current business rate.

8. Office Effects

Company-owned documents and property are shipped by employee's site Shipping/Receiving Department through Digital interplant transportation.

9. Mobile Homes

If an employee primarily resides in a mobile home and wants to move it, the costs involved to disconnect, transport and install the mobile home are paid by Digital. The assigned van line, under contract with Digital, will make all necessary arrangements through a mobile home move specialty company.

10. Transportation of Automobiles

Transportation of two automobiles is authorized only for moves greater than 350 miles. Only automobiles that are driveable and able to pass a state safety inspection will be transported by the assigned van line. Automobiles must be picked up within 48 hours after arrival at the specified destination. If necessary, automobiles may be shipped 30 days prior to, or after, the actual move of goods.

The employee is offered the option of driving or having the automobile shipped by the van line. If the employee drives his/her own automobile, reimbursement is made at Digital's

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current business mileage rate. Only automobiles owned by the employee or the employee's dependents, as defined by the Internal Revenue Service, can be moved under this policy.

If a Digital employee continues to participate in the Digital Fleet Program at the new location, the transportation of only one personally owned automobile is paid.

INSURANCE COVERAGE

Digital Equipment Corporation does not insure the household goods of relocating employees against damage or loss. However, insurance against such damage or loss is provided through a non-Digital insurance company. Digital disclaims any liability for such damage or loss. The employee's sole source of reimbursement for such damage or loss shall be against the insurance company in accordance with the terms of the relevant insurance policy issued by such insurance company.

1. **Amount Of Coverage** - The employee's household goods items are insured for replacement cost up to a maximum of \$50,000 under the basic policy.

Insurance coverage beyond the basic policy limits may be purchased for the employee by Digital at a reasonable premium through the same insurance company.

The employee must provide documented evidence of excess value to U.S. Relocation prior to the items being packed for shipment in order for the additional insurance coverage to be provided.

If any item is damaged, the insurance company, not Digital, reserves the right to make a determination to repair or replace. If it is determined that an item is repairable, the insurance company will arrange to have the item repaired or compensation will be paid based on the estimated repair cost. If an item is not repairable, compensation will be paid based on the current replacement cost for a like item.

2. **Items Of Unique Value** - Digital will pay for additional insurance for high value items. The value of each item must be verified by a qualified appraiser. (Insurance coverage will be provided only when U.S. Relocation receives a copy of the written appraisal before the items are packed for shipment.)

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3. **Appraisals** - Appraiser's fees will be reimbursed by Digital when accompanied by the appropriate receipt. Contact U.S. Relocation for names of appraisers.
4. **Coverage Restrictions** - There is no coverage for:
 - * money, coins, jewelry, watches, precious stones, personal papers and animals;
 - * damage associated with pre-existing flaws or imperfections, wear and tear, or atmospheric extremes;
 - * one-of-a-kind items of unique sentimental value are limited to value established for like items under current market conditions.
5. **Filing Claims** - Claims should be filed no later than nine months from date of delivery on an interstate relocation or 90 days on an intrastate move. Refer to the U.S. Relocation Guide for additional information.

Note: Damaged items must be available for inspection.

VAN LINE LIABILITY

The Van Line is fully responsible for damage to personal property caused by its negligence (damage to shrubs, trees, walls, etc.). These damages are not covered by the transit insurance policy for household goods. Claims for this kind of damage should be pursued directly with the van line or filed under a homeowner insurance coverage policy.

DELIVERY OF GOODS

Digital pays only for the cost of delivery of goods during normal work hours, Monday through Saturday. If the employee must move out of the old home or into the new home on Sunday or a holiday, any additional charges will be paid if prior approval is obtained from the incoming Cost Center Manager.

Note: In the event that the shipment of household goods results in an overflow requiring more than one truck, both trucks may not arrive on the same day at the new location.

SELF MOVE

Trucks or Trailer Rental - If the employee chooses to rent a truck or trailer to move all or part of their personal goods, it

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must be coordinated directly with the rental agency of the employee's choice. Reasonable and actual expenses for packing materials and rentals qualify for reimbursement. Digital has no formal contracts for these services. Transit and personal liability insurance coverage is the employee's responsibility. Digital assumes no liability for personal injury to employees or other persons who come in contact with the employee or the employee's personal goods while the move is in progress since the employee is acting on their own behalf.

Personal Vehicle - If an employee chooses to move personal goods with their own vehicle, they will be reimbursed at Digital's current business mileage rate.

TIME OFF

When necessary employees may receive up to three paid working days off to handle various details of the move.

LEASE CANCELLATION

If an employee is required to terminate a lease upon moving, Digital reimburses him/her for up to three months rental fees. A copy of the lease or similar documentation and receipt of payment are required.

SALE OF HOME

1. Reimbursed Expenses

If an employee chooses to sell their home without the assistance of the third party home buying firm, Digital reimburses the employee for the following expenses (receipts required):

- o Real Estate commission normal and reasonable for the area up to a maximum of 7%. Advertising costs are covered, if a broker's fee is not involved.
- o Mortgage prepayment penalty charges, if they cannot be waived.
- o Actual and reasonable legal and title fees.
- o Transfers and/or documentary taxes which the employee is required to pay.

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- o Up to three points as required for VA mortgages in which the seller is responsible by VA regulations to pay points.
- o Employees whose homes were found to be ineligible for the Third Party Program can be reimbursed for the company's current marketing incentives. All Buyer Incentives must be reflected in the Purchase and Sale Agreement. Contact U.S. Relocation for details.

2. Company Paid Marketing Incentives and Closing Assistance.

Employees who chose to sell their home on their own, may receive the marketing incentive and closing assistance benefits if the applicable conditions are met.

EMPLOYEES MUST CONTACT THE U.S. RELOCATION OFFICE FOR SPECIFIC ORIENTATION TO ALL THE CONDITIONS, RESTRICTIONS AND GUIDELINES RELEVANT TO THEIR HOME SALE CLOSING.

3. Items Not Reimbursed

Digital does not pay for the cost of carrying two houses or for any losses on the sale of former homes or improvements to enhance the marketability of property.

PRELIMINARY MARKET ANALYSIS

A preliminary market analysis must be performed, once a home owning employee receives a job offer and before the employee accepts that offer. The preliminary market analysis is not a guaranteed value offer; rather, it is a preliminary estimate of value designed to give the employee some sense of the potential value of his/her house at the time the analysis is performed. Guaranteed offers are available only through the Home Sale Assistance Appraisal Process.

Preliminary Market Analysis Process:

The local organization is responsible for notifying U.S. Relocation of the specific employee's relocation needs. U.S. Relocation then initiates the request for a preliminary market

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analysis. Written results will be provided to the employee and U.S. Relocation within 5 working days of the appraiser's review of the property. It is critical that the employee, or designated individual make time available to meet with the appraiser.

HOME SALE ASSISTANCE PROGRAM (HSAP)

As an alternative to direct sale by the employee, Digital has arranged with Third Party Home Purchase vendors to provide assistance to the transferee in selling their home. All sales and closing costs are absorbed by Digital through the incoming cost center. Employees are assigned to a Third Party HSAP vendor and all properties must meet the eligibility criteria.

1. HSAP Eligibility Criteria for Single Family Homes:

The authorization of relocation for an employee does not automatically qualify the employee for Third Party services. For an employee's home to be eligible for the Home Sale Assistance Program, the home must meet the following criteria:

- o The home must be the employee's primary residence at the time of the job offer acceptance. Verification of the address on the authorization will be done by U.S. Relocation.
- o On the date of the employee's job offer acceptance, the home must have only one deed with the employee's name reflected on that deed. Not more than two names can appear on the deed.
- o The home must have a clear and marketable title without liens or encumbrances which affect its marketability other than the mortgage. Mortgage payments must be current. There must not be a pending foreclosure on the home. The title must not be encumbered by pending or active divorce proceedings. The home must qualify for conventional, VA or FHA mortgage financing.
- o The property must meet any criteria for sale that is dictated by local law or custom. If there is an unsatisfactory inspection report on a property, the employee must make the necessary repairs and is responsible for costs associated. In these circumstances, the employee will provide evidence in writing from a city/town inspector that the home meets the federal, state, city/town or local building codes and zoning requirements. (These repairs must be completed within

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the 60 day offer period.)

- o Employee's are responsible for any pre-existing liens, other encumbrances and conditions affecting the home that are discovered after the employee has accepted the Third Party Company offer. This includes well, septic and structural problems.
- o The home must not have excess acreage (the area or frontage or both are in excess of normal or standard sites for the neighborhood or market as determined by the Third Party).
- o If the home is a two-family, with two physically separated living units, it must have only one foundation. The secondary residence may be occupied by lease holding tenants throughout the home sale process. Rented units must be vacated before acceptance of the Third Party offer.
- o The home must NOT be more than a two-family residence.
- o Cooperatives are NOT eligible for the Home Sale Assistance Program.
- o Mobile homes are eligible if they are permanently affixed to the land owned by the employee and have water and septic servicing the unit.
- o If the employee owns a partially or completely wooden structure in Puerto Rico, prior to entering the relocation process he/she should be prepared to offer evidence in writing from a lending institution indicating that financing is available on the property.

The home shall have no unsatisfactory environmental, safety or health condition including, but not limited to the following:

- o Ureaformaldehyde Foam Insulation (UFFI)
- o Lead Paint
- o Friable (crumbling) Asbestos
- o Radon
- o Well water quality and quantity which does not meet applicable federal, state or local water standards
- o A malfunctioning subsurface waste disposal system (septic system)
- o A leaking buried or malfunctioning fuel storage tank

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The aforementioned requirements are necessary for ensuring that properties that become the responsibility of Digital, are fully marketable.

2. Eligibility Criteria for Condominiums:

Condominiums must meet Digital's single family home policy eligibility criteria. To ensure their eligibility owners must provide the Third Party vendor the following:

- o Minutes from the last two monthly or quarterly meetings;
- o Statement from the trustees showing the status of the capital reserves;
- o Verification that the complex is financeable.

3. Required Realtors Listing Agreement Clause:

The listing agreement must allow the leeway to accept an offer from the Third Party vendor without paying a sales commission to a real estate agency. The employee should include the following clause in the listing agreement to insure this option.

"The owners hereby reserve the right:

- o To sell their property directly to any Third Party Company contracted by Digital Equipment Corporation at any time, and in such event, to cancel this agreement with no obligation for commission or continuation of listing thereafter, or
- o To assign any acceptable written offer hereunder to any Third Party Company contracted by Digital Equipment Corporation for closing and payment of commission, which shall be deemed earned and payable only upon passing of title, in accordance with the terms thereof."

If the employee's listing agreement does not contain the above clauses, Digital's Third Party vendor will not be able to purchase the home. The employee will only be entitled to the provisions of the "Sale of Home" section in this policy.

4. Employee/Buyer Marketing Incentives:

The Digital Home Sale Assistance Program gives employees a 60 day period to either sell their property on their own, or, accept the Third Party guaranteed offer (after 30 days of marketing).

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During the 60 day period, employees are encouraged to market their property in order to increase the opportunity for receiving the best possible offer. To encourage those sales, Digital offers marketing incentives.

EMPLOYEES SHOULD CONTACT THE U.S. RELOCATION OFFICE FOR A SPECIFIC ORIENTATION TO ALL THE CONDITIONS, RESTRICTIONS AND GUIDELINES RELEVANT TO THEIR EMPLOYEE/BUYER MARKET INCENTIVES.

However, if employee chooses not to abide by these list price conditions, they are not eligible for the employee/buyer marketing incentives.

5. Appraisal Process:

Within two business days after receiving the initiation contact from Digital, the Third Party Company counselor contacts the employee and explains the program in detail. The employee selects two independent appraisers from a list of qualified appraisers provided by the Third Party Company. The appraisers determine the market value of the employee's home.

Market value is defined as the most probable price a property will bring in a competitive and open market under all conditions requisite to a fair sale with the typical buyer and seller each acting prudently, knowledgeably, assuming the price is not affected by undue stimulus. The market value is based on 90-120 days marketing time, considering the present condition of the home and the current supply and demand.

The average of the two values is used to determine the offer. If there is a greater than 5% variance between the two values, a third appraisal will be ordered and all three appraisals will be averaged.

The appraisal process takes three to four weeks before the employee receives an offer from the Third Party Company dependent upon the employee choosing the appraisers promptly from the names provided by the Third Party Company. It may take longer if additional appraisals or inspections are required.

6. Third Party Guaranteed Offer:

The appraised value is the guaranteed offer made to the employee by the Third Party Company. The vendor counselor will call the

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employee with a verbal offer after reviewing the written appraisals and inspection reports. After the verbal offer is made to the employee, it will be followed with an offer package which includes a Contract of Sale with the Third Party Company, a Power of Attorney, and copies of the written appraisals which may be sent separately. The employee has up to 60 calendar days from the date of the offer to accept.

The home must have been listed and actively marketed for a minimum of 30 days before the employee is allowed to accept the guaranteed offer from the Third Party Company.

7. Negative Equity:

When the appraised value offer is lower than the outstanding mortgage this is considered a deficit equity situation. In order for the Third Party Company to acquire the employee's home, they must return the following:

- o An executed and notarized deed
- o An executed and notarized contract of sale
- o A certified check in the amount of the deficit, which will be prorated based on the employee's vacate date.

The employee will continue to be responsible for the home until all the above conditions have been met.

8. Acceptance of the Third Party Company Offer:

To accept the offer, the employee must sign and have notarized the Contract of Sale, the Power of Attorney and any other accompanying documents. The employee will receive 100% of the equity of their home less \$1000 within two weeks after the Third Party vendor has received the signed offer contract. The EQUITY WILL BE PRORATED FROM ACCEPTANCE DATE OF THE THIRD PARTY CONTRACT TO THE VACATE DATE. MORTGAGE INTEREST, TAXES AND OTHER APPROPRIATE COSTS WILL BE DEDUCTED FOR THE OCCUPANCY PERIOD. The balance will be sent to the employee when the home has been vacated and inspected. At this time the Third Party vendor will begin the management and marketing of the property, including closing when a sale occurs. The Third Party Company is paid a flat fee for its services in accordance with the vendor/Digital contract.

Higher offers can sometimes be obtained when an employee's assumable loan is available. However, all employee loan

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assumption sales are the responsibility of the employee if any foreclosures occur due to default of payment by the purchaser.

9. Amended Sale:

If the employee does find a qualified buyer willing to pay a higher price during the 60 day offer period, the employee may assign this sale to the Third Party vendor at the higher amended price. The employee will be responsible for seller points in excess of three points, if required by VA financing, and any other costs not covered under the Sale of Home Provisions of this policy. The employee will receive 100% of equity less \$1000 based upon the Third Party Company's original offer. After the buyer meets all contingencies, the employee will receive a second equity payment representing the difference between the appraised value and the amended value sale price.

Higher offers can sometimes be obtained when an employee's assumable loan is available; however, all employee loan assumption sales are the responsibility of the employee if any foreclosures occur due to default of payment by the purchaser.

10. Closing Assistance:

If an employee accepts an offer on his/her home prior to receiving the appraised value from the third party vendor, the employee may still take advantage of the Third Party program provided the appropriate exclusion clause is included in the Listing Agreement. Higher offers can sometimes be obtained when an assumable loan is available. However, all loan assumption sales are the responsibility of the employee if any foreclosures occur due to default of payment by the purchaser.

11. Employee Home Maintenance Responsibilities:

The employee maintains all responsibilities of ownership of the home until "vacating date" (described below) or the offer acceptance date, whichever is later. These responsibilities also include maintaining adequate home insurance coverage, utility payments and continuing normal physical maintenance.

12. Vacating the Home:

The employee must vacate the home within 60 calendar days after the date he/she accepts the offer. The intended vacating date should be inserted by the employee in the Contract of Sale with the Third Party vendor. The employee must remove all personal

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belongings, not included within the sale, from the home by the vacating date.

The Third Party Vendor or its designee will inspect the home shortly after the employee vacates it to determine that the home is substantially in the same condition as when it was initially appraised, is broom-clean, and has in place and in contracted working order all fixtures, equipment and personal property included within the sales agreement.

If inspection results are satisfactory and no extenuating circumstances exist, the \$1000 equity balance will be released promptly to the employee.

13. Power of Attorney and Passage of Title:

When the employee accepts the offer by signing the Contract of Sale, he/she must also sign the Power of Attorney provided by the Third Party vendor. This Power of Attorney shall be legally sufficient in the jurisdiction where the home is located to authorize the Third Party vendor to complete, sign and deliver the deed to a Third Party purchaser of the home and to execute other documents required at the closing. The Third Party vendor normally does not exercise the Power of Attorney until the closing of the sale of the home to a Third Party purchaser, as long as that closing occurs within one year after the employee's acceptance of offer. In this case, title passes directly to the Third Party purchaser.

However, the Third Party vendor may take title to the property (by exercising the Power of Attorney) any time after contract acceptance date, if Digital agrees. Normally, this would only happen if extenuating circumstances may jeopardize the marketability of title.

PURCHASE OF HOME AT THE NEW LOCATION

If the employee purchases a home at the new location, reimbursement is made for the following expenses connected with that purchase (paid receipts required):

- o Actual and reasonable legal and title fees.
- o Transfer and documentary taxes which the employee is required to pay.
- o Required appraisal fees.

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- o Other one-time fees required by the lender connected with the purchase of the home. "Finders fees" to obtain mortgage are not reimbursed.
- o Reasonable environmental/structural inspection fees.
- o Digital will pay up to a maximum of three points when points are required to be paid by the employee in connection with obtaining mortgage financing at the new location. This includes any loan origination fee or points.
- o Digital will not reimburse points associated with obtaining VA mortgage financing at the new location. All other VA administrative fees INCLUDING ORIGINATION AND FUNDING will be reimbursed.
- o Required occupancy inspection fees.

Note: Digital will reimburse expenses associated with one mortgage at the new location.

New Construction Mortgages:

Employees should contact U.S. Relocation to discuss mortgage and occupancy issues and liabilities prior to signing construction and/or new construction mortgages.

MORTGAGE INTEREST DIFFERENTIAL (MID)

In order to qualify for an MID benefit, a mortgage must be considered one of the following:

- o Conventional;
- o FHA;
- o VA;
- o A legal document recorded at a Registry of Deeds on the employee's deed pledging a described property for the performance of the repayment of a loan under certain terms and conditions.

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If the employee must pay a higher interest rate on the mortgage at the new location, Digital reimburses him/her for the increased interest cost in the following manner:

YEARS	REIMBURSEMENT
1 - 3	100%
4	50%
5	25%

After the sale of the previous residence, this payment is calculated on the outstanding principal of the old or new mortgage, whichever is less, provided the interest rates vary by at least 1/2%. In calculating mortgage interest differential, the appropriate mortgage balance is multiplied by the difference in the interest rate between the old and the new mortgage.

Example: The outstanding balance of the first mortgage at the time of transfer is \$60,000 at 9%. The new mortgage rate is 15%. $6\% \times \$60,000 = \$3,600$ for the first three payments, \$1,800 for the fourth payment and \$900 for the fifth year payment.

Employees must apply for this payment upon closing of the new home and on the following four anniversary dates of the purchase of the home voucher. Payment will follow submission of an authorized relocation voucher. Documentation must be submitted annually giving details of the previous mortgage and current interest rate on the new mortgage.

1. Refinancing

A relocated employee who wishes to refinance his/her mortgage may be reimbursed for refinancing charges up to the amount of unexpended mortgage interest differential remaining provided that the new interest rate is lower than the original. Refinancing charges reimbursed are the same as those detailed under Reimbursed Expenses for the Purchase of Home at the New Location section of this policy. U.S. Relocation is responsible for providing further details of how refinancing affects mortgage interest differential payments. Authorization for this provision requires the signature of the cost center manager and U.S. Relocation. Vouchers must be processed with appropriate documentation of the refinancing costs. In some instances the company may direct the employee to refinance if refinancing is in the best interest of both the company and the employee.

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2. Multiple Mortgages and Multiple Relocations

In instances where two or more mortgages exist or where an employee moves a second time within a five year period, it is necessary to use a more complicated basis for calculation of mortgage interest differential. This calculation is contained in the Personnel Administrative Manual.

Note: Tax Adder - A Tax Adder is not applied to mortgage interest differential payments since the employee is permitted to deduct them from personal income tax.

MISCELLANEOUS ALLOWANCE

In order to assist employees with miscellaneous relocation costs and additional tax liability, Digital will pay a miscellaneous relocation allowance of one month's gross salary. The Miscellaneous Allowance is based on the employee's gross salary on the date of job transfer, with a minimum of \$2,000 and a maximum of \$10,000. Miscellaneous Allowances do not require submission of a relocation voucher. Employees are responsible for retaining receipts for personal tax records.

TAXES

Status of Laws (as of the date of this policy) - Under the current U.S. tax laws, Digital must report all relocation expenses and reimbursements to the U.S. Government by adding those payment figures to the employee's W2 Income Statement.

Certain relocation expenses are deductible by taxpayers by means of filing an IRS Form 3903 with their federal income tax return. Deductible expenses are described in the instructions to Form 3903.

A detailed breakdown of relocation reimbursements is furnished to the employee at the end of each calendar year in which relocation payments were made.

Note: Employees are responsible for retaining copies of all relocation vouchers and receipts in order to substantiate tax - deductible expenses.

DIGITAL RELOCATION REPORTING AND TAX ADDER

Digital provides each employee with a summary of all relocation payments and reimbursements made during the year and reports the total amount of relocation expenses to the tax authorities as

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required by law. Digital categorizes expenses as deductible (non-taxable) or non-deductible (taxable) in order to calculate a "tax adder" for each employee. Digital has developed the Tax Adder program in order to assist relocating employees pay tax liabilities resulting from non-deductible moving expense reimbursements. The Tax Adder program is intended to render substantial assistance to employees. It is NOT intended to provide dollar for dollar reimbursement for additional taxes. Digital pays tax adder ONLY with respect to relocating employee's compensation from Digital. No tax adder is paid on employee's and employee's spouse's non-Digital income, gains or losses.

FICA allocations are not considered as taxes. However FICA are required by law to be paid on all compensation and are the employee's responsibility.

The tax adder is calculated in December of each year. The amount of adder is only a function of an employee's wages, marital status and the amount of non-deductible relocation expenses processed during the year. Tax adder is treated as additional wage/salary income, withheld into the appropriate tax withholding fields and paid directly to the tax authorities.

Personal tax consultation is NOT reimbursable as the intention of the Miscellaneous Allowance is to offset such expenses.

OPTIONAL RELOCATION SERVICES

It is the responsibility of the relocating employee to locate a rental property or purchase a primary home at the new location. An approved Digital service provider will arrange for a local community orientation at the new location once a job offer has been extended and prior to the familiarization visit. This service is intended to make home finding in the destination as productive and easy as possible, and is available to all relocating employees at their option. Please contact U.S. Relocation for details on this service.

DISCOUNT PROGRAM

Any employee purchasing a home from the Digital Third Party Home Inventory will receive a credit equal to 50% of the broker's commission at the time of closing.

RELOCATION MORTGAGE SERVICE

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To assist relocating employees who will be purchasing a primary residence at the new location, an agreement has been made with several major national financial institutions who will offer a Relocation Mortgage Service. This service provides a full home financing program plus timely mortgage approval and a convenient process.

The Relocation Mortgage Service is intended as an alternative to local home financing resources. Employees are encouraged to seek comparative information on all sources before making the individual decision which best meets their home financing requirements.

As with all home mortgage situations, costs incurred for the Relocation Mortgage Service will be billed by the lender directly to the employee. Reimbursement of these expenses will be in accordance with Digital Relocation Purchase of Home Policies.

Contact U.S. Relocation for details.

GROUP MOVES

1. Eligibility Determinations:

Digital's business objectives may require the transfer of work from one location to another. Transfers of this type may result in the consolidation of work, realignment of work and/or expanded work opportunities, all of which can impact employees.

Senior Business Managers responsible for planning a group move (defined as the Group Manager/Vice President for the impacted group or his/her designee) and their respective Senior Personnel Managers, analyze and evaluate the group's specific business objectives and Human Resource needs to determine whether employee transfers are appropriate. In making that determination the Senior Business Managers and Personnel Manager should keep in mind the criteria set forth in the Company's Corporate Relocation Philosophy which in part indicates:

"The Company philosophy is to staff its organizations and facilities with local employees. Because of the high financial costs to the Company and personal/family disruption associated with relocation, Digital believes that the relocation of an employee should be considered only when it is necessary to meet the Corporation's business objectives." (see Personnel Policy 5.00, Corporate Relocation Philosophy).

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In order to assure compliance with applicable state and federal law regulating group moves and facility closings, ALL GROUP MOVES MUST BE REVIEWED BY THE LAW DEPARTMENT AND THE CORPORATE CROSS ORGANIZATION TRANSITION COMMITTEE, PRIOR TO ANNOUNCEMENT.

In addition final approval for the group move eligibility determination must be obtained from the U.S. Employee Relations Manager, or his/her designee and the Corporate Cross Organization Transition Committee.

2. Group Move Mileage Criteria;

a. 5.05 Requirements:

Employees whose work transfers from one location to another and who have been determined to be eligible for a group move must meet the mileage criteria specified in the "eligibility" section of this policy (5.05). Group move benefits are then defined into two categories based on moves of plus or minus 100 miles from the original to the new facility.

b. Group Moves Benefits For Moves Over 100 Miles:

Employees will receive the standard provisions of the 5.05 relocation policy including the requirement that employees complete their relocation within one year of the group move date.

c. Group Moves Benefits For Moves Under 100 Miles:

Two benefit enhancements are available:

1. Employees may initiate their relocation authorization for the group benefits anytime within 6 months of the announced group move date. However, employees are still required to complete their move within 12 months of their approved relocation authorization.

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2. Commuting mileage reimbursement is limited to group moves of 100 miles or LESS, and, are defined in the following instances.

Condition	Calculation
- employee moves before work location	- new home to current worksite minus old home to current worksite; continues until the work location moves or maximum 6 months
- employee moves after the work location change or employee elects to stay in current home	- old home to new work location minus old home to old work location for maximum 6 months or until move takes place
- employee is hired or transferred at new location before the work location changes	- new home to old work location minus new home to new work location until group moves but maximum 6 months.

If the employee elects to remain in the old home, monies provided to the employee for househunting expenses and commuting mileage remain the employee's.

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RELOCATION OF TEMPORARY ASSIGNEES - U.S.

SCOPE - U.S.

From time to time the Company offers employees a Temporary Assignment which requires relocation from a present home to a new work location and back to the employee's original home location. The Company believes that these moves should make good business sense and provide minimal disruption to the employee and the employee's family. These moves must meet the criteria established in the Corporate Employee Relocation Philosophy (5.00). It is the intent of this policy to provide an effective alternative to employees who wish to retain their primary residence in these specific relocation circumstances.

ELIGIBILITY

1. Requisition for Personnel

For relocation expenses to be paid, the Requisition for Personnel Form for the specific position for which the employee has a job offer, must be approved and budgeted for relocation by the appropriate management levels.

2. Mileage Qualification

In order to qualify for relocation benefits the following three tests must be met:

- a. The distance from the old work location to the new work location must be a minimum of 15 miles; and
- b. The employee's commute from current residence (old home) to new work location must increase by a minimum of 35 miles, or exceed 60 miles; and
- c. The employee must move within 35 miles of their new work location.

These mileage qualifications are calculated by using the shortest of the more commonly traveled routes between the employee's home and work location.

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3. Timing of Assignment

The employee must be offered an assignment to a designated location for a specific length of time which will be at least one year and normally not exceeding three years.

4. Required Written Agreement For All Temporary Domestic Assignments

The employee's home location manager must provide a written statement containing the Company's objectives for the employee's move, identifying the assignment location, the expected duration of the assignment and the expectations surrounding the employee's return to the home organization. This written memorandum should be submitted to U.S. Relocation along with the Relocation Authorization for approval.

As part of the return to the home organization process, the employee, the home organization manager and the temporary assignment manager should agree to a return strategy. That strategy should be documented in a written memorandum that addresses periodic discussions and meetings with the home organization manager, performance discussions and a career discussion approximately 6 months before the employee is expected to return to the home organization.

At the end of the assignment, the employee will be given first priority for any position for which they are qualified in the home organization. If no position is available, the employee should be given a minimum of 180 calendar days at full pay to find another position. If no position is available, the employee would be subject to termination as a company separation and would be eligible to receive 8 weeks pay in lieu of notice.

Required Approval - Approval of the required written agreement will be by the appropriate Group Personnel or Area Personnel Manager, and the respective Group or Area Functional Manager and U.S. Relocation.

5. Timing of Relocation

Employees are expected to complete their move of goods to the new location within three months of their date of transfer.

6. Authorization

In order to start the relocation process, a relocation

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authorization form must be completed and signed by the appropriate level of management and submitted to U.S. Relocation.

7. Termination

If an employee terminates from the company at any time during the relocation process, all benefits associated with the relocation discontinue as of the date of termination.

RELOCATION PROCESSES

Orientation Information

Employees should contact U.S. Relocation for a specific orientation to relocation services, benefits and restrictions as soon as possible after receiving a Temporary Domestic Assignment offer that includes relocation benefits.

Approval of Relocation Expense Vouchers

Relocation Expense Vouchers are prepared by the employee and submitted for signatory approval within one week of expenses being incurred. Approval of all Relocation Expense Vouchers (with supporting receipts) are signed by the employee, incoming Cost Center Manager and U.S. Relocation.

Note: All relocation expenses of \$25.00 or more, require receipts.

RELOCATION BENEFITS FOR MOVES TO THE NEW LOCATION

1. FAMILIARIZATION TRIP

Note: Familiarization trip benefits are not allowed for moves under 75 miles.

The purpose of the familiarization trip is to ensure employees have an understanding of the major financial differences which may be encountered in their move to the new location. Familiarization trips are allowed only for moves of 75 miles or greater and can include up to 5 working days paid time off.

Reimbursable expenses incurred on a familiarization trip are treated as business expenses and are submitted on Business Expense vouchers with appropriate receipts (see Personnel Policy 5.11, Business Expense).

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- o Familiarization trips for homeowners must occur prior to job acceptance.
- o Expenses of one round trip for the employee, spouse and children to the new location for purposes of familiarization are reimbursed. Expenses covered are limited to travel, lodging, meals and child care, if children are not taken on the familiarization trip.
- o In the event that the spouse is a Digital employee, the spouse will also be eligible for the 5 days paid time off benefit in order to accompany the relocating employee. Separate trips will not be reimbursed.

2. HOUSEHUNTING TRIP

The purpose of the househunting trip is to enable employees to make arrangements for short term temporary accommodations while in the new location on the temporary domestic assignment.

a. Eligibility:

- o Househunting trip benefit is conditional upon acceptance of job offer and meeting the following mileage criteria:

- * Moves less than 75 miles from current residence to new work location, househunting expenses are not reimbursed. The employee receives a flat sum of \$200 to assist with expenses related to househunting.
- * Moves 75 miles or greater from current residence to new work location:

Expenses for one round trip to the new location are reimbursed for the employee, spouse and dependents. Covered expenses are limited to travel, lodging, meals and child care when children are not taken on househunting trip. Househunting trips are limited to 5 days paid time off (excluding travel time) at the new location. Personnel Policy 5.11, Business Expense provides guidelines for all related expenses.

In the event that the spouse is a Digital employee, the spouse will also be eligible for the 5 days paid time off benefit in order to accompany the relocating employee. Separate trips will not be reimbursed.

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b. Locating Rental Housing at the New Location

It is important that Temporary Domestic Assignees secure rental housing at the new location as quickly as possible. The U.S. Relocation Program Office has contracted with a National Destination Services provider which includes home and apartment finding services. It is recommended that Temporary Domestic Assignees speak with the Destination Home Finding expert at the new location, prior to the househunting trip, specifying life style preferences, community need and residential requirements. This preplanning should facilitate targeted and suitable securement of rental property.

3. TRAVEL EXPENSES EN ROUTE TO THE NEW LOCATION

a. Air Travelers

Digital will provide airline tickets through the normal Business Policy (5.11) and reimburse travel to and from the airports. In most instances, these expenses should be incurred on the same day.

b. Personal Vehicle Travelers

Relocating employees who drive their own vehicle to the new location are expected to drive 350 miles per day and will be reimbursed for meals, lodging, mileage and tolls per Personnel Policy 5.11, Business Expense. Receipts are required.

c. Rental Car Travelers

Relocating employees can rent a car to drive to the new location, in lieu of airline tickets. 350 miles a day are expected to be driven and meals, lodging, car rental, gasoline and tolls will be reimbursed per Business Policy 5.11. Receipts are required.

4. TEMPORARY LIVING AT THE NEW LOCATION

a. Over 75 miles:

The Temporary Living Allowance lump sum should be used to defray expenses at the old and the new locations caused by the employee relocation.

Relocating employees will receive the following temporary living lump sum payment when they move 75 miles or more

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from the current residence to the new work location.

. Single Employee	\$ 1,750	- Lump Sum
. Employee & Dependent	2,250	- Lump Sum
. Each Additional Dependent	250	- Additional Lump Sum (as defined by IRS)

o A relocation voucher for the lump sum temporary living allowance should be submitted by the employee.

o No receipts are required for this reimbursement.

o Employees are responsible for retaining receipts for personal tax records.

b. Under 75 miles:

Moves less than 75 miles from current residence to new work location are NOT eligible for the temporary living lump sum payment. However,

- * Reimbursement of up to two nights temporary lodging and meals are allowed, if necessary (receipts required) to cover the time household goods are in transit.

c. Temporary Living Lump Sum For Digital Spouses Relocating

In the event two employees are married to each other and each employee is offered a job involving company reimbursed relocation, Digital will reimburse each employee the benefits of the temporary living lump sum. The temporary living lump sum will be reimbursed in the following way:

Moves 75 miles or greater from the current residence to new work location: each employee will be treated as a single employee and will receive the single employee lump sum amount of \$1,750.

If there are other dependents, Digital will pay \$250 for each dependent and only one employee will submit expenses for these dependents.

Note: one spouse cannot be the dependent of the other spouse.

Example: Husband and wife, both Digital employees, have two children. Each employee is offered a company sponsored

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relocation.

The lump sum payment in this situation is as follows:

Husband	-	\$1,750	(single employee amount)
Wife	-	\$1,750	(single employee amount)
Child 1	-	\$ 250	
Child 2	-	\$ 250	
Total	=	\$4,000	

5. RETURN TRIP HOME

Only in some extenuating circumstances, an employee or spouse may take one return trip to old location to finalize personal business matters due to his/her relocation. Approval of this trip will require authorization by the employee's new Cost Center Manager; the Company will reimburse the employee for actual expenses incurred for direct transportation and lodging for up to three (3) days. No other expenses will be reimbursed. The Return Trip Home must be taken within six months of the actual move. Employees must use vacation or personal time off for this trip.

6. TEMPORARY DOMESTIC ASSIGNEES MOVING EXPENSES

a. Household Goods Move

Digital has contracted with major van lines for the purpose of moving employee's household goods. A van line will be assigned by Digital and all expenses associated with the move of goods will be absorbed by Digital through the incoming cost center.

Packing of normal household goods and personal effects, transportation of those items from the old location to the new location, and unpacking of those items at the new location is paid by Digital. Tips to movers are not reimbursed. Due to the high costs of moving household goods, Digital urges relocating employees to discard all unusable items prior to the move.

b. Storage of Household Goods

If it is necessary to store household goods during the move, handling and up to 60 days of storage is also paid for moves 75 miles or over.

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c. Household Pets

Household pets (small animals that live in the home) are expected to accompany the employee in transit. When this is not possible, Digital reimburses the employee for transportation costs and the purchase of airline tickets if necessary.

Employees are responsible for making arrangements and paying all costs associated with using a specialized mover to transport exotic pets, large pets, livestock, birds, reptiles and large aquariums. Small aquariums that are empty and clean, will be moved by Digital.

d. Live Trees and Plants

The employee is responsible for making arrangements and paying all costs to move or dispose of live trees and plants.

e. Artificial Trees and Plants

Digital will pay the cost of transportation when the artificial trees and plants are moved as part of the household goods shipment and do not require special handling.

f. Wine Collections

The employee is responsible for making all arrangements and for paying all associated costs for the moving and/or storage of wine collections.

g. Boats and Trailers

Reasonable expenses are paid by Digital for the shipment of small boats and/or trailers when shipped as part of the household goods shipment. A small boat or trailer must be able to fit within the confines of the van line trailer (max. width 90") and must not require special handling equipment to load or unload. Small recreational or work vehicles (up to 2,000 pounds) are included in this category.

The employee is responsible for all arrangements and costs associated with shipping boats, trailers, recreational vehicles or work vehicles that cannot be shipped within the confines of the van line trailer as part of the household goods shipment. Digital will reimburse employee up to the

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amount that would have been covered if the item fit in the van via a relocation voucher. The amount to be reimbursed will be determined by U.S. Relocation.

If the employee tows a trailer or a recreational vehicle to the new location, the employee may add 5 cents per mile to the mileage reimbursement at the current business rate.

h. Office Effects

Company-owned documents and property are shipped by employee's site Shipping/Receiving Department through Digital interplant transportation.

i. Mobile Homes

If an employee primarily resides in a mobile home and wants to move it, the costs involved to disconnect, transport and install the mobile home are paid by Digital. The assigned van line, under contract with Digital, will make all necessary arrangements through a mobile home move specialty company.

j. Transportation of Automobiles

Transportation of two automobiles is authorized only for moves greater than 350 miles. Only automobiles that are driveable and able to pass a state safety inspection will be transported by the assigned van line. Automobiles must be picked up within 48 hours after arrival at the specified destination. If necessary, automobiles may be shipped 30 days prior to, or after, the actual move of goods.

The employee is offered the option of driving or having the automobile shipped by the van line. If the employee drives his/her own automobile, reimbursement is made at Digital's current business mileage rate. Only automobiles owned by the employee or the employee's dependents, as defined by the Internal Revenue Service, can be moved under this policy.

If a Digital employee continues to participate in the Digital Fleet Program at the new location, the transportation of only one personally owned automobile is paid.

7. INSURANCE COVERAGE

Digital Equipment Corporation does not insure the household goods

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of relocating employees against damage or loss. However, insurance against such damage or loss is provided through a non-Digital insurance company. Digital disclaims any liability for such damage or loss. The employee's sole source of reimbursement for such damage or loss shall be against the insurance company in accordance with the terms of the relevant insurance policy issued by such insurance company.

- a. **Amount Of Coverage** - The employee's household goods items are insured for replacement cost up to a maximum of \$50,000 under the basic policy.

Insurance coverage beyond the basic policy limits may be purchased for the employee by Digital at a reasonable premium through the same insurance company.

The employee must provide documented evidence of excess value to U.S. Relocation prior to the items being packed for shipment in order for the additional insurance coverage to be provided.

If any item is damaged, the insurance company, not Digital, reserves the right to make a determination to repair or replace. If it is determined that an item is repairable, the insurance company will arrange to have the item repaired or compensation will be paid based on the estimated repair cost. If an item is not repairable, compensation will be paid based on the current replacement cost for a like item.

- b. **Items Of Unique Value** - Digital will pay for additional insurance for high value items. The value of each item must be verified by a qualified appraiser. (Insurance coverage will be provided only when U.S. Relocation receives a copy of the written appraisal before the items are packed for shipment.)
- c. **Appraisals** - Appraiser's fees will be reimbursed by Digital when accompanied by the appropriate receipt. Contact U.S. Relocation for names of appraisers.
- d. **Coverage Restrictions** - There is no coverage for:
- * money, coins, jewelry, watches, precious stones, personal papers and animals;
 - * damage associated with pre-existing flaws or imperfections, wear and tear, or atmospheric extremes;

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* one-of-a-kind items of unique sentimental value are limited to value established for like items under current market conditions.

- e. **Filing Claims** - Claims should be filed no later than nine months from date of delivery on an interstate relocation or 90 days on an intrastate move. Refer to the U.S. Relocation Guide for additional information.

Note: Damaged items must be available for inspection.

8. VAN LINE LIABILITY

The Van Line is fully responsible for damage to personal property caused by its negligence (damage to shrubs, trees, walls, etc.). These damages are not covered by the transit insurance policy for household goods. Claims for this kind of damage should be pursued directly with the van line or filed under a homeowner insurance coverage policy.

9. DELIVERY OF GOODS

Digital pays only for the cost of delivery of goods during normal work hours, Monday through Saturday. If the employee must move out of the old home or into the new home on Sunday or a holiday, any additional charges will be paid, if prior approval is obtained from the incoming Cost Center Manager.

Note: In the event that the shipment of household goods results in an overflow requiring more than one truck, both trucks may not arrive on the same day at the new location.

10. SELF MOVE

Trucks or Trailer Rental - If the employee chooses to rent a truck or trailer to move all or part of their personal goods, it must be coordinated directly with the rental agency of the employee's choice. Reasonable and actual expenses for packing materials and rentals qualify for reimbursement. Digital has no formal contracts for these services. Transit and personal liability insurance coverage is the employee's responsibility. Digital assumes no liability for personal injury to employees or other persons who come in contact with the employee or the employee's personal goods while the move is in progress since the employee is acting on their own behalf.

Personal Vehicle - If an employee chooses to move personal goods

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with their own vehicle, they will be reimbursed at Digital's current business mileage rate.

11. TIME OFF

When necessary employees may receive up to three paid working days off to handle various details of the move.

12. HOUSING/LEASE CANCELLATION

If an employee is required to terminate a lease upon moving, Digital reimburses him/her for up to three months rental fees. A copy of the lease or similar documentation and receipt of payment are required.

RELOCATION BENEFITS FOR THE DURATION OF ASSIGNMENT

1. **Miscellaneous Allowance** - In order to assist employees with miscellaneous moving costs, additional tax liability and related expenses moving into the new location and the return to the old location, Digital will pay a miscellaneous relocation allowance of one month's gross salary. The Miscellaneous Allowance is based on the employee's gross salary on the date of job transfer, with a minimum of \$2,000 and a maximum of \$10,000. Miscellaneous Allowances do not require submission of a relocation voucher. Employees are responsible for retaining receipts for personal tax records.

2. **Storage of goods** - For the duration of the assignment, Digital will pay the cost of storing household goods not shipped to the temporary assignment location.

3. **Housing** - Digital will reimburse the employee for unfurnished rental housing (including certain utilities) at the new work location. Utilities that are covered under this policy are limited to electrical bills, normal water charges, heating costs and telephone installation costs. U.S. Relocation in concert with management of new location will determine the cost for unfurnished rental housing at the new work location.

NOTE:

- * Digital will not reimburse the security deposit;
- * Digital will not reimburse any costs associated with buying or selling a home;
- * If an employee chooses to purchase a home at the temporary assignment location, the housing benefit will be void.

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4. **Return Trip Home** - To assist the employee and family in maintaining identity with home location, one return trip home will be reimbursed by the Company for the employee and family for each 12 months of the temporary assignment. The Company will reimburse the employee for actual expenses incurred for direct transportation and lodging for up to 5 days paid time off. No other expenses will be reimbursed.

TAXES

1. Status of Laws (as of the date of this policy)

Under the current U.S. tax laws, Digital must report all relocation expenses and reimbursements to the U.S. Government by adding those payment figures to the employee's W2 Income Statement.

Certain relocation expenses are deductible by taxpayers by means of filing an IRS Form 3903 with their federal income tax return. Deductible expenses are described in the instructions to Form 3903.

A detailed breakdown of relocation reimbursements is furnished to the employee at the end of each calendar year in which relocation payments were made.

Note: Employees are responsible for retaining copies of all relocation vouchers and receipts in order to substantiate tax deductible expenses.

2. Digital Relocation Reporting and Tax Adder

Digital provides each employee with a summary of all relocation payments and reimbursements made during the year and reports the total amount of relocation expenses to the tax authorities as required by law. Digital categorizes expenses as deductible (non-taxable) or non-deductible (taxable) in order to calculate a "tax adder" for each employee. Digital has developed the Tax Adder program in order to assist relocating employees pay tax liabilities resulting from non-deductible moving expense reimbursements. The Tax Adder program is intended to render substantial assistance to employees. It is NOT intended to provide dollar for dollar reimbursement for additional taxes. Digital pays tax adder ONLY with respect to relocating employee's compensation from Digital. No tax adder is paid on employee's and employee's spouse's non-Digital income, gains or losses.

FICA allocations are not considered as taxes. However FICA are required by law to be paid on all compensation and are the

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employee's responsibility.

The tax adder is calculated in December of each year. The amount of adder is only a function of an employee's wages, marital status and the amount of non-deductible relocation expenses processed during the year. Tax adder is treated as additional wage/salary income, withheld into the appropriate tax withholding fields and paid directly to the tax authorities.

Personal tax consultation is NOT reimbursable as the intention of the Miscellaneous Allowance is to offset such expenses.

RETURN FROM TEMPORARY DOMESTIC ASSIGNMENT TO THE OLD WORK LOCATION

1. Househunting trip for Non-homeowners ONLY

A househunting trip for non-homeowners is provided from the temporary assignment location to the old work location. The provisions of this trip are the same as for the househunting trip to the temporary assignment location.

2. Travel Expenses En Route to the Old Location

Reimbursement for these expenses for the relocating employee and dependents should be consistent with guidelines established in the Personnel Policy 5.11 Business Expense. If the employee travels by automobile back to the old work location by automobile, he/she is expected to average 350 miles per day.

3. Moving Expenses to the Old Location

The provisions of the moving expenses from the temporary assignment to the old location are the same as for the moving expenses to the new location. Refer to that section of this policy for details.

4. Temporary Living Allowance at the Old Location

Temporary Domestic Assignees will receive a temporary living payment as follows when they move from the temporary assignment location to old work location:

. Single Employee	\$ 1,750	- Lump Sum
. Employee & Dependent	2,250	- Lump Sum
. Each Additional Dependent	250	- Additional Lump Sum (as defined by IRS)

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- o A relocation voucher for the lump sum temporary living allowance should be submitted by the employee.
- o No receipts are required for reimbursement.
- o Employees are responsible for retaining receipts for personal tax records.

Moves less than 75 miles from current residence to new work location are NOT eligible for the temporary living lump sum payment. However,

- * Reimbursement of up to two nights temporary lodging and meals are allowed, if necessary (receipts required) to cover the time household goods are in transit

5. Insurance Coverage and Delivery of Goods

The provisions for insurance coverage and delivery of goods are the same as the insurance coverage and delivery of goods for the move to the new location of this policy. Refer to that section of this policy for details.

6. Self Move

The provisions for self moves for returning to the old location are the same as described in the section on self move for moves to the new location. Please refer to that section of this policy for details.

7. Personal Vehicle

If an employee chooses to move personal goods with their own vehicle, they will be reimbursed at Digital's current business mileage rate.

8. Housing/Lease Cancellation Charges

If an employee is required to terminate a lease upon moving from the temporary assignment location, Digital will reimburse up to three months' rental fees. A copy of the lease or similar documentation and receipt of payment are required.

9. Time Off

When necessary, up to three working paid time off days are allowed to handle various details of the move.

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OPTIONAL RELOCATION SERVICES

Home/Apartment Finding Assistance

It is the responsibility of the relocating employee to locate a rental property or purchase a primary home at the new location. An approved Digital service provider will arrange for a local community orientation at the new location once a job offer has been extended and prior to the familiarization visit. This service is intended to make home finding in the destination as productive and easy as possible, and is available to all relocating employees at their option. Please contact U.S. Relocation for details on this service.

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Services Organization.

This may include services such as automobile rentals with hand controls, especially equipped vans, hotel rooms with special facilities for the physically challenged, or other reasonable accommodations depending on the individual needs of the employee.

INSURANCE

Flight Insurance

Flight Insurance is not reimbursable to the employee while on travel status since Digital provides travel insurance for this purpose.

Personal Property Insurance

Digital's Corporate Insurance Policy does not cover loss or theft of personal property while traveling. This is the responsibility of the employee.

Automobile Insurance

Avis Rent A Car System, Inc. is the primary car rental supplier in the U.S., Puerto Rico and Canada.

Budget Rent A Car is an auxiliary supplier in the U.S., Puerto Rico and Canada. Budget should be used only when Avis is sold out or does not have an office at the destination location. The Avis and Budget corporate contacts include Loss Damage Waivers that release employees from responsibility for damages to rented vehicles on business rentals within Puerto Rico and the Continental U.S., excluding Hawaii and Alaska.

Loss Damage Waivers (LDW) do not apply to rentals outside of the U.S. However, employees should continue to decline LDW coverage. If damages occur on rentals outside of the U.S. where LDW is not provided, the employee's cost center will be responsible for the deductible amount through the expense voucher process. Contact DECTraveler @MSO or POWDML::DECTRAVELER to obtain information about how to process a claim if payment was with a Diners Club Corporate Card. Diners Club Corporate Charge Card provides LDW coverage worldwide. U.S. based employees should also decline Personal Accident Insurance (PAI).

Access \$VTX Travel CAR section for contract information.

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EXPENSES

Airlines - Commercial

Reimbursement is provided for the lowest logical air fare. Review Travel Savings Programs in \$VTX Travel.

Employees are expected to accept the lowest air fare costs and take alternate flights that depart within two (2) hour travel windows where:

- Flights of four hours or less including all connecting or direct (flight makes a stop - no changing of aircraft) flights not to increase flying time by more than 1 hour.
- Flights of more than 4 hours including connecting or 1 stop flights will not increase flying time by more than 1.5 hours (90 Minutes).

Digital's Travel agencies under contract are required to offer the lowest logical air fare and to recommend cost savings alternatives which may include connecting or one stop flights, alternate airports, and air fares with penalty fees for cancellation or changes to the travel itinerary.

Travel agencies under contract with Digital will produce policy compliance and exception reports for management review on a monthly basis. Managers are required to review the flights at less than the lowest logical air fare with the employee(s) who took those flights to ensure the use of a higher fare was appropriate.

Airline promotions, such as Frequent Flyer programs MUST NOT increase the costs of travel to the company.

International travel will be in coach class for flights of less than eight (8) hours. Business class is authorized for international flights in excess of eight (8) hours.

Downgrading of airline tickets to accommodate the travel of others is prohibited. Digital will only reimburse the employee for the cost of the actual ticket(s) used. In any case, where an employee incurs a cost greater than that covered by policy, the employee will reimburse the Company for the difference.

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Digital. Employees are encouraged to use free tickets accrued through frequent flier points earned on business trips to reduce the costs of future business trips.

Travel Incentives

Many airlines, hotel chains, and car rental companies offer travel incentives through promotional programs and/or individual gifts which provide for upgraded and free/reduced travel. Employees may not intentionally increase the cost of travel to the Company in order to accumulate bonus points or any other incentives. Travel industry gratuities must not be accepted by employees for personal gain.

Other Promotions

Employees are reminded that rewards and other inducements such as denied boarding compensation, (cash, reduced costs for future travel, free tickets) and discount coupons received in conjunction with business travel are Company property and must be returned to the Company.

Familiarization Invitations

It is Digital policy not to accept any familiarization trip offered by an airline, hotel/resort, car rental company, travel agency, steamship company or a city convention or visitor bureau. A familiarization trip is defined as one in which a Digital employee is invited by a hotel/resort, airline, steamship company, travel agency or a city convention/visitor bureau to spend a number of days to become familiar with them at no cost to the employee or Digital in return for expected business.

If there is legitimate reason to visit a facility which is being considered for a meeting, it is Digital policy to expense whatever costs are associated with the site visit.

Under no circumstances is a Digital employee to accept complimentary hotel rooms, meals, airline tickets or any other promotion offered by the aforementioned services.

Combined Business/Vacation Trips

Occasionally employees may wish to combine a business trip with vacation or to have a family member accompany them on a business

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trip. In such cases, only the employee's direct expenses relating to the business purpose of the trip are reimbursed. Expenses incurred by a spouse or other family member or expenses relating to the vacation only are not reimbursed. These trips must be scheduled based upon business practicality not personal convenience.

Off Site Meetings

In some cases off site meetings (e.g. a meeting in a non-Digital facility for which the employee or the Company is charged any fee or additional expense) may be authorized, provided they meet a business need or they represent the most effective way of addressing a business problem. Managers are responsible for insuring the appropriateness of expenses incurred by:

- Obtaining the approval of a Vice President in advance.
- Obtaining the approval of the next higher level of management not in attendance at the meeting.
- Limiting attendance to employees necessary to the business goals of the meeting.
- Limiting expenses for lodging and meals in compliance with Company guidelines.
- Contacting DECTraveler @MSO to help reduce the cost of travel, or POWDML::DECTRAVELER to receive air fare costs, discounted hotel services and meeting planning assistance for meetings requiring Travel planning such as air travel or lodging and other services.

Corporate Charge Cards

Digital will issue Corporate charge cards to employees who anticipate incurring two business-related expenses a year. Employees have a choice of enrolling into the American Express or Citicorp Diners Club Corporate Card Program.

Applications for Corporate cards can be obtained from your Corporate Charge Card Coordinator - Access \$VTX Travel.

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Company issued Corporate cards MUST be used for business travel arrangement, (i.e. air, auto, hotel, meals, and business meetings, etc.). Only the Corporate cards of American Express and Diners Club will be used to charge travel expenses for authorized business trips. These charge cards are intended for use in connection with business related expenses and not personal expenditures.

Payment/Process/Reimbursement

Employees using charge cards are expected to submit expense vouchers for trips requiring air travel and/or an overnight stay within seven days after occurrence of the expense or every two weeks if the employee is on an extended stay. Vouchers for all other expenses charged to a Corporate card may be submitted on a monthly basis, but not more frequently than every 7 calendar days.

Employees are responsible for making full payment to American Express or Diners Club (less any disputed charges) prior to the next billing cycle. Account delinquency may result in suspension or cancellation of charging privileges. Employees who have their card canceled, suspended or revoked either by Digital or the charge card company will not be eligible to obtain another card from either company.

Cost Center Managers are responsible for retrieving corporate charge cards from employees who are terminating. The cut-up card should be returned to your Charge Card Coordinator with a request to cancel the account.

Meals

Access \$VTX Travel for meal guidelines by city. Reasonable expenses for three meals per day while on company business are reimbursed. Employees are responsible for keeping accurate meal expense records including tips. Actual expenses for meals are reimbursed, generally not to exceed \$50.00 per day. Receipts are required for any individual meal over \$25.00. Include Date of expense, actual amount and receipt of payment. Hotel Room Service prices are typically 50% more costly than restaurant charges. Use of room service should be minimized whenever possible.

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Hotels/Lodging

Digital's selected hotels can be found in \$VTX Travel. The selected rates are the guidelines in major cities and will be utilized to achieve cost reductions in lodging expenses.

ALL hotel reservations for business travel must be made through Digital's contracted travel agencies.

Digital has negotiated selected rates with many mid-scale chains/hotels near Digital sites, airports, and major cities. Travelers must use these selected rates when traveling for business as listed in \$VTX Travel. Rates can also be used for personal travel. Where Digital selected rates are unavailable, the lowest hotel rate convenient to business needs must be used. All transient lodging expense must be employee paid and cannot be centrally billed to Digital. Approved methods of guaranteeing rooms for late arrival are Company charge card, personal charge card, advance deposit, check or purchase order.

When travel plans change, all rooms for late arrival must be canceled through the Travel Agency or directly with the hotel. When canceling a hotel, record the cancellation number. No show billings may be assessed if reservations are not canceled. No show bills are the responsibility of the traveler, should not be billed to Digital, and will not be paid for by Digital.

Recent hotel negotiations have limited the use of Corporate I.D. Numbers.

For lodging guidelines for various cities/countries access \$VTX Travel. These rates are based on current surveys and indices and do not include gratuities, local city surcharges and taxes.

Large group events which involve limited hotel space in a centralized geographic area require employees to share a hotel room when appropriate. For example: DECWORLD, training events, DECUS, etc.

Access \$VTX Travel for international hotel rates and listings.

NOTE: All international rates are stated in local currency except where noted. Meals should be consistent with local subsidiary guidelines. These rates are intended as guidelines, for reasonable amounts in most circumstances, and are not to be

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- o The Vice President should prepare a written memo to his or her Organizational Controller identifying the specific employee, group(s) or category of employees eligible for reimbursement for the purchase, lease or usage of cellular/portable telephone equipment or related services.
- o Digital will assist in the employee's purchase of cellular/portable phone equipment by reimbursing the employee for up to 50% of the purchase price to a maximum reimbursement of \$300.00.
- o Only the employee's business calls and associated Federal and/or State taxes (prorated for business usage) will be reimbursed.
- o Employees must submit an original monthly call detail bill, itemizing business calls, when requesting reimbursement.
- o Basic monthly service charges are reimbursable; however expenses for other user service convenience options (i.e., call waiting, voice mail, call forwarding, etc.) will not be reimbursed.
- o Cost Center managers are authorized to review and approve allowable monthly reimbursement limits for business expenses under this policy. Managers will be responsible for ensuring that these expenses are appropriate to achieve Corporate business and profitability goals and are consistent with the rest of the Cellular Telephone section of this policy.
- o Digital's Employee Expense Voucher will be the only method used for the reimbursement of expenses for cellular/portable telephone and related services.
- o Digital assumes no responsibility or liability for the cellular/portable telephone equipment, or related services acquired by the employee, or for the employee's use or monthly bills.
- o While packaged services are not recommended, careful analysis of usage is strongly encouraged to ensure that services appropriate to the employee's historical usage are selected.

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Business Trips Over Three Months

Normally, international business trips with an anticipated duration in excess of three months will be treated as short-term international assignments. For further information on this subject, see the appropriate International Relocation Department.

EXCEPTIONS

All exceptions to the Business Expense Policy will require:

1. Prior approval by the cost center manager for issuance of tickets.
2. The signature normally required for an expenditure of that dollar value for that cost center. Plus, a higher level of expenditure authorization for that cost center based on the Corporate Signatory Authorization File.

NOTE: One signature of individuals on the Corporate Organization Chart (Personnel Policy and Procedures Manual, Section 1.00), or unlimited signers (999999) on the Signatory Authorization File, meet all exception requirements.

NOTE: Temporary delegations must be documented signed by both parties, and a copy enclosed with the voucher.

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TRAINING EXPENSES

This policy applies to Digital employees who are assigned to a Digital training facility in the United States for training or temporary assignment. It also applies to newly-hired employees who are to be assigned to a field location after completion of the training assignment.

TRAVEL EXPENSES

Digital pays for travel expenses incurred by an employee enroute to a training facility and back, including expenses for meals and lodging. Private automobile transportation is reimbursed in accordance with Policy 5.11, Business Expense, Mileage Allowance section. When a cash advance is required it must be obtained from the employee's home location. The sending of advance forms for processing at a training center location is unacceptable.

TEMPORARY LIVING EXPENSES WHILE IN TRAINING

One Week or Less - Students remaining at the training facility for one week or less will be reimbursed for actual and reasonable expenses; expense vouchers are required.

More Than One Week But Less Than Six Months -

- o Per Diem - In addition to base salary and travel expenses, students in training for more than one week but less than six months will receive \$30 per day (holidays included) per diem to cover the expenses of food, laundry, and miscellaneous expenses.
- o Housing - Housing will be arranged for by Educational Services or Sales Training and paid for by Digital. The housing will be either Digital sponsored apartments, which are paid directly by Digital, or Digital sponsored hotel/motel for which the employee receives a housing allowance (in addition to the per diem) equal to the room rate. All housing accommodations must be arranged through Employee Student Services.

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- o Transportation - Educational Services or Sales Training will arrange for local transportation for all employees while attending courses. Employees declining this transportation will receive no allowances in its place. If transportation cannot be arranged, the employee will be reimbursed at the current business mileage rate.
- o Telephone Calls - Employees are allowed one 6 minute personal telephone call home per week.

Greater Than Six Months - If the employee's stay at the training facility is for 6 months or more, then at management's discretion, expenses may be treated as a permanent relocation with the exception of those provisions relating to the sale of homes. In such cases the employee is eligible for relocation reimbursements as provided in the applicable new hire or current employee relocation policy. Alternatively, expenses may be treated as extended per diem.

COURSE BREAKS

Students in training for twelve consecutive weeks are provided with a one-week company paid trip home. This break serves two purposes, it is not only a trip home, but also is a supplement to the learning experience by enabling employees to work in their offices during this period of time. Course breaks are normally given at either the eighth or tenth week of a course.

Allowances may be made at the manager's discretion to exchange the employee's trip home for a round trip plane ticket for the employee's spouse to visit. Only airfare is reimbursed, all other spouse expenses are the responsibility of the employee.

HOLIDAYS

Per diem is paid for holidays. Employees who travel home over a holiday do so at their own expense. Holidays are normally those of the country in which the training takes place.

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SHORT TERM DOMESTIC U.S. BUSINESS ASSIGNMENTS

POLICY

From time to time the company offers employees a Short Term Business Assignment which requires them to move from a present home to a new work location. The company believes that these moves should make good business sense and provide minimal disruption to the employee and the employee's family. These moves must meet the criteria established in the Corporate Employee Relocation Philosophy (5.01). It is the intent of this policy to provide benefits that will make these assignments as easy as possible for the employee, as well as cost effective and simple to administer for the company.

NOTE: EXPENSES INCURRED UNDER THIS POLICY WILL BE TREATED AS BUSINESS EXPENSES EXCEPT WHERE OTHERWISE NOTED.

Length of Assignment - This policy applies to employees who are offered an assignment to a designated location for a specific length of time which will be at least 3 months and not to exceed 1 year.

Written Agreement - The employee's home location manager must provide a written agreement containing the company objectives of the employee's assignment, the assignment location, the expected duration of the assignment, and the commitment that the employee will return to the home organization at the end of the assignment. This written commitment must be as specific as possible and include the job title and job duties that the employee will have upon returning home.

Required Approval - Approval of this agreement will be by the appropriate Group Personnel or Area Personnel Manager and the respective Group or Area Function Manager.

POLICY PROVISIONS

Travel to and from the Assignment Location - Travel expenses incurred by the employee going to and from the assignment location are reimbursed in accordance with the provisions of the Business Expense Policy.

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Employees are encouraged to drive their cars to the short term work location. When travelling by auto, the employee is expected to average 350 miles per day.

When it is not possible to drive a personally owned vehicle to the short term work location, a leased car will be provided at the beginning of the assignment and for the duration of the assignment.

NOTE: IF THE FAMILY ACCOMPANIES THE EMPLOYEE TO THE NEW WORK LOCATION, THE TRAVEL EXPENSES FOR THE ACCOMPANYING FAMILY MEMBERS MUST BE TREATED AS RELOCATION EXPENSES, AND MUST BE SUBMITTED ON RELOCATION VOUCHERS IN ORDER TO COMPLY WITH TAX LAWS.

EMPLOYEE EXPENSES ARE TREATED AS BUSINESS EXPENSES AND MUST BE SUBMITTED ON BUSINESS EXPENSE VOUCHERS.

Temporary Living - If the employee is unable to move immediately into rental accommodations at the new work location, actual and reasonable expenses for lodging and meals will be reimbursed for up to two weeks at the start of the assignment for the employee and accompanying family members.

Housing - The company will reimburse the employee for reasonable furnished rental housing, including certain utilities, in the new work location. Utilities that are covered under this policy are limited to electrical bills, normal water charges, heating costs, and basic service monthly telephone costs. Local management in the new work location will determine what is a reasonable cost for furnished rental housing in the new work location based on whether the employee is alone or accompanied by family.

The employee is responsible for all costs associated with maintaining a home at the original work location.

Miscellaneous Allowance - In order to assist with miscellaneous moving costs associated with the short term assignment (shipping personal effects, tax preparation, etc.), the employee will receive a one-time allowance of \$500 (no receipts required) at the beginning of the assignment.

NOTE: THIS \$500 MISCELLANEOUS ALLOWANCE MUST BE SUBMITTED ON A RELOCATION VOUCHER, NOT A BUSINESS VOUCHER, IN ORDER TO COMPLY WITH TAX LAWS.

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Per Diem - Each employee on Short Term Business Assignment will receive \$25.00 per day (weekends, holidays and vacation time included) to assist with miscellaneous incremental expenses as a result of the assignment.

Return Trips Home - If the employee is unaccompanied by family, the Company will reimburse one return trip home to the home work location for the weekend every three weeks. In lieu of the employee returning to the home work location, the Company will reimburse travel expenses for the spouse to visit the employee.

If the family accompanies the employee, the Company will not provide reimbursement for travel back to the home work location during the period of the short term assignment.

NOTE: EXPENSES FOR THE SPOUSE TO TRAVEL TO VISIT THE EMPLOYEE MUST BE SUBMITTED ON RELOCATION VOUCHERS IN ORDER TO COMPLY WITH TAX LAWS.

TAXES

Within the terms of the policy, Digital regards these expenses as Business Expenses and not as remuneration for services. For any expenses associated with this policy that are considered taxable income to the employee, the Company provides an additional amount of money to assist with the employee's tax liability. This additional money is called a "tax adder" and is calculated at the end of the calendar year and paid to the employee's withholding accounts.

In addition, short term business assignments may cause an increase in employee's state income tax liabilities. Digital will provide assistance in meeting those increased liabilities through a "tax adder" payment which will be made by Digital to the state taxing authorities at the end of the calendar year.

If the State where the employee is working on the short term assignment assesses less income tax than the home state, the employee needs to consider whether to make estimated tax payments to the HOME STATE during the assignment in order to ensure that home state tax obligations are met.

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ADMINISTRATION

Employees who accept a Short Term Domestic (U.S.) Business Assignment must be transferred to a pay site at the temporary work location at the beginning of their assignment.

As noted above, most employee expenses associated with this policy will be treated as Business Expenses; with the exception of the \$500 Miscellaneous Allowance, and travel expenses incurred by family members, which must be treated as Relocation Expenses.

Business Expenses (Per Diem, Reimbursement for Housing, Employee Travel) must be submitted on Business Expense Vouchers. Travel expenses for Family Members and reimbursement for the Miscellaneous Allowance must be submitted on Relocation Vouchers.

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GROUP MOVES

From time to time Digital finds it necessary to move portions of the business from one location to another. In cases where the group is moved more than 15 miles but less than 60 miles relocation provisions in addition to those previously mentioned in Section 5.05, Relocation of Current Employees will apply as indicated below.

Timing

Typically employees should be allowed to move up to six months before or twelve months after assignment to the new site. The extended time period is meant to meet individual needs and to reduce the potential of adverse community effect.

Commuting Reimbursement

In applying the group move policy there may be times when an employee will be subject to unusual commuting mileage. The Company will reimburse the employee for up to six months for mileage in the following instances:

Condition	Calculation Method
o Employee moves before the group moves to the new site. Reimbursement continues until the group moves but for no longer than six months.	New home to current worksite minus old home to current worksite.
o Employee is hired or transferred before the group moves to the new site. Reimbursement continues until the group moves but for no longer than six months.	New home to current worksite minus new home to new worksite.
o Employee moves after the group moves to the new site or, employee elects to stay in current home.	Home to new worksite minus home to old worksite.

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NOTE: To qualify for commuting reimbursement the employee must meet the criteria for eligibility for a group move and the mileage eligibility requirements of Policy 5.05, Relocation of Current Employees.

Temporary Work Location

Under the group move policy qualifying employees will be eligible for one Company paid relocation. In instances where employees are assigned to temporary work locations before assignment to the permanent work site additional provisions for relocation may be required. Such cases must be reviewed with the Corporate Personnel Policies and Procedures Manager.

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BUSINESS EXPENSE

SCOPE: WORLDWIDE

POLICY:

Digital employees are often required to incur costs and expend Company resources in meeting their day-to-day responsibilities. The wise and efficient use of these Company resources is the responsibility of every employee. Employees making decisions about whether to expend Company resources should ask themselves whether the expenses are necessary and in support of the legitimate interests of the business. While all employees are expected to protect the assets of the Company, managers have a special fiduciary responsibility to ensure that Company assets are used appropriately and in accordance with Company policy.

Digital reimburses employees for actual and reasonable travel expenses incurred while conducting company business. Employees are expected to use good judgment when incurring business expenses and for promptly and correctly reporting such expenses. This includes expense claims and purchase orders. Authorized approvers are responsible for reviewing and approving business expense claims to assure expenses are justified and in accordance with this policy. The direct approver must not be directly or indirectly a beneficiary of the expenditure.

Managers are responsible for compliance with business expense policies and for cost-effective management of actual business expenses. Managers will pre-approve only essential business trips and ensure that the right number of employees are traveling to support the business need. Unless a business emergency dictates a shorter interval, employees are required to book travel 14-21 days in advance, making all arrangements through the travel agencies under contract and for utilizing Digital selected suppliers. Reimbursement for air, car, and hotel expenses will occur only if booked through the agency under contract.

PRACTICE:

Administration:

Travel Authorization

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- All business travel requires pre-approval through the use of a Travel Authorization Form (TAF). An electronic or hardcopy TAF is required for each business trip. The Travel Authorization Form is available on line in \$VTX TRAVEL.
- Employees using the Corporate charge cards for travel will retain their TAF in the cost center incurring the expenses and keep the forms in the cost center for record retention purposes.
- Employees that do not have a Corporate charge card and centrally bill their travel will be required to present a properly authorized TAF to the ticket distribution center or to the Digital contracted travel agency to obtain airline tickets or automobile vouchers. TAFs for central bill (Company paid) charges will be forwarded to the central bill reconciliation department for record retention.
- All international travel will require the written approval/sponsorship of the Senior Leadership Team Committee member or designee associated with the particular business.
- It is the full responsibility of the approver to obtain appropriate signatures for business travel-related expenses. It is not the responsibility of the custodian of airline tickets, Travel Authorization Forms, or advances to check for appropriate signatures.

Travel Advances:

To minimize the need for business advances, employees are expected to use Corporate charge cards for travel to pay for travel expenses.

Travel Advances are available to assist employees in paying out-of-pocket expenses. Normal daily business advance limits are \$25.00 per day or \$200 per trip, whichever is greater, for domestic (U.S.) travel and \$50.00 per day or \$400 per trip, whichever is greater, for international travel.

Expense Claims (Vouchers):

The Employee Expense Claim must be used for reimbursement of expenses for travel and business meetings. Employees are expected to submit expense claims for trips requiring air

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travel and/or an overnight stay within seven days after occurrence of the expense or every two weeks if the employee is on an extended stay. All other expense claims (including special mileage reimbursement claims) may be submitted for reimbursement every 90 days, but not more frequently than every 7 calendar days.

Miscellaneous Procurement Vouchers (U.S. only):

Miscellaneous Procurement Claims must be used for miscellaneous purchases (not to exceed \$250.00) paid for by the employee which are not of a recurring nature. All purchases on a miscellaneous procurement claim require an original receipt.

Receipts - Description of Expense:

- Original receipts for all individual actual expenses of \$25.00 or more. The receipt must identify the; name of the establishment where the expense was incurred, date of expense, actual amount incurred, type of expense and receipt of payment.
- IRS Requirements (U.S. Law)
- Overseas travel must include receipts of the exchange rates to identify applicable conversion rate. Also a foreign currency conversion worksheet must be included with the expense claim.

Returned Check Fees/Repayment of Debts:

An employee is required to reimburse the Company for any fees, expenses, charges, penalties or other costs the Company incurs because a check given by that employee is returned from the bank without payment. Failure to repay amounts due the Company under this policy, (i.e. for outstanding advances or undocumented expenses) may result in Corrective Action and Discipline, up to and including termination of employment.

Travel Arrangements:

Access \$VTX TRAVEL for listings of contracted travel agencies for car and hotel suppliers. Use of these agencies allows the Company to take full advantage of cost savings opportunities and volume discount programs.

To make en-route or after-hour changes, contact the agency's 24-hour toll-free service for assistance. They will have access to your travel profile, Company policy, and itinerary.

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EMPLOYEES WITH DISABILITIES:

Travel agencies under contract with Digital will provide identified physically challenged employees with travel services necessary to conduct their business travel needs. Determinations of eligibility for these services is through Digital's Health Services Organization.

This may include services such as automobile rentals with hand controls, specially equipped vans, hotel rooms with special facilities or other reasonable accommodations depending on the individual needs of the employee.

INSURANCE:

Flight Insurance:

Flight insurance is not reimbursable to the employee while on travel status since Digital provides travel insurance for this purpose.

Personal Property Insurance:

Digital's Corporate Insurance Policy does not cover loss or theft of personal property while traveling. This is the responsibility of the employee.

Automobile Insurance:

Avis Rent A Car System, Inc. is the primary car rental supplier in the U.S., Puerto Rico and Canada.

Budget Rent A Car is an auxiliary supplier in the U.S., Puerto Rico and Canada. Budget should be used only when Avis is sold out or does not have an office at the destination location. The Avis and Budget corporate contracts include loss damage waivers that release employees from responsibility for damages to rented vehicles on business rentals within Puerto Rico and the continental U.S., excluding Hawaii and Alaska.

Loss damage waivers (LDW) do not apply to rentals outside of the U.S. However, employees should continue to decline LDW coverage. If damages occur on rentals outside of the U.S. where LDW is not provided, the employee's cost center will be responsible for the deductible amount through the expense claim process. Access \$VTX TRAVEL under Car Rental or Corporate Charge Card sections for information as to how to process a claim. U.S. based employees should also decline personal accident insurance (PAI).

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EXPENSES:

Airlines - Commercial:

Reimbursement for air travel expense will occur at the lowest fare offered by the travel agency meeting business requirements. Review Travel Savings Programs in \$VTX TRAVEL.

Employees are expected to accept the lowest air fare costs and take alternate flights that depart within two (2) hour travel windows where:

- Flights of four hours or less including all connecting or direct (flight makes a stop - no changing of aircraft) flights will not increase total travel time by more than 1 hour.
- Flights of more than 4 hours including connecting or 1 stop flights will not increase total travel time by more than 1.5 hours (90 minutes).

Travel agencies under contract with Digital will produce policy compliance and exception reports for management review on a monthly basis. Managers are required to review the flights at greater than the lowest logical air fare with the employee(s) who took those flights to ensure that the use of a higher fare was appropriate.

Airline promotions, such as Frequent Flier programs must not increase the costs of travel to the company. Employees are encouraged to use free tickets accrued through Frequent Flier points earned on business trips to reduce the costs of future business trips.

International travel will be in coach class for flights of less than eight (8) hours. Business class is authorized for international flights in excess of eight (8) hours.

Downgrading of airline tickets to accommodate the travel of others is prohibited. Digital will reimburse the employee only for the cost of the actual ticket(s) used. In any case, where an employee incurs a cost greater than that covered by policy, the employee will reimburse the Company for the difference.

Chartered Air Service:

Requests for chartered aircraft must be coordinated through Digital's Aviation Services group.

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Automobile Rentals:

All business travel reservations for car rentals must be made through Digital's contracted travel agencies.

Automobile rentals may be used when public transportation or Company-provided vehicles are unavailable or inadequate. If driving less than 25 miles, taxis or other ground transportation, such as airport shuttles, may be more cost-effective. Contact the travel agencies under contract with Digital for additional options and for assistance in reserving ground transportation.

Reimbursement for car rental costs will be at the Digital contracted rates offered by the car rental suppliers under contract.

Due to pricing and insurance coverages provided by the corporate contracts with Avis and Budget, other car rental companies should not be used.

Compact cars will be used when renting. To further reduce car rental costs, double up with other employees on car rentals whenever possible. A larger vehicle is acceptable and more economical than renting three (3) or more separate vehicles.

Employees will refuel car rentals prior to drop-off to avoid high cost fuel surcharges.

For automobile rental information and I.D. numbers access \$VTX TRAVEL CAR under Car Rentals.

Company Cars:

Employees visiting Corporate Headquarters should contact In-house Vehicle Services to determine if Company vehicles are available during the visit.

Mileage Allowance:

It is Digital's intention that employees will pay for their own mileage between their place of residence and their workplace. Any required business mileage incurred during the workday in excess of that normal commute will be compensated in accordance with our business mileage policy.

Employees are encouraged to use regularly scheduled Company aircraft/shuttle vehicles whenever possible. Where personal vehicles must be used, the amount of reimbursement is based on

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actual business miles driven.

This policy also applies to those employees who are using vanpools or carpools to commute to work. Mileage reimbursement is provided, as measured per vehicle odometer, to these employees only when they drive their personal vehicle and when the mileage incurred in a workday exceeds that of the normal commuting mileage as defined above.

Reimbursement for U.S. locations is as follows:

22.5 cents per mile

This provision does not apply to field personnel who are governed by the Business Transportation Policies and Procedures or to Digital employees outside the U.S. where local mile/km. policies are defined.

Other Transportation Policies:

The Company places limitations and restrictions on transportation practices. For additional information on transportation policies see Personnel Policy 5.12, Use of Private Aircraft on Company Business; Personnel Policy 5.17, Group Travel Limitations; and Personnel Policy 5.18, Non-Business Aircraft Usage.

Travel Incentives:

Many airlines, hotel chains, and car rental companies offer travel incentives through promotional programs and/or individual gifts which provide for upgraded and free/reduced travel. Employees may not intentionally increase the cost of travel to the Company in order to accumulate bonus points or any other incentives. Travel industry gratuities must not be accepted by employees for personal gain.

Employees are reminded that rewards and other inducements such as denied boarding compensation (cash, reduced costs for future travel, free tickets) and discount coupons received in conjunction with business travel are Company property and must be returned to the Company.

Familiarization Invitations:

It is Digital policy not to accept any familiarization trip offered by an airline, hotel/resort, car rental company, travel agency, steamship company or a city convention or visitor bureau. A familiarization trip is defined as one in which a

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Digital employee is invited by a hotel/resort, airline, steamship company, travel agency or a city convention/visitor bureau to spend a number of days to become familiar with them at no cost to the employee or Digital in return for expected business.

If there is legitimate reason to visit a facility which is being considered for a meeting, it is Digital policy to expense whatever costs are associated with the site visit.

Under no circumstances is a Digital employee to accept complimentary hotel rooms, meals, airline tickets or any other promotion offered by the aforementioned services.

Combined Business/Vacation Trips:

Occasionally employees may wish to combine a business trip with vacation or to have a family member accompany them on a business trip. In such cases, only the employee's direct expenses relating to the business purpose of the trip are reimbursed. Expenses incurred by a spouse or other family member or expenses relating to the vacation only are not reimbursed nor should add cost to the employee's travel expense. These trips must be scheduled based upon business practicality, not personal convenience.

Off-Site Meetings:

In some cases off-site meetings (e.g., a meeting in a non-Digital facility for which the employee or the Company is charged any fee or additional expense) may be authorized, provided they meet a business need or they represent the most effective way of addressing a business problem. Managers are responsible for ensuring the appropriateness of expenses incurred by:

- Obtaining the approval of a Vice President in advance.
- Obtaining the approval of the next higher level of management not in attendance at the meeting.
- Limiting attendance to employees necessary to the business goals of the meeting.
- Limiting expenses for lodging and meals in compliance with Company guidelines.

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- Contacting DECTraveler @MSO to help reduce the cost of travel, or POWDML::DECTRAVELER to receive air fare costs, discounted hotel services and meeting planning assistance for meetings requiring travel planning such as air travel or lodging and other services.

Corporate Travel Charge Cards:

Company-issued Corporate cards must be used for business travel arrangements (e.g., air, auto, hotel, meals, and business meetings, etc.). Only the approved Corporate cards will be used to charge travel expenses for authorized business trips. These charge cards are intended for use in connection with business related expenses and not personal expenditures.

Digital will issue Corporate charge cards to frequent travelers who anticipate incurring two business-related expenses a year.

Frequent travelers will be reimbursed **ONLY** for air, car, and hotel expenses charged on the Digital corporate charge card.

Applications for Corporate cards can be obtained from your Corporate Charge Card Coordinator - Access \$VTX TRAVEL Corporate Card.

Employees are responsible for making full payment to the charge card suppliers (less any disputed charges) prior to the next billing cycle. Account delinquency may result in suspension or cancellation of charging privileges. Employees who have their card canceled, suspended or revoked either by Digital or the charge card company will not be eligible to obtain another Corporate card.

Cost center managers are responsible for retrieving Corporate charge cards from employees who are terminating. The cut-up card should be returned to your Charge Card Coordinator with a request to cancel the account.

Meals:

Access \$VTX TRAVEL for meal spending limits by city. Employees are responsible for keeping accurate meal expense records including tips. Receipts are required for any individual meal over \$25.00. The receipt must identify the: name of the establishment, where the expense was incurred, date of expense, actual amount incurred, type of expense and receipt of payment. Hotel room service prices are typically 50% more costly than restaurant charges. Use of room service should be minimized whenever possible.

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Hotels/Lodging:

All hotel reservations for business travel must be made through Digital's contracted travel agencies. Reimbursement for lodging expenses will be at the hotel rate offered by the travel agency meeting business requirements.

Access \$VTX TRAVEL for all hotel rates and spending limits.

The selected rates are the city spending limits and will be utilized to achieve cost reductions in lodging expenses. These rates are based on current surveys and indices and do not include gratuities, local city surcharges and taxes.

Digital has negotiated selected rates with many mid-scale chains/hotels near Digital sites, airports, and major cities. Rates can also be used for personal travel. Where Digital selected rates are unavailable, the lowest hotel rate convenient to business needs must be used. All individual lodging expense must be employee paid and cannot be centrally billed to Digital. Approved methods of guaranteeing rooms for late arrival are Company charge card, personal charge card, advance deposit, check or purchase order.

When travel plans change, all rooms for late arrival must be canceled through the travel agency or directly with the hotel. When canceling a hotel, record the cancellation number. "No show" billings may be assessed if reservations are not canceled. "No show" bills are the responsibility of the traveler, should not be billed to Digital, and will not be paid for by Digital.

Recent hotel negotiations have limited the use of Corporate I.D. numbers.

Large group events which involve limited hotel space in a centralized geographic area require employees to share a hotel room when appropriate. For example: DECWORLD, training events, DECUS, etc.

Alternate Lodging:

Employees who stay with friends or relatives on a business trip are authorized a reimbursement of \$20.00 per day, or the local country equivalent, to provide the host/hostess with assistance in defraying the additional expenses of lodging for the employee.

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Other reasonable expenses incurred by the employee for meals are reimbursed according to Company guidelines.

MISCELLANEOUS:

Additional reimbursable items are ground transportation (e.g., taxis, shuttles to airport, parking and tolls.)

Telephone:

The Company's DTN network or Company telephone credit cards should be used to reduce the cost of long distance calls. Long distance calls should not be placed through hotel desks due to the significant surcharges which are often added, especially when overseas. Personal calls may be allowed when the employee is away over extended periods of time. Employees are expected to use good judgment concerning the frequency of such calls.

Cleaning, Pressing and Laundry:

Reimbursable only on expenses actually incurred during a trip of more than 5 days. Claims for these laundry expenses must be submitted within 7 workdays after completion of the trip.

Tipping:

Meals - Reasonable judgment should be used regarding tipping. Generally, 15% is considered reasonable, which should be included with the cost of the associated expense, where applicable.

Non-Meal - Porters \$0.50 - \$1.00 per bag. Gratuities for house-cleaning room services \$1.00 per day.

Non-reimbursable Items:

Items of a personal nature are not reimbursable. Examples are:

- o Personal Goods - Cigarettes, magazines, newspapers, toilet articles.
- o Personal Entertainment - Theater, movies, sports events, in-hotel room cable television charges, etc.
- o Personal Dues to Clubs - Airline, car rental and hotel membership clubs, memberships for other clubs or credit cards not authorized by the Company, private insurance coverage apart from Company-approved business travel insurance.

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- o Personal expenses incurred at home as a result of being away on a Company business trip are not reimbursed. Examples include child care fees, snow removal, lawn care, boarding for pets, etc.
- o Personal Bar Bills
- o Personal Items - Digital will not normally reimburse employees for personal items lost/stolen while on Company business.

Cellular/Portable Telephones:

Because of the high costs associated with their use, Digital normally does not support the purchase or lease of cellular/portable telephones, employee reimbursement for calls made on those phones or the costs of related service.

At the same time Digital recognizes that cellular/portable phones and related services may be an appropriate and cost-justified business tool in limited situations. As such, where the Vice President of a Digital organization determines that cellular/portable telephones are an appropriate, cost-justified business tool for a specific employee or group of employees within his/her organization, those employees will be permitted to purchase, lease or use cellular/portable telephones and related services under the following conditions:

- o The Vice President should prepare a written memo to his/her Organizational Controller identifying the specific employee, group(s) or category of employees eligible for reimbursement for the purchase, lease or usage of cellular/portable telephone equipment or related services.
- o Digital will assist in the employee's purchase of cellular/portable phone equipment by reimbursing the employee for up to 50% of the purchase price to a maximum reimbursement of \$300.00.
- o Only the employee's business calls and associated federal and/or state taxes (prorated for business usage) will be reimbursed.
- o Employees must submit an original monthly call detail bill, itemizing business calls, when requesting reimbursement.

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- o Basic monthly service charges are reimbursable, however, expenses for other user service convenience options (i.e. call waiting, voice mail, call forwarding etc.) will not be reimbursed.
- o Cost center managers are authorized to review and approve allowable monthly reimbursement limits for business expenses under this policy. Managers will be responsible for ensuring that these expenses are appropriate to achieve Corporate business and profitability goals and are consistent with the rest of the Cellular/Portable Telephone section of this policy.
- o Digital's Employee Expense claim will be the only method used for the reimbursement of expenses for cellular/portable telephone and related services.
- o Digital assumes no responsibility, or liability for the cellular/portable telephone equipment, or related services acquired by the employee, or for the employee's use or monthly bills.
- o While packaged services are not recommended, careful analysis of usage is strongly encouraged to ensure that services appropriate to the employee's historical usage are selected.

Business Trips Over Three Months:

Normally, international business trips with an anticipated duration in excess of three months will be treated as short-term international assignments. For further information on this subject, contact the International Relocation Department.

EXCEPTIONS:

Exception approvals for reimbursement under this policy must be granted by a member of the Senior Leadership Team or his/her designee.

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USE OF PRIVATE AIRCRAFT ON COMPANY BUSINESS

Qualified employees are authorized to use privately owned aircraft for Company business travel, provided conditions set forth in this policy are met and prior written approval has been received. Passengers are not authorized.

AUTHORIZATION

Employee travel by private aircraft may be authorized by the employee's group Vice President if each of the following conditions are met:

- o The aircraft is properly registered under an Airworthiness Certificate issued by the approval authority.
- o The pilot is a Company employee who possesses a currently valid pilot certificate issued by the approval authority.
- o The pilot/owner of the aircraft shall furnish Digital with a Certificate of Insurance evidencing the following:
 - o Aircraft liability coverage for bodily injury and property damage in a combined single limit of at least \$1,000,000.
 - o Digital Equipment Corporation as an additional insured on the policy.
 - o The policy contains a waiver of the insurer's subrogation rights against Digital.

PERSONNEL INSURANCE COVERAGE

When the above conditions are met, pilots traveling by private aircraft on Company business are covered by and in accordance with the conditions of Digital's Group Travel Accident Insurance in the same manner as when they travel by any other means on Company business (subject to a catastrophe limit of \$50,000,000 or U.S. equivalent per aviation accident).

PASSENGERS

Employees and customers are prohibited from accompanying employees who are piloting the aircraft.

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REIMBURSEMENT

Digital policy states that no additional expense over and above customary travel be incurred by the Company when private aircraft are used on Company business. Good judgment should be considered in individual reimbursement situations.

Reimbursement should be made at the lesser of:

Actual aircraft rental expense (use local competitive rental rates for employee owned aircraft)

or

The amount spent while using customary travel means (private auto or commercial air), including avoided non-transportation costs (lodging, meals, etc.).

Once again, use of private aircraft on Company business should not result in additional expense to the Company.

APPROVAL TO PILOT PRIVATE AIRCRAFT ON COMPANY BUSINESS TRAVEL

Application for approval to pilot private aircraft on Company business travel may be made by submitting a written request to the Organizational Vice President and Controller, and should specify a time period not to exceed one year. Approval is granted by the signatures of the above mentioned two staff members on the request memo.

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BUSINESS TRAVEL ACCIDENT INSURANCE

SCOPE: WORLDWIDE

POLICY

Digital provides its employees and employees of its majority-owned subsidiaries protection against certain risks incurred while on a bona fide business trip - that is, a trip that is made at the direction of and authorized by Digital to further the business of the company. To provide this protection, we carry - at no cost to the employee - a Business Travel Accident Insurance Policy.

PROVISIONS OF THE PLAN

Eligibility - All regular and temporary employees are eligible. Coop students are also eligible.

Coverage - Coverage is provided on a 24-hour basis anywhere in the world while on a bona fide business trip. Coverage begins at the actual start of the trip, whether it be from employee's place of assignment or home, whichever occurs last, and terminates upon return to his or her place of assignment or home, whichever occurs first. Normally, everyday travel to and from work is not covered. An exception to this provision would be a Digital employee traveling to and from a customer site to which he/she is assigned. For additional information on coverage for vacations taken in conjunction with business trips or coverage for employees participating in Plant/Facility Emergency Organizations contact Corporate Benefits Administration in Personnel.

Benefits - The principal sum for employees is equal to the annual base salary, rounded to the next higher \$1,000 and multiplied by five, subject to a minimum of \$100,000 and a maximum of \$1,000,000. The maximum payable under the policy as a result of any one accident in an aircraft is \$50,000,000 per accident. If injury results in any of the following losses within 365 days after the date of the accident, benefits are payable in accordance with the following schedule:

Loss of life	Principal sum
Loss of two or more members	Principal sum
Loss of speech and hearing	Principal sum
Loss of one member	One-half principal sum
Loss of speech or hearing	One-half principal sum
Loss of thumb and index finger of same hand	One-fourth principal sum
Permanent total disability*	Up to principal sum

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*Permanent Total Disability - If injuries, commencing within 180 days after an accident, cause continuous total disability for one year (that is, complete inability to perform every duty of the Insured's occupation) and if the Insured is then judged to be permanently and totally disabled (the inability to engage in any substantially gainful occupation or employment for which the Insured is fitted by reason of education, training and experience and is determined by competent medical authority to be so disabled for the remainder of the Insured's life) the full Principal Sum will be paid, less any amount paid or payable under this Plan as a result of the same accident with respect to the Insured.

Only one benefit (the larger) is paid for an accident resulting in the loss of more than one member listed.

Exclusions - No payment is made for loss resulting from suicide, self inflicted injuries, disease or bacterial infection unless arising from a covered accident or injuries incurred while in the military service. For a more detailed list of exclusions see the note below.

Beneficiary - In the event of loss of life the insurance payment is made to the employee's beneficiary as designated under their Group Life Insurance Policy, unless the employee has designated to Digital a different beneficiary in writing. If no beneficiary has been designated, payment is made to the employee's estate. Any other benefit resulting from bodily injury is payable to the employee.

NOTE

This is intended only as a brief outline of the Business Travel Accident Insurance Policy. Additional information or details regarding the policy may be obtained from Benefits Administration in Personnel. While Digital expects to keep this coverage in force indefinitely, it must, by necessity, reserve the right to modify or terminate the coverage at any time. Notification of any modification or termination is made by a general announcement.

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GROUP TRAVEL LIMITATIONS

SCOPE: WORLDWIDE

A serious accident involving a small number of key Company personnel could have a serious effect on our ability to conduct business. Because of this risk, group travel in a single aircraft should be limited.

- o Each Senior Leadership Team member must monitor the travel plans of key personnel within his or her organization to prevent the formation of a travel group, the loss of which would compromise the effectiveness of that organization.
- o The charter of large aircraft for employee group travel should be avoided. Minor cost savings are more than offset by increased administrative workload and increased operational and insurance liabilities.

Executive Travel Limitations

Individual trips may not include more than the following number of executives traveling together on one flight:

- o President and/or control group Vice Presidents 2
- o Senior Leadership Team 3

No more than four (4) of the above levels may travel together.

It is the responsibility of the Trip Sponsor to review the passenger list, to understand and evaluate the risk and of key people traveling together.

EXCEPTIONS:

Any exceptions to the Executive Travel Limitations Policy requires approval by the Vice President of Human Resources or Vice President of Executive Operations.

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NON-BUSINESS AIRCRAFT USAGE

SCOPE: WORLDWIDE

Use of Digital owned or operated aircraft for any purpose not directly related to the pursuit of the Corporation's business interests is strictly prohibited. This prohibition specifically applies to use as personal transportation for any person, without regard to Company relationship.

Emergency, search and rescue, and public relations flights of a limited nature are authorized and shall be considered a normal course of business. Special care must be exercised when authorizing the use of Company-owned or -operated aircraft for public relations purposes. These flights may be authorized only by the aviation manager. Prepared waiver forms must be completed for all passengers on public relations flights.

Usage must comply with all criteria of the U.S. Internal Revenue Service (IRS) Section 1.61-21(G) and FAA Part 91 Regulations and/or any other legal requirements from other countries.

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INTERNATIONAL RELOCATION POLICY

The following is reprinted from the International Relocation Policy Manual

SCOPE: WORLDWIDE

PHILOSOPHY:

It is Digital's intent to staff its operations in each country with local employees. This intention is rooted in Digital's commitment to be a good corporate citizen in every country where it operates. Staffing with local employees is a sound business practice.

There is a significant financial cost to Digital and considerable disruption to the employee and family associated with international assignments. Digital therefore believes that such assignments should be considered only when it is necessary to meet business objectives.

The particular occasions necessitating an international assignment will be when there is no local person in a country available to perform a particular job or when an international assignment is an appropriate development activity for an employee to achieve his/her approved development plan.

Such occasions should arise only for positions and employees at middle and upper management levels, or where a high degree of technical skill or specialized knowledge is required.

International assignments are intended to be temporary and employees are expected to return to the Home country at the conclusion of their assignments.

While on assignment, employees are expected to maintain ties to the Home Country through periodic home leaves, meetings and conversations with their Home Country Career Managers, and by remaining in their Home country benefits plans, whenever possible.

While on assignment, employees are expected to adapt to the local culture by learning (or at least attempting to learn) the language, by living among locals, and by making an effort to understand local customs in their daily business and personal lives.

It is Digital's intention that employees on international assignment will neither significantly gain nor significantly lose financially as a result of the assignment.

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Digital's policies and procedures regarding compensation and benefits for international assignments will be comprehensive and competitive in order to treat employees fairly and also to allow for flexibility in dealing with different situations.

CRITERIA AND APPROVAL PROCESS FOR TEMPORARY INTERNATIONAL ASSIGNMENTS

There are two kinds of circumstances in which a Temporary International Assignment may be necessary: one is focused on the job, and one is focused on employee development, both of which must be consistent with business needs.

I. - JOB FOCUSED ASSIGNMENTS

There are three situations where it may be necessary to fill a job with an International Assignee.

- o Start-up operations in a new country where it is necessary to train locally hired employees about the Digital culture and the Digital way of doing business. It is the responsibility of the International Assignee to develop a local employee as a replacement.
- o Managerial experience or technical skills are not locally available. It is the responsibility of the International Assignee to develop a local employee as a replacement.
- o Transfer technology from one country to another.

FUNDING RESPONSIBILITY FOR JOB FOCUSED ASSIGNMENTS

Relocation costs to the Host location and back to the Home location are the responsibility of the Host Country Organization.

Costs during the assignment (salary, benefits, and assignment allowances) are also the responsibility of the Host Country Organization.

Approval Process for Job Focused Assignments

In order for a Job Focused International Assignment to take place, both the position and the candidate must be approved for the International Assignment.

An approval form must be completed and submitted to the International Assignments Representative.

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Position Approval

Written justification for the Position to be filled via an International Assignment must contain the following:

- Efforts made to fill the job locally
- Impact on the business if the position is not filled
- Cost estimate for the proposed assignment

Written approvals for the Position to be filled with an International Assignment, must at a minimum, be obtained from the following people:

- Hiring Manager
- Member of the Senior Leadership Team
- Corresponding Personnel Managers/Consultants

Candidate Approval

The Candidate for the International Assignment must also be approved. This approval must contain a written Repatriation Plan as determined by the Home Country Career Manager, and the following signatures:

Home Country Approvals:

- Candidate's Immediate Manager and Personnel Manager/Consultant
- Candidate's Home Country Career Manager
- Vice President of returning organization (as identified in the Repatriation Plan)

Host Country Approvals:

- The Hiring Manager and His/Her Personnel Manager/Consultant
- The Hiring Manager's Manager

II. DEVELOPMENT FOCUSED ASSIGNMENTS

There is one situation where it is appropriate to select an employee for a developmental Temporary International Assignment, when the assignment will provide a meaningful opportunity for the employee to achieve the objectives of his/her approved development plan consistent with the Company's business objectives.

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FUNDING RESPONSIBILITY FOR DEVELOPMENT FOCUSED ASSIGNMENTS

Relocation costs to the Host location and back to the Home location are the responsibility of the Home Country Organization that is sponsoring the employee for the development focused assignment.

Salary, benefits, and assignment allowances are the responsibility of the Host Country Organization.

APPROVAL PROCESS FOR DEVELOPMENT FOCUSED ASSIGNMENTS

In order for a development focused International Assignment to take place, approval of the candidate must be obtained in both the Host and Home country as listed below.

An approval form must be completed and submitted to the International Assignments Representative.

Home Country Approvals:

- o Employee's immediate Manager and Personnel Manager/Consultant
- o Employee's Home Country Career Manager
- o Member of the Senior Leadership Team

Host Country Approvals:

- o The Hiring Manager and his/her Personnel Manager/Consultant
- o The Hiring Manager's Manager

Approval for the Candidate must contain the following:

- o Qualifications of the candidate for the position to be filled.
- o Detailed Development Plan for the candidate and how this assignment will help the candidate achieve the Development Plan.
- o Repatriation Plan for the candidate determined by the Home Country Career Manager, and approved by the same level of management in the Home Country that approved the assignment.
- o Probable next job assignments.
- o Cost estimate of the assignment.

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APPROVAL FORMS

Approval Forms have been designed for Temporary International Assignments; these forms must be completed in order for a Temporary International Assignment to take place.

NOTE: For assistance or questions regarding international assignments, managers should contact the International Assignments Representative in their country.

The following materials are contained in the International Relocation Policy manual and available for reference by contacting an International Assignments Representative:

Temporary International Assignment Policy - Home Compensation Method (Section 3.00, I/R Policy Manual)

Temporary International Assignment Policy - Host Compensation Method (Section 3.02, I/R Policy Manual)

Temporary International Assignment - Extension Policy (Section 4.00, I/R Policy Manual)

Temporary International Assignment - Repatriation Policy (Section 5.00, I/R Policy Manual)

Dual Temporary International Assignment Policy (Section 6.00, I/R Policy Manual)

Short-Term International Assignment Policy (Section 7.00, I/R Policy Manual)

Temporary International Assignment to Permanent International Transfer Policy (Section 8.00, I/R Policy Manual)

Permanent International Transfer Policy (Section 8.02, I/R Policy Manual)

International New Hire Policy (Section 8.04, I/R Policy Manual)

Spousal Leave of Absence Policy (Section 9.00, I/R Policy Manual)