

**SMUGGLERS' NOTCH
EMPLOYEE HANDBOOK**



SMUGGLERS' NOTCH

V·E·R·M·O·N·T[®]

America's Family ResortSM

Published November 2011

WELCOME

This handbook is designed to acquaint you with SmugglersøNotch and provide information about working conditions, employee benefits and some of the policies affecting your employment. You should read, understand, and comply with all provisions outlined in this handbook. Please feel free to visit your supervisor or the Human Resources Office if you want to discuss a particular policy. It describes many of your responsibilities as an employee and outlines the programs developed by SmugglersøNotch to benefit employees. One of our objectives is to provide a work environment that is conducive to both your personal and professional growth.

Employment with SmugglersøNotch is voluntarily entered into, and you are free to resign at will, at any time, with or without cause. Similarly, SmugglersøNotch may terminate the employment relationship with you at will, at any time, with or without notice or cause.

Policies set forth in this handbook are not intended to create a contract, nor are they to be construed to constitute contractual obligations of any kind, or a contract of employment between SmugglersøNotch and any of its employees. The provisions of the handbook have been developed at the direction of management and may be amended or eliminated at any time, at the sole discretion of SmugglersøNotch.

These provisions supersede all existing policies and practices. Periodically the Human Resources Department will review the information and make changes where needed.

TABLE OF CONTENTS

| | |
|----|---|
| 2 | Welcome |
| 3 | Table of Contents |
| 5 | History of SmugglersøNotch |
| 7 | Environmental Policy Statement |
| 8 | Business Ethics and Conduct |
| 9 | Excellence in Guest Service |
| 10 | Policies and Procedures |
| 10 | Access to Personnel Files |
| 10 | Business Travel Expenses |
| 11 | Child Protection |
| 11 | Children in the Workplace |
| 11 | Community Service |
| 12 | Donations |
| 12 | Drug and Alcohol |
| 12 | Electronic and Telephone Communications Systems, E-Mail and Internet Policy |
| 14 | Employee Check Cashing |
| 15 | Employee Code of Conduct |
| 15 | Employee Communication |
| 16 | Employee Referrals |
| 16 | Employee Release |
| 16 | Employment Categories |
| 17 | Equal Employment Opportunity |
| 17 | Family Medical Leave Act |
| 18 | Gifts |
| 18 | Gratuity |
| 18 | How Pay Is Determined |
| 18 | Interdepartmental Career Employee Program - ICEP |
| 18 | Job Postings |
| 19 | Lost and Found |
| 19 | Non-Disclosure |
| 20 | Outside Employment |
| 20 | Personal Belongings on the Job |
| 20 | Personal Data Changes |
| 20 | Pets in the Workplace |
| 20 | Progressive Discipline |
| 21 | Reimbursement ó Use of Personal Vehicle |
| 21 | Smoking |
| 22 | Social Media and Cell Phone Policy |
| 22 | Solicitation |
| 23 | Timekeeping |
| 23 | Use of Equipment and Vehicles |
| 24 | WorkersøCompensation Program |
| 24 | Workplace Violence/Sexual Harassment |
| 26 | Your Personal Safety |

| | |
|----|----------------------------------|
| 27 | SmugglersøNotch Benefits Summary |
| 27 | 401K Retirement and Savings Plan |
| 28 | Health Care Benefits Package |
| 28 | Additional Benefits |
| 28 | Appliance Purchasing |
| 28 | Combined Time Off |
| 30 | CTO and Inactive Employees |
| 30 | Educational Reimbursement |
| 31 | Personal Insurance Discounts |
| 31 | Summer Pool Privileges |
| 31 | Vacation and Lodging Discounts |
| 32 | Vendor Discounts |
| 33 | Winter Ski Pass |
| 33 | Conclusion |
| 34 | Employee Acknowledgement Form |

HISTORY OF SMUGGLERS' NOTCH

What's in a name? In the case of Smugglers' Notch, it's all in the name! There truly were smugglers in the mountains around the Resort. In the early 1800s, the U.S. Congress placed an embargo on the imports of all English goods. In order to circumvent that embargo, the British shipped their food, clothing and medical supplies to Canada and smuggled the materials down the Long Trail and through the rugged pass that is now called Smugglers' Notch. Since the Notch has large caves ideal for storing supplies, it became a focal point for much of the smuggling from Canada to the United States prior to the War of 1812.

More than one hundred years later, the Notch was again used for smuggling when the U.S. Congress passed legislation prohibiting the sale of alcohol. Alcohol was freely smuggled through Smugglers' Notch and down to central and southern New England. The caves and caverns in the Notch were used for storing the alcohol at approximated room temperature and helped the smugglers avoid the revenue agents. Summer visitors enjoy exploring the many interesting vistas and caves and hiking the Long Trail that goes directly through the Notch. In the winter, the Notch is blocked with snow so vehicular travel is forbidden. People can gain access to the area on cross-country skis or snowshoes.

The beauty of the Notch area was not lost on the local business people of Cambridge, Vermont, who in 1956 opened Smugglers' Notch Ski Ways on Sterling Mountain. An early ad touted the 2000 and 3300 foot long Poma lifts, six intermediate and advanced trails, and the 1500-foot vertical drop. For ten years, the folks of Cambridge ran the ski area primarily for local residents until one of the most successful entrepreneurs in the world discovered the potential of this undiscovered diamond in the rough.

Tom Watson Jr., visionary and primary thrust behind the success of IBM, wanted to duplicate the East and the European-like ski villages he saw at Vail and Aspen. With his brother Arthur, he bought Smugglers' Notch Ski Ways, Inc. in the early 1960s and began to aggressively expand the skiing terrain and uphill ski lift capacity as well as to develop a ski-from-your-doorstop village.

Mr. Watson replaced the two Poma lifts on Sterling Mountain with a high-speed double chairlift. He also began to look at the mountains adjacent to Sterling, Madonna, and Morse Mountains, and in 1963 installed a chairlift to the summit of Madonna Mountain. (At that time, it was the longest bottom drive double chairlift in the United States.) During Watson's tenure, the trail count increased from the original six to 32.

The Village concept was inaugurated when Morse Mountain, the third of the three interconnected mountains, was developed with the Village at its base. Since Mr. Watson wanted to focus his energy and attention on mountain development, he asked Stanley Snider, a successful developer of resort property, to plan and build the Village complex. In 1967, Mr. Snider began constructing the first condominiums. He bought the entire resort in 1973 and continued expanding upon the concepts first embraced by Watson. The next twelve years would see continued improvements and construction, the completion of the Madonna II chairlift and opening of additional trails.

During Mr. Snider's tenure the development of summer programming got its start with the advent of the 1976 Summer Olympic Games in Canada. Guests were offered a vacation package that included transportation and entry to various Olympic events in Montreal. The children remained at the resort under the care of counselors who entertained them with swimming, hiking, nature, and crafts. The nascent program developed from there, with the day camp concept eventually spilling over into the winter season.

In 1987, Snider hired Bill Stritzler as the Resort's Managing Director. A graduate of Middlebury College, Stritzler worked for Wells Fargo Bank in San Francisco and held a number of senior marketing positions with AT&T before becoming AT&T's corporate vice president in charge of mergers, acquisitions, and new business ventures. Stritzler had been a homeowner in the Resort since 1977, and was an active board member in the Homeowners' Association where he first became interested in the Resort's operations. After being named Managing Director, he created a management team that solidified Smugglers' position as a winter and summer family resort known for its quality programs.

Stanley Snider sold the resort, one of four privately owned major ski areas in Vermont, to Bill Stritzler in 1996. "Purchasing Smugglers is a dream come true," Stritzler said shortly after the purchase, "because our 700 plus employees are so focused on striving to improve our service to guests. Their friendliness and dedication has helped us earn our excellent reputation. Ownership will give me an even greater opportunity to work with the wonderful communities that surround the Resort. Our philosophy has always been to make Smugglers a part of the community through employment, supplier choices, and participation in community affairs."

Stritzler has guided Smugglers in many positive directions during his tenure. In the ski and snowboard arena, major improvements to the snowmaking system have raised coverage to over 60% of terrain, a half million dollar renovation of the Madonna I Lift has increased reliability while preserving the signature classic New England terrain, and additional trails have brought the total to 78. In addition over 40 acres of gladed terrain has been added as well as terrain parks, new eating facilities and skier services. A Nordic Center is the gateway to cross country skiing on 34 kilometers of trails and snowshoeing on 24 kilometers of dedicated trails. Adjacent to the Nordic Center is a 10,000 square foot outdoor ice skating rink.

Expansion in the Village has been steady and in concert with a mission to become "the best resort for family fun, anywhere." The *FunZone*, a family indoor play center, Winter Walking program, Airboarding, and other innovations add to the experience for all family members who visit the resort. A year-round zip line canopy tour, the first in Vermont, opened in November 2010 and features 8 zip lines, two suspension bridges and two rappels to thrill participants of all ages.

In the summer, major additions such as the Mountainside Pool, Notchville Park, and Rum Runners Hideaway have created a whole new world of water fun for guests. Waterslides, hot tubs, the Little Smugglers' Lagoon, the Aqua Jump, and a fleet of rental boats have enhanced their allure. *Treasures* child care center was relocated in 2003 to a state-of-the-art building. A Skateboard Park and Disc Golf are other recent additions for teens and families to enjoy. The summer programming is refreshed each season. For example, children can now select "minors" in programming to participate in, allowing them special focus in areas such as Sound & Stage, Nature & Hiking, Adventure & Games, and Arts & Crafts. A High Adventure specialty camp responds to kids' interest in outdoor adventure.

The Resort presently includes the ski and snowboard terrain on Morse, Madonna and Sterling Mountains and a 3800-acre lease from the State. 1000 acres surrounds the Village, which includes the core Village development and North Hill, West Hill, and Highlands Hill neighborhoods.

In 2011, Smugglers became an affiliated resort of the first in Vermont of within the CLUB WYNDHAM Plus portfolio of resorts for Wyndham Vacation Ownership, allowing Smugglers to provide memorable family vacation experiences to Wyndham's vast network of owners.

Smugglers' Notch Resort enjoys more than a decade of recognition from SKI Magazine as #1 in North America for winter family programs, and has also been designated an Environmental Leader in Vermont, only the second company in the state to receive such an honor.

ENVIRONMENTAL POLICY STATEMENT

Smugglersø Notch Resort's management and employees are committed to being responsible stewards of Vermont's natural resources. Vermont's intrinsic beauty and healthfulness are integral to our business. We live here, and working to maintain our resources comes naturally.

Smugglersø policy of environmental stewardship pervades all our activities. We seek to raise environmental awareness of guests and employees, and to broaden their knowledge and appreciation through educational programs along with our active and passive use of the land for year round recreation.

Our development and maintenance programs are guided by principles of land and energy conservation, by forest and wildlife habitat preservation, and by maintaining Vermont's water quality and aesthetic beauty.

We are committed to reusing, recycling and treating waste through innovative techniques in a concerted effort to minimize impact on the environment.

Together we will shape a sustainable community for the future.

Smugglers' is an Environmental Leader in Vermont and in the resort industry:

- In 2006, Smugglersø was the first resort in Vermont to receive the Environmental Leader designation from the State of Vermont Agency of Natural Resources. Every year since, Smugglersø has successfully renewed this designation through continued adherence to responsible environmental management programs.
- Wildlife and habitat protection: Ongoing tracking of both the Bicknell's thrush and the black bear to minimize the effects of ski trail work on their habitat and travel corridors. Transplantation of rare plant species from potentially disturbed areas, preservation of wetlands, and reintroduction of native trees and shrubs to reinvigorate habitat.
- Energy efficiency: Resort communities developed since 1996 are built to Vermont Energy Star 5-Star rating.
- Recycling and waste disposal: All vacation homes have signage alerting guests to in-house recycling efforts and handy totes for carrying recycling to building bins. Pre- and post-consumer food waste at the Resort's family restaurant is composted, and the children's winter ski instruction and summer camp programs offer no-trash lunches with recycle/compost/reuse initiatives in place.
- Water conservation: Low flow fixtures are in place in all vacation homes and are checked yearly. Forty-six percent of resort wastewater is directed through the on-site Living Machine, an ecological sewage treatment plant.
- No idling policy: High visibility signage encourages employees and guests to turn off their cars while waiting for passengers. Resort policy dictates that company vehicles be turned off whenever the driver is out of the vehicle.
- Environmentally preferable products purchasing policy: Resort employees involved in purchasing are directed to evaluate products by the products' environmental friendliness as well as quality.
- Online ridesharing: Smugglersø is a sponsor of NuRide, the nation's first online ridesharing network.

Please visit <http://www.smuggs.com/environment> for additional information.

BUSINESS ETHICS AND CONDUCT

The successful business operation and reputation of SmugglersøNotch is built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence requires careful observance of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

The continued success of SmugglersøNotch is dependent upon the trust of our guests and we are dedicated to preserving that trust. You have a responsibility to SmugglersøNotch, our guests, and other employees to act in a way that will merit the continued trust and confidence of the public in SmugglersøNotch.

SmugglersøNotch will comply with all applicable laws and regulations and expects its officers, directors, and employees to conduct business in accordance with all relevant laws, and to refrain from any illegal, dishonest or unethical conduct.

At SmugglersøNotch, we are guided by four basic philosophies. The first of these is **Safety**. It is crucial to the success of SmugglersøNotch Resort to provide and maintain a safe and healthful working environment free from recognized hazards.

The second is referred to as **Respect/Inspect and Support**. Simply stated, we respect your ability to excel in your job. Equally, we inspect each of our performances and encourage our guests to do the same. From these inspections, we are able to learn and improve our individual and business performance. Finally, Smugglersø provides you, and we provide each other, with the support to perform your job.

The third philosophy is “**We Want You Back.**” You are our most valuable resource. It is our objective to operate our business in such a manner that you will want to return to work with us season after season and year after year. Likewise, for our guests, our objective is to offer a valuable vacation experience that will cause them to return in the future and refer their friends to us as well.

Our fourth philosophy is that SmugglersøNotch looks for **Continual Improvement**. In order to realize our full potential, we must continually strive to improve our business practices and the vacation experience that we offer. You are the key in this endeavor. Your ideas, enthusiasm and skills are the power behind our improvement.

You have an obligation to conduct business in a manner that prevents actual or potential conflicts of interest. An actual or potential conflict of interest occurs when you are in a position to influence a decision that may result in a personal gain for you or a relative as a result of a SmugglersøNotch business dealing. For the purpose of this policy, a relative is any person who is related by blood or marriage, or who has a relationship with you similar to that of persons who are related by blood or marriage.

In general, the use of good judgment, based on high ethical principles, should guide you with respect to standards of acceptable conduct. You may discuss any questionable situation with your supervisor or, if necessary, the Human Resources Office if you are having difficulty determining the proper course of action.

Compliance with this policy of business ethics and conduct is the responsibility of every Smugglersø Notch employee. Disregarding or failing to comply with this standard of business ethics and conduct could lead to disciplinary action, up to and including termination of employment.

One of SmugglersøNotch's quality goals is to continually be a positive force in our community and to be considered a business of highest ethics and corporate responsibility by our neighbors and suppliers. In this regard, it is the policy of SmugglersøNotch to buy locally whenever a local merchant meets our quality standards and is reasonably competitive in price. Our priorities will be first to do business in the Jeffersonville/Cambridge area, then Lamoille County, then Vermont, and then out-of-state.

EXCELLENCE IN GUEST SERVICE

Excellence in Guest Service is the foundation of our success as America's Family Resort. The friendly, welcoming and helpful demeanor that employees consistently display to guests is mentioned quite frequently in guest comments about their Smugglersø experience. It's what keeps our guests coming back.

At Smugglersø our unique guideline for Excellence in Guest Service is the concept of the "Guest of One". When we treat each guest as if he or she were our only guest, we focus our service and hospitality on the individual to give him or her the best vacation ever. Employees who go above and beyond their normal job responsibilities in demonstrating exemplary guest service may be recommended for recognition. This recognition includes a description of the employee's Guest of One efforts in the employee newsletter and an award of SmugglersøGold that can be redeemed as cash for Resort dining, programs, and services.

Here are some tips that may help you practice Excellence in Guest Service.

- Always conduct yourself in a manner that will encourage guests to return to SmugglersøNotch and to recommend the Resort to others as a great place to vacation.
- Smile at guests and greet them cheerfully.
- If you are busy with another guest, make sure waiting guests know you have seen them and will be with them shortly.
- Make eye contact and listen carefully.
- Approach each guest interaction with a fresh outlook.
- Familiarize yourself with resort amenities and programs in order to answer questions courteously, confidently, and promptly. Get the answer if you don't know and get back to the guest.
- Anticipate the needs of guests, be resourceful in meeting their needs.
- When addressing complaints or problems, remember the acronym LAST-
 - L isten
 - A pologize
 - S olve
 - T hank
- Also keep in mind the 5/10 rule-
 - Acknowledge guests with eye contact and smile when they are within 10 feet of you.
 - Acknowledge guest with verbal contact when they are within 5 feet of you.

Remember: Our guests are the reason we are all here!

POLICIES AND PROCEDURES

ACCESS TO PERSONNEL FILES

SmugglersøNotch maintains a personnel file for each employee. The personnel file includes information such as your job application, resume, records of training, documentation of performance, salary increases and other employment records.

With reasonable advance notice, you may review your personnel file in the presence of a Human Resources employee during your employment at SmugglersøNotch Resort. This right terminates upon your termination of employment.

Personnel files are the property of SmugglersøNotch and access to the information they contain is restricted. Only those employees of SmugglersøNotch who have legitimate reason to review information in a file are allowed to do so.

BUSINESS TRAVEL EXPENSES

SmugglersøNotch will reimburse you for reasonable business expenses incurred while on assignments away from your normal work location. Your supervisor must approve all business travel and purchases in advance. You are expected to limit expenses to reasonable amounts.

With prior approval while on business travel, a family member or friend may accompany you as long as the companion does not interfere with successful completion of business objectives. Generally you are also permitted to combine personal travel with business travel, as long as time away from work is approved. Additional expenses arising from such non-business travel, including all expenses incurred by family members and friends, are your responsibility.

If involved in an accident while traveling on business, you must promptly report the incident to your supervisor.

Smugglersøentrusts you to carry out all such business in a professional and responsible manner. Abuse of this business travel expense policy, including falsifying expense reports, could lead to disciplinary action, up to and including termination of employment.

CHILD PROTECTION

*At Smugglers' Notch, children are some of our most important guests.
Child abuse is a serious concern for all of us at Smugglers' Notch.*

Child abuse and neglect occur at all socio-economic levels. Children in need can be helped and the sooner the better. There are four types of abuse and neglect as defined by the State of Vermont:

- Abuse: Physical injury, mental injury, sexual abuse
- Neglect: Inadequate food, clothing, shelter or health care
- Abandonment
- Threatened harm

Vermont State Law mandates that all day care workers, camp counselors, ski school instructors, and program administrators report any incidents of suspected child abuse and/or neglect, whether such incidents occur within or outside the boundaries of SmugglersøNotch.

CHILDREN IN THE WORKPLACE

SmugglersøNotch allows you to bring your children to the Resort to enjoy the many recreational facilities, to use *TREASURES*, or to participate in the children's camp programs at the discounted employee rate on a space available basis.

Your children should only be brought into your workplace for brief periods of time. Longer durations cause disruptions in the work and detract from our professionalism.

Both *Treasures* Child Care and Discovery Summer Camp programs are licensed through the State of Vermont and can receive state subsidy for childcare. To determine whether you qualify for child care subsidy, you may contact your local Family Center or log onto <http://www.brightfutures.dcf.state.vt.us>.

COMMUNITY SERVICE

SmugglersøNotch encourages and supports your involvement in community service. If you are in an Employment Category 3 or 4, you may participate in community service for up to 4 hours a quarter (with the exception of Town Meeting Day, which could be longer) and be paid your hourly rate for those hours.

Recognized community service regions and organizations are as follows:

Qualified tax-exempt organizations such as public educational institutions, charitable organizations, volunteer fire and rescue squads, and public governmental entities.

A Community Service Form must be completed and approved by your supervisor prior to doing the community service and a copy sent to Payroll.

DONATIONS

SmugglersøNotch supports local business and charitable organizations. From time to time, the company will support these entities through donations, usually in the form of service rather than cash donations. The Director of the department responsible for providing the service must approve donations. The Managing Director must approve cash donations.

DRUG AND ALCOHOL

SmugglersøNotch is committed to providing you with a safe workplace. You are expected to be in a suitable mental and physical condition to perform your job effectively and safely. Smugglersøhas no desire to intrude into your personal life and you are welcome to use the Resort's lounges after your working hours. However, both on-the-job and off-the-job involvement with drugs or alcohol can have an impact on the workplace and the ability of SmugglersøNotch to achieve its objectives of safety, security and guest service. Therefore, you must report to work free from the influence of drugs and alcohol.

The possession, sale, and/or use of any controlled substance at SmugglersøNotch at any time are grounds for immediate dismissal, as is working while under the influence of drugs or alcohol. The consumption of alcoholic beverages during a work shift or in any workspace is also prohibited and will be subject to disciplinary action up to and including termination.

If you have questions or concerns about substance dependence or abuse, you are encouraged to discuss these matters with your supervisor or the Human Resources Office to receive assistance or referrals to appropriate resources in the community.

If you have a drug or alcohol problem that has not resulted in and is not the immediate subject of disciplinary action, you may request approval to take unpaid time off to participate in a rehabilitation or treatment program. Leave may be granted if you agree to abstain from the use of the problem substance, abide by all SmugglersøNotch policies, rules, and prohibitions relating to conduct in the workplace, and if that leave will not cause SmugglersøNotch any undue hardship.

ELECTRONIC AND TELEPHONIC COMMUNICATION SYSTEMS, E-MAIL AND INTERNET POLICY

Overview and Purpose

Information Technology (IT) includes, but is not limited to, computer equipment, software, operating systems, storage media, network accounts, electronic mail, and Internet usage. The purpose of this policy is to clarify and define the acceptable use of IT at SmugglersøNotch Resort. IT is to be used for business purposes in serving the interests of SmugglersøNotch Resort, and of our clients and customers in the course of normal operation. We are committed to establishing a culture of openness, trust and integrity; as a result, we do not prohibit the personal use of IT. However, we trust that our Employees will appropriately use IT. All users of IT should also be aware that all IT is the property of SmugglersøNotch Resort. The illegal use of IT and any actions that may damage SmugglersøNotch Resort's IT is prohibited. Effective IT security is a team effort involving the participation and support of every person who uses SmugglersøNotch Resort's IT. It is the responsibility of all IT users to know these policies and to conduct their activities accordingly.

Scope

This policy applies to employees, contractors, consultants, temporaries, and anyone else who uses other SmugglersøNotch Resort IT, including all personnel affiliated with third parties. This policy also applies to all equipment that is owned or leased by SmugglersøNotch Resort.

Policy

General Use and Ownership

- SmugglersøNotch Resort's users should be aware that the data they create in IT systems remains the property of SmugglersøNotch Resort. Employees do not have privacy rights or interest in any information or materials communicated or stored in IT.
- SmugglersøNotch Resort has not prohibited use of IT for personal use, because we trust our employees will appropriately use IT. If a system is used for a non-business purpose, it must be disclosed, in the text of the communication if possible, that the communication is personal in nature and is not related to SmugglersøNotch Resort's business.
- For security and network maintenance purposes, authorized individuals within SmugglersøNotch Resort may monitor IT to ensure compliance with this policy.
- Management should be notified of unsolicited or offensive materials found on IT.

Security and Proprietary Information

- Keep passwords secure and do not share accounts. Authorized users are responsible for the security of their passwords and accounts. All users will be prompted to change passwords periodically.
- All PC's, laptops, and workstations will be secured with a password-protected screensaver with the automatic activation feature set at 10 minutes or less, or by logging off when the computer is unattended. IT personnel will consult with the users who have questions.
- Postings by employees from a SmugglersøNotch Resort email address to news groups should contain a disclaimer stating that the opinions expressed are strictly their own and not necessarily those of SmugglersøNotch Resort, unless posting is in the course of business duties.
- All computers used by the employee that are connected to the SmugglersøNotch Resort computer network, whether owned by the employee or SmugglersøNotch Resort, shall be continually executing approved up-to-date virus-scanning software.
- All users must use extreme caution when opening email attachments received from unknown senders, which may contain viruses, email bombs, or Trojan horse code.

Unacceptable Use

The following is a non-exhaustive list of unacceptable and strictly prohibited uses of SmugglersøNotch Resort's IT:

- SmugglersøNotch Resort's IT may not be used for any illegal purpose including, but not limited to, any use which would violate any civil rights law or criminal law.
- Revealing your account password to others or allowing use of your account by others. This includes family and other household members when work is being done at home.

- Making fraudulent offers of products, items, or services originating from any of SmugglersøNotch Resort account.
- Providing information about, or lists of, SmugglersøNotch Resort employees, customers, or suppliers to parties outside of SmugglersøNotch Resort.
- Introduction of malicious programs into the network or server (e.g. viruses, worms, Trojan horses, email bombs, etc.).
- Circumventing user authentication or security of any host, network or account.
- Effecting security breaches or disruptions of network communication. Security breaches include, but are not limited to, accessing data of which the employee is not the intended recipient or logging into a server or account that the employee is not expressly authorized to access. For purposes of this section, "disruption" includes, but is not limited to, network sniffing, pinged floods, port scanning or security scanning, packet spoofing, denial of service and forged routing information for malicious purposes.
- Unauthorized copying of copyrighted material, including but not limited to, digitization and distribution of photographs from magazines, books, or other copyrighted sources, copyrighted music, and the installation of any copyrighted software for which SmugglersøNotch Resort or the end user does not have an active license..
- Violations of the rights of any person or company protected copyright, trade secret, patent, or other intellectual property, or similar laws or regulations, including but not limited to, the installation or distribution of pirated or other software products that are not appropriately licensed for use by SmugglersøNotch Resort.
- Sending non-business unsolicited email messages, including the sending of junk mail or other advertising material to individuals who did not specifically request such material (email Spam). If in doubt as to what constitutes Spam, consult with the IT department. Any form of harassment via email, telephone, or paging, whether through language, frequency, or size of message.
- Creating or forwarding chain letters, Ponzi or other pyramid schemes of any type.
- Unauthorized use or forging of email header information.

Enforcement

Any employee found to have violated this policy may be subject to disciplinary action up to and including termination of employment. As with all policies in the handbook, SmugglersøNotch Resort reserves the right to revise or rescind this policy, without notice and at its sole discretion.

EMPLOYEE CHECK CASHING

You may cash a personal check at the Cashierø Office in amounts up to \$100. In addition, checks may be written to pay for purchases made at the Resort for the amount of the purchase, which may exceed the \$100 cash limit. SmugglersøNotch does not cash employee payroll checks.

If your check is returned to us for any reason, including insufficient funds, a written warning will be sent to you and your supervisor from the Accounting department. If a second check is returned, your check writing privileges at the Resort will be revoked.

In addition, any bank fees for returned checks would be charged to you for each check returned from the bank.

EMPLOYEE CODE OF CONDUCT

As a condition of your employment with SmugglersøNotch Resort, you are required to comply with our Employee Code of Conduct. While no code of conduct can cover all circumstances, we have established the following basic standards. Violation of any of these standards may lead to immediate dismissal.

1. All employees are expected to report to work free from the influence of drugs and alcohol. Possession, sale, use, and/or being under the influence of any controlled substance other than prescribed medications, which do not interfere with the performance of your job duties during work hours, is forbidden by SmugglersøNotch.
2. Employee parking is at the VOC employee parking lot. If your job requires otherwise, your department manager will inform you. If improperly parked, you will be warned and then towed.
3. You are expected to present a clean and neat appearance and to dress according to the requirements of your position.
 - Facial hair, mustaches and beards must be trimmed close and neat.
 - Hair should be kept out of your face.
 - Any makeup should be light and modest.
 - Minimal jewelry: One watch or bracelet per arm, not more than three rings per hand, not more than two earrings per ear of acceptable size and length for your job. No facial jewelry except one very small nose stud is acceptable.
 - Personal Hygiene: Taking a bath or shower before working and using deodorant is necessary for everyone.
4. All employees are required to wear a SmugglersøNotch name tag according to individual department standards.
5. There is to be NO SMOKING in public areas or in SmugglersøNotch vehicles or golf carts. If you must smoke, ask your department manager where you may do so.
6. Care and respect for personal belongings of yours, co-workers, guests, and SmugglersøNotch is expected.
7. Uniforms issued must be kept neat, clean, and free of wrinkles. The only acceptable hat to be worn while working is a plain hat or one with a SmugglersøNotch logo. Blue jeans are not acceptable to wear as uniform pants. Each department manager will discuss specific uniform policy with you.
8. You should always be careful to make certain that your conversations and conduct are appropriate for the work place and particularly careful when guests are present.
9. No eating at your workstation in front of guests. Hydrating is essential, but never when you are actively interacting with a guest. Your department manager will identify acceptable locations if required.
10. Read and follow the social media and cell phone policy.

EMPLOYEE COMMUNICATION

SmugglersøNotch believes that the work conditions, wages, and benefits it offers to you are competitive with those offered by other employers in this area and in the industry. If you have concerns about work conditions or compensation, you are strongly encouraged to voice these concerns openly and directly to your supervisor. Discussion of these topics with other employee, is not appropriate.

Our experience has shown that when you deal openly and directly with your supervisor, the work environment can be excellent, communications can be clear, and attitudes can be positive. We believe that SmugglersøNotch amply demonstrates its commitment to you by responding to your concerns.

You are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis with your supervisor. Formal, written performance evaluations may be conducted to provide both you and your supervisor the opportunity to discuss job tasks, encourage and recognize strengths, discuss positive, purposeful approaches for meeting goals, and identify and correct possible weaknesses.

EMPLOYEE REFERRALS

SmugglersøNotch encourages you to refer your friends and acquaintances that have never been employed by SmugglersøNotch and are interested in employment opportunities. If your friend or acquaintance lists your name on the application, is hired, and you both remain employed for 30 days, then you, as the referring employee, will receive \$100. This will be paid the first pay period of the month following the completion of the 30 days. Both employees need to be currently employed at the time of payout.

EMPLOYEE RELEASE

SmugglersøNotch endorses and promotes your participation in all of its promotional materials. There is no additional financial compensation, present or future as a result of this participation. A waiver as such must be signed prior to your participation.

EMPLOYMENT CATEGORIES

It is the intent of SmugglersøNotch to clarify the definitions of its employment classifications so that you will understand your employment status and eligibility for benefits. These classifications do not guarantee employment for any specified period of time. Accordingly, the right to terminate the employment relationship at will at any time is retained by both you and SmugglersøNotch.

Your position is designated as either NONEXEMPT or EXEMPT from federal and state wage and hour laws. If NONEXEMPT, you are entitled to overtime pay under the specific provisions of federal and state laws. If you are EXEMPT, you are excluded from specific provisions of federal and state wage and hour laws. Your NONEXEMPT and EXEMPT classification may be changed only upon written notification by your supervisor.

In addition to the above categories, SmugglersøNotch, in an effort to maintain equity and provide consistency, has established four categories of employment, which are based on the number of hours you were paid in the preceding benefit year or the category designated for your full-time, year-round job.

The SmugglersøNotch employment categories are based on a benefit year of October 1st through September 30th. The number of paid hours you worked (to include CTO hours paid) in the preceding benefit year is added up through September 30th to determine your employment category for the coming year. Your hours worked for the benefit year-to-date calculation are displayed on your pay stub.

The Employment Categories are:

- Category 1 up to 999 hours paid work per benefit year
- Category 2 1000 to 1499 hours paid work per benefit year
- Category 3 1500 to 1899 hours paid work per benefit year
- Category 4 1900 or more hours paid work per benefit year

Each employment category includes a specific set of benefits that you will be eligible for in the coming benefit year, provided you remain an employee of SmugglersøNotch.

If you are hired into a full-time, year-round job on a regular basis (i.e. not as a seasonal employee), you may be designated as a Category 4 employee at that time and will be eligible for benefits that go with that category.

EQUAL EMPLOYMENT OPPORTUNITY

It is the policy of SmugglersøNotch Resort to:

- Ensure equal opportunity in employment for all people without regard to race, color, religion, creed, national origin, sex, sexual orientation, age, ancestry, marital status, disability, veteran or draft status, and comply with all the relevant and applicable provisions of the Americans with Disabilities Act (ADA), and Vermont's Fair Employment Practices Act.

FAMILY MEDICAL LEAVE ACT

The Family Medical Leave Act allows an employee to take unpaid leave from his/her job for special family situations while protecting the employee's job and benefits. The leave may be up to 12 weeks during any 12 month period.

The following employees are eligible under this act:

- Worked for employer for at least 12 months and
- Worked at least 1250 hours in previous 12 months and
- Worked at a work site where the company, within a 75 mile radius of work site, employs 50 or more employees.
- Leave can be taken all at once, intermittently (such as for medical treatments), or by working part-time.

The following situations qualify under the Family Medical Leave Act:

- The birth or adoption of a child or placement of a foster child in your home.
- A serious health condition that affects a family member defined as spouse, parent your child, and your child over the age of 18 who is unable to handle daily living activities because of mental or physical disability.
- Inability to perform your job due to a serious health condition.
- Any qualifying exigency arising out of the fact that the employee's spouse, son, daughter, or parent is on active duty or call to active duty status as a member of the National Guard or Military Reserves in support of a contingency operation.
- An eligible employee who is the spouse, son, daughter, parent, or next of kin of a covered service member who is recovering from a serious illness or injury sustained in the line of duty on active duty.

You have the responsibility to give SmugglersøNotch 30 days notice of intent to take a leave when you know in advance, or as much notice as possible in case of an emergency. You are also required to respond to Smugglersørequest for an update of your intent to return to work. You may be asked to provide a physician certified statement of your (or family member's) health condition.

SmugglersøNotch has the responsibility to maintain your health benefits while you are on leave as long as you continue to pay your portion of the premium. Your coverage may lapse due to non-payment of the premium; however, SmugglersøNotch may reinstate the coverage when you return to active duty. Time off will not be credited for weeks you are on leave.

SmugglersøNotch is also responsible for returning you to your job or an equivalent job with equivalent pay, benefits, and working conditions. If you wish to know more about the Family Medical Leave Act, please contact Human Resources.

GIFTS

To maintain a clear standard of ethics, it is a SmugglersøNotch policy to decline gifts offered by vendors, suppliers or others who derive benefits from doing business with the company, except for token gifts with a value of \$25.00 or less.

GRATUITY

SmugglersøNotch supports guest recognition of your performance through gratuities or tips. You should not solicit this form of recognition, nor should you accept gifts from company suppliers or vendors.

HOW PAY IS DETERMINED

At SmugglersøNotch, the position you hold and your performance determines your pay. All position levels are based on labor market data.

INTERDEPARTMENTAL CAREER EMPLOYEE PROGRAM – ICEP

ICEP (pronounced ðI keepö) may require all Category 3&4 employees to be available to work a job outside of their home department for 3-5 days per season. ICEP is designed to provide an increased level of guest service during particularly busy times, while providing an opportunity for career employees to train and work in other areas of the Resort. Through participation in this program, career employees will be able to broaden their understanding of Smugglersøoperations and their personal contribution to the business.

JOB POSTINGS

SmugglersøNotch provides you with an opportunity to indicate your interest in open positions and advance within the organization according to your skills and experience. In general, notices of all job openings are posted, although SmugglersøNotch reserves its discretionary right not to post a particular opening.

Normally, job openings will be posted on the website, www.smuggs.com/jobs and in the Human Resources Office and will remain open for 7 days. Each job posting notice will include the job title, department, location, position level, job summary, essential duties, and qualifications (required skills and abilities).

To be eligible to apply for a posted job, you must have performed competently in your current position. If you are on probation or suspension, you are not eligible to apply for posted jobs. You may only apply for those posted jobs for which you possess the required skills, competencies and qualifications.

To apply for an open position, you should submit a Position Opportunity form to the Human Resources Office listing job-related skills and accomplishments. It should also describe how your current experience with SmugglersøNotch and prior work experience and/or education qualify you for the position.

SmugglersøNotch recognizes the benefit of developmental experiences and encourages you to talk with your supervisor about your career plans. Your supervisor is encouraged to support your efforts to gain experience and advance within the organization.

Your Supervisor may be contacted to verify your performance, skills, and attendance. Any staffing limitations or other circumstances that might affect a prospective transfer may also be discussed.

Job posting is a way to inform you of openings and to identify you as a qualified and interested applicant who might not otherwise be known to the hiring supervisor. Other recruiting sources may also be used to fill open positions in the best interest of the organization.

LOST AND FOUND

As part of our responsibility to our guests, all articles found in any building or on the property must be turned over immediately to your department manager.

NON-DISCLOSURE

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

- Activities and programming processes
- Compensation data
- Customer lists
- Customer preferences
- Financial information
- Marketing strategies
- New research and development

If you are exposed to confidential information, you may be required to sign a non-disclosure agreement as a condition of employment. If you improperly use or disclose trade secrets or confidential business information, you will be subject to disciplinary action, up to and including termination of employment and legal action, even if you do not actually benefit from the disclosed information.

OUTSIDE EMPLOYMENT

You may hold a job with another organization as long as it is not a direct competitor of SmugglersøNotch Resort and you satisfactorily perform your job responsibilities with SmugglersøNotch. You will be judged by the same performance standards and will be subject to the scheduling requirements of SmugglersøNotch, regardless of any existing outside work environment.

PERSONAL BELONGINGS ON THE JOB

Care and respect for personal belongings of co-workers, as well as SmugglersøNotch property, is expected of you. We cannot be responsible for any personal belongings left unattended on the premises.

PERSONAL DATA CHANGES

You are responsible for promptly notifying the Human Resources Office of any changes in your personal data, such as personal mailing address, telephone numbers, number and names of dependents, individuals to be contacted in the event of an emergency, educational accomplishments, and other such changes.

PETS IN THE WORKPLACE

Guest pets, Club Owner pets, visitor pets, Family Share pets, contractor pets and your pets are not permitted at SmugglersøNotch Resort. Only full Homeowners may have leashed pets on site or in their condominium unit.

PROGRESSIVE DISCIPLINE

The purpose of this policy is to state the position of SmugglersøNotch on administering equitable and consistent discipline for unsatisfactory conduct in the workplace. The best disciplinary measures come from good leadership and fair supervision at all employment levels.

It is in the best interest of SmugglersøNotch to assure fair treatment and make certain that disciplinary actions are prompt, consistent, and fair. The major purpose of any disciplinary action is to correct the problem, prevent reoccurrence, and encourage improved performance in the future. Despite this intent, there will be occasions when immediate termination is, in the sole discretion of SmugglersøNotch, the appropriate disciplinary measure.

Although employment with SmugglersøNotch is based on mutual consent and both you and SmugglersøNotch have the right to terminate employment at will, with or without cause or advance notice, SmugglersøNotch may use progressive discipline at its discretion. In addition, even if a progressive discipline process is used, there may be circumstances when one or more of the steps are bypassed.

SmugglersøNotch uses a four step discipline process. The process generally is followed in a successive manner, but SmugglersøNotch reserves the right to begin the process with any step including step four. The process includes the following steps:

1. Verbal warning with the discussion documented on a form signed by you and your supervisor.
2. Written warning with the discussion documented on a form signed by you and your supervisor.
3. Decision-making leave of one day. This paid time off may be given to you to contemplate your employment at SmugglersøNotch.
4. Termination should be a voluntary decision by you to leave, but SmugglersøNotch may opt to terminate you.

All forms and documentation will be submitted to the Human Resources Office to be placed in your personnel file. If more than 6 months have passed since the last disciplinary action, the process will normally start again.

By using progressive discipline, we hope that most problems can be corrected at an early stage to benefit both you and SmugglersøNotch.

REIMBURSEMENT – USE OF PERSONAL VEHICLE

Employees who are required to have and use a personal vehicle for authorized SmugglersøNotch business purposes as part of their job description, both within and outside the resort, will be reimbursed at the current IRS standard mileage rate. In order to qualify, you must have a valid driver's license and proof of insurance on file.

Monthly mileage logs and expense reports should be submitted to your supervisor for approval. For more information on vehicle usage and policies, please see the SmugglersøNotch Vehicle Loss Control Program in the Safety Manual.

SMOKING

In keeping with the intent of SmugglersøNotch to provide a safe and healthful work environment, smoking is limited to areas away from guests and non-smoking employees. Smoking in company vehicles and golf cars is prohibited. Consult with your supervisor for the designated area in your working environment. If you experience a problem with having a smoke-free environment, consult your supervisor for prompt corrective action.

SOCIAL MEDIA AND CELL PHONE POLICY

Smugglersø has developed an official presence on YouTube, Facebook and Twitter, recognizing the value that these forms of social media can contribute to the Resort in the areas of guest relationship, promotion of our products and services, further establishing our brand, and developing new markets. You are welcome to become a part of the online conversation by posting on our Facebook, Twitter, and YouTube pages and to promote the Resort in a positive manner on your own personal sites or blogs.

If you choose to be a part of our social media effort, please remember that Respect/Inspect is one of Smugglersø Notch Resort's basic philosophies. Our reputation for integrity and excellence requires careful observance of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity. As a member of the Smugglersø Notch Community we expect you will be respectful and post material appropriate for our community and our mission to be the Best Resort for Family Fun Anywhere!

Don't say things about others that will embarrass, intimidate, or harass them. Don't use inappropriate language or talk about inappropriate subjects. Keep it fun and real, but bear in mind that our guests, owners, employees, vendors, investors, competitors and other people interested in the resort may be reading your posts. With that in mind, use privacy settings appropriately.

You may consider having two profiles ó a work you and a private you. We encourage you to post under the "work you" frequently (weekly or daily if there's something to write about) and mention your own experiences at Smuggs and the things you enjoy doing here. Talk about yourself, your job, your favorite activities, what your children like to do here (if you've got kids), what's cool about Smuggs and so on - the wider Smuggs community wishes they could have your lifestyle!

Social media sites are available at the Resort for employees to use. However, it is strictly prohibited to be on any social media site from a computer located at a point of sale or guest service location. These computers are for serving guests only and anyone working at one of these stations needs to be ready to assist guests. You should discuss with your manager when and where it is appropriate to use a computer to post on a wall or tweet.

Handheld devices and cell phones should be turned off or left with your personal belongings to avoid any distractions or disruptions while working. You should check your phone or text messages when you are given a break from your workplace in an area that is out of guest sight.

SOLICITATION

To promote a professional and collegial workplace, prevent disruptions in business or interference with work, and avoid personal inconvenience, Smugglersø Notch has adopted rules about soliciting for any cause and distributing literature of any kind in the workplace.

Employees may not solicit on Smugglersø Notch property or use company facilities, such as e-mail, voicemail or bulletin boards during working time for solicitation. This policy applies to collecting funds, requesting contributions, selling merchandise, gathering employee signatures and promoting membership in clubs or organizations.

Working time means time during which employees are expected to be actively engaged in their assigned work, it does not include scheduled meal or break periods.

You may solicit another employee only if both you and the other employee are not on working time, and you may distribute literature only in nonworking areas.

Nonemployees may not make solicitations or distribute literature at the Resort at any time.

The company may grant limited exemptions from these rules for charitable purposes at its discretion.

TIMEKEEPING

You are responsible for accurately recording time worked. Federal and state laws require that Smugglersø Notch keep an accurate record of time worked in order to calculate your pay and benefits. Time worked is the time spent on the job performing assigned duties.

If you are a non-exempt employee, you should accurately record the time you begin and end your work, as well as the beginning and ending time of each meal period. You should also record any split shift or departure from work for personal reasons. Overtime work must always be approved before it is performed.

Altering, falsifying, tampering with time records, or recording time on another employee's time record may result in disciplinary action, up to and including termination of employment.

As a non-exempt employee, you should not report to work prior to your scheduled starting time and not stay after your scheduled stop time without express prior authorization from your supervisor.

Your supervisor will review and then initial the time record before submitting it for payroll processing. In addition, if corrections or modifications are made to the time record, both you and your supervisor must verify the accuracy of the changes by initialing the time record.

USE OF EQUIPMENT AND VEHICLES

Equipment and vehicles essential in accomplishing job duties are expensive and may be difficult to replace. When using property belonging to Smugglersø Notch Resort, you are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines.

Please notify your supervisor if any equipment, machines, tools or vehicles appear to be damaged, defective or in need of repair. Prompt reporting of damages, defects and the need for repairs could prevent deterioration of equipment and injury to others. Your supervisor can answer any questions about your responsibility for maintenance and care of equipment or vehicles used on the job.

The improper, careless, negligent, destructive or unsafe use or operation of any equipment or vehicles, as well as excessive or avoidable traffic and parking violations, can result in disciplinary action up to and including termination of employment.

SmugglersøNotch has a comprehensive workersøcompensation program. This program covers any injury sustained in the course of your employment that requires medical, surgical, or hospital treatment. Subject to applicable legal requirements, workersøcompensation insurance provides wage replacement benefits after a short waiting period.

The success of this program relies on a strong partnership between the management staff and all employees. Workersøcompensation benefits are available to you when you become injured at work and Smugglersøcan be a partner in your decision-making, while exercising a reasonable level of control over the operating environment. Smugglersødoes not consider any employee to be required to ski or ride during their free time. We believe that you, as a skier or rider, should have the right to choose the level of risk that you are willing to accept while pursuing recreational activities on your own time. **Therefore, free skiing or riding is not considered to be in the course of employment with the company and therefore is not covered by workers' compensation.**

If you sustain a work-related injury or illness, you should inform your supervisor at once. No matter how minor an on-the-job injury may appear, it is important that it be reported immediately and no later than the end of your shift. This will enable you to receive medical treatment as quickly as possible. All hazardous or unsafe conditions and/or unsafe acts should be corrected immediately and/or reported to your supervisor or the Safety Director (ext. 1200). Reporting of near misses is encouraged in order to prevent more serious incidents from occurring.

SmugglersøNotch has an active return to work program and will try to provide appropriate modified duties for you, as permitted by your medical provider, if you are unable to perform your own job.

WORKPLACE VIOLENCE/SEXUAL HARRASSMENT

SmugglersøNotch is committed to preventing workplace violence and to maintaining a safe work environment. Because of the increasing violence in society, SmugglersøNotch has adopted the following guidelines to deal with intimidation, harassment and threats of, or actual, violence that may occur during business hours or on its premises.

All employees should be treated with courtesy and respect at all times. Employees are expected to refrain from fighting, øhorseplay,ø or other conduct that may be dangerous to others. SmugglersøNotch Resort prohibits firearms, weapons, dangerous OR hazardous devices, or substances on the premises of SmugglersøNotch without prior authorization.

Conduct that threatens, intimidates, or coerces another employee, a customer or a member of the public at any time, including off-duty periods, will not be tolerated. This prohibition includes all acts of harassment, including harassment that is based on an individualø sex, race, age or any characteristic protected by federal, state, or local law.

All threats of, or actual violence, both direct and indirect, should be reported as soon as possible to your immediate supervisor, Security, or any other member of management. This includes threats by employees, as well as threats by customers, vendors, solicitors or other members of the public. When reporting a threat of violence, you should be as specific and detailed as possible.

All suspicious individuals or activities should also be reported as soon as possible to a supervisor or Security. Do not place yourself in peril. If you see or hear a commotion or disturbance near your workstation, do not try to intercede or see what is happening.

SmugglersøNotch will promptly and thoroughly investigate all reports of threats or actual violence and of suspicious individuals or activities. The identity of the individual making a report will be protected as much as is practical.

Anyone determined to be responsible for threats of, or actual violence or other conduct that is in violation of these guidelines could be subject to disciplinary action up to and including termination of employment.

SmugglersøNotch encourages employees to bring their disputes or differences with other employees to the attention of their supervisors, Security or any member of management before the situation escalates into potential violence. SmugglersøNotch is eager to assist in the resolution of employee disputes and will not discipline employees for raising such concerns.

It is against the policy of SmugglersøNotch Resort, and illegal under state and federal law, for any employee, male or female, to sexually harass another employee. SmugglersøNotch Resort is committed to providing a workplace free from this unlawful conduct. It is a violation of this policy for an employee to engage in sexual harassment.

What is sexual harassment?

Sexual harassment is a form of sex discrimination and means unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- Sexual harassment is perceived by the subject of the harassment;
- Submission to that conduct is made either explicitly or implicitly a term or condition of employment;
- Submission to or rejection of such conduct by an individual is used as a component of the basis for employment decisions affecting that individual; or
- The conduct has the purpose or effect of interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

Sexual harassment and worker violence are designated as Critical Policies. There is an independent panel to assess any incident related to a Critical Policy. When an incident comes to the attention of any employee, it should be immediately reported to the Human Resources Director, who will in return communicate the information to the Critical Policy Board.

The Chair of the Board will inform the appropriate panel members and call a meeting of the Board immediately. The Board will make an overview assessment and will suspend the employee(s), with pay, unless the situation clearly does not require such an action. The Board will organize rapid follow-up including investigation by Security and taking direct testimony from the involved parties. The Board is authorized to call on outside counsel and other outside support if deemed necessary. The Board will meet daily until the issue at hand is resolved via a written course of action to be implemented by the manager of the involved employees. Time will be of the essence in all the work of the Board and the Board is authorized to require the immediate response of all involved parties. The work of the Board may be carried out confidentially as the situation dictates.

A copy of the Vermont Attorney General's Model Sexual Harassment Policy, to which SmugglersøNotch subscribes, is posted in the Human Resources Office and you may request a copy.

YOUR PERSONAL SAFETY

Your safety is crucial to the success of SmugglersøNotch. It is our policy to provide and maintain safe and healthful working conditions free from recognized hazards. Every reasonable effort will be made to reduce the likelihood of accidents. SmugglersøNotch seeks to develop and encourage a continuing awareness and use of safe working practices as an integral part of your job.

It is your responsibility to actively participate in our safety program. You are required to comply with all safety and health policies and regulations established by SmugglersøNotch and federal, state, and local authorities.

Please contact your supervisor or the Director of Safety (ext. 1200 or safeworks@smuggs.com) regarding any questions or suggestions.

SMUGGLERS' NOTCH BENEFITS SUMMARY

Available benefits may vary, dependent on the hours you may work.

ALL EMPLOYEES RECEIVE THESE BENEFITS:

- Use of most resort facilities, including pools and waterslides
- Discounts at all food and beverage facilities and retail shops
- Special employee rates for childcare and day camps
- Discounts on lodging rates at resorts worldwide
- Direct Deposit

ALL WINTER EMPLOYEES ALSO RECEIVE:

- Free ski pass for employee and immediate family (spouse and dependent children)
- Free skiing and riding lessons for employee and immediate family
- Free midweek ski and board rentals for employee and immediate family (50% discount on weekends)
- Free Nordic lessons and rentals
- Free snowshoe rentals

FULL-TIME YEAR-ROUND EMPLOYEES MAY ALSO RECEIVE:

- Subsidized health insurance plan
- 401K savings and retirement plan
- Medical and Dependent Care pre-tax spending program
- Combined time off

401K RETIREMENT AND SAVINGS PLAN

Employees become eligible to participate in SmugglersøNotch Resort's 401K Profit Sharing Plan and Trust once they meet the three eligibility requirements:

- 21 years of age or older
- 1 year of service
- Worked a minimum of 1000 hours within the year of service

Eligible employees will receive 30 days advance notice that they will be automatically enrolled in the Plan unless they waive participation. SmugglersøNotch Resort encourages its employees to plan adequately for their retirement. 401K contributions are pre-tax deductions taken weekly from the employee's check.

A summary plan description for Smugglersø401K Profit Sharing Plan and Trust is available at the Human Resources Office.

HEALTH CARE BENEFITS PACKAGE

Employees become eligible for the SmugglersøNotch Group Health Plan after working a minimum of 1500 or more hours during the benefit year (October 1st ó September 30th). For any employee hired into a designated Category 4 position, there is a thirty day waiting period before they are eligible for health benefits.

SmugglersøNotch Health Plan includes health, dental, vision, extended sick pay, long-term disability, and life insurance. The plan is partially subsidized by the company and deductions are made weekly pre-tax from the employee's check. If an eligible employee is already covered under another health plan, he or she has the option to choose an abbreviated plan that covers extended sick pay, long-term disability and life insurance (proof of health insurance is required).

SmugglersøNotch also offers a "Cafeteria Plan" under Section 125 of the IRS that allows eligible employees to participate in pre-tax Flexible Spending accounts such as Medical Reimbursement and/or a Dependent Care account.

Employees will be given advance notice from the Human Resources Office when they are eligible for these benefits.

ADDITIONAL BENEFITS

APPLIANCE PURCHASING

During the course of your employment, you may purchase appliances that are bought by SmugglersøNotch Resort at SmugglersøNotch cost. You may call maintenance directly for information. Full payment must be made prior to placement of the order. If you have any questions or would like to place an order, please call maintenance directly at ext. 8527.

COMBINED TIME OFF

SmugglersøNotch is four-season resort. The Resort is open for business 365 days per year. You may be expected to work evenings, weekends and holidays. This means that there are no specific designated holidays and that scheduling time off in advance is essential.

The Resort has adopted a CTO (Combined Time Off) plan, which combines all categories of time off into one "time bank". The purpose of CTO is to compensate you for time away from work. You are eligible for CTO time if you are in the employment Categories 3 or 4. You may use your CTO time bank in increments of hours, days or weeks for scheduled absences (vacation, personal days, holidays, medical appointments, etc.). Salaried employees must use CTO to supplement worked hours so that the total hours paid is equal to your standard work week. We expect that this will facilitate better scheduling of time off and give you greater freedom of use of time off for whatever purpose you need or choose.

At the end of each calendar quarter worked, one-fourth of your yearly amount of hours will be credited into your CTO time bank according to the following schedule:

| | YEARS OF SERVICE | QUARTERLY AMOUNT | YEARLY AMOUNT |
|------------|--|------------------|---------------|
| CATEGORY 3 | 1 st and 2 nd year | 32 hours | 128 hours |
| | 3 rd - 8 th year | 37 hours | 148 hours |
| | 9 th - 20 th year | 47 hours | 188 hours |
| | 20 plus years | 57 hours | 228 hours |
| CATEGORY 4 | 1 st and 2 nd year | 42 hours | 168 hours |
| | 3 rd - 8 th year | 47 hours | 188 hours |
| | 9 th - 20 th year | 57 hours | 228 hours |
| | 20 plus years | 67 hours | 268 hours |

You will be allowed to accrue up to a maximum of one-time the yearly amount for your employment category. Any time beyond this amount that is not taken by the beginning of the new benefit year (October 1st) will not be carried forward. Quarterly allotments and reductions will be shown on your pay stubs. Those employees that had over the yearly amount in their CTO bank as of 10/1/11 will be grandfathered and will be given until September 20, 2014 before they lose any CTO hours.

You are not allowed to use more CTO time than what is in your bank.

Your years of service begin on your benefit date. Your benefit date will be either October 1st or your date of hire into a designated Category 4 position. Every October 1st your years of service will be counted to verify your quarterly allotment of CTO to be deposited into your time bank for the coming year. For example, if your benefit date is 11/1/05, on October 1, 2011 you will be in your fifth year and will be given the CTO allotment assigned to that year.

If you are hired into a designated Category 4 position, you may borrow up to 50% of your first quarter CTO allotment upon approval from your Department Manager. Any time borrowed will reduce the hours credited during the following quarter.

If your category changes, you retain your current CTO time bank amount and will be credited for time off based on your new category.

Except for illnesses and emergencies, we expect you to give as much notice as possible when using your CTO time bank. CTO use for purposes other than emergencies **must be approved by your Department Manager, Director, or Officer**. This allows the Company to coordinate and reassign work responsibilities during your absence. Due to the seasonality of our business, your Department Manager may request that you reschedule your time off if it causes conflicts with the department's work schedule. Payment of CTO time does not count toward the calculation of overtime pay in any pay period.

CTO and INACTIVE EMPLOYEES

Released/Laid Off: This occurs when you are laid off from active employment with the expectation of returning to work within 90 days. If on Released/Laid Off status, you will receive your quarterly CTO allotment if you return to work during the quarter. You must use all of your CTO time bank hours before filing an unemployment claim except up to one quarter's amount if you choose.

If you are Laid Off, or are taking a personal Leave of Absence, you will only have CTO time credited for the weeks you worked. While you are inactive, you will receive no time off deposits to your CTO time bank. If you are Laid Off or taking a Leave of Absence, you must exhaust your entire CTO time bank before filing an unemployment claim. Time off will be paid out on a weekly basis until your CTO time bank is depleted.

Extended Sick Pay, Long Term Disability, and Workers' Compensation: If you are inactive due to a disability or a Workers' Compensation injury, you will have your CTO hours credited retroactively after you return to active employment within six months. After six months you will be considered inactive. When receiving Extended Sick Pay disability benefits from the company, you will be allowed to use your CTO hours to bring your pay up to a normal work week. When on Workers' Compensation, you will be allowed to use your CTO for any waiting period.

Furlough: If you are on a furlough week, you may not use any CTO hours for that week. CTO time will not be accrued during weeks you are taking furlough (it will be adjusted after each quarterly allotment is given).

Termination of Employment: The amount of CTO paid at termination will not exceed one-time the annual amount for your employment category. The payout will be done according to the number of hours equivalent to your normal workweek (not to exceed 40 hours per week) at the time of termination. This payout will continue until all allowable hours are paid out. Any employee terminated for violation of a critical policy, such as assault (including sexual harassment), theft, use/sale of a controlled substance, use/influence of alcohol on the job, providing alcohol to minors and similar critical policies will lose all CTO time immediately. Any employee terminated for cause other than violation of a critical policy will lose 50% of his or her CTO time, not to exceed a maximum of 50% of one-time his or her yearly benefit.

EDUCATIONAL REIMBURSEMENT

You are the foundation of our business. We encourage you to develop yourself and grow in your current position through skill development, additional education, and expansion of responsibilities. In doing so, you increase your personal contribution both to your department and to Smugglers' Notch as a whole.

You are encouraged to identify training and educational opportunities to develop your skills and abilities further. Any educational or training seminars that relate to the skills and abilities needed in your job may be eligible for reimbursement up to 50% of the cost. You will need to have prior approval from your Department Manager based on the description of the training or education and how it will help improve your job related skills and abilities.

To maintain eligibility, you must be active on payroll and perform your job satisfactorily through completion of each course.

Individual courses that are part of a degree, licensing or certification program must be related to your current job duties or possible future position in the organization in order to be eligible for educational assistance. SmugglersøNotch has the sole discretion to determine whether a course relates to your current job duties or a possible future position.

While educational assistance is expected to enhance your performance and professional abilities, SmugglersøNotch cannot guarantee that participation in formal education will entitle you to automatic advancement, a different job assignment, or pay increases.

PERSONAL INSURANCE DISCOUNTS

As an employee of SmugglersøNotch, discounted rates for your home, rental property, motor home, snowmobile, boat, and personal umbrella insurance via Hackett, Valine and McDonald of South Burlington may be available if you are in employment Category 3 or 4, or if you are in employment Category 2 with three or more consecutive years of employment.

Contact Hackett, Valine and McDonald of South Burlington if you are interested in getting a comparison to your current coverage. You may reach them at 802-658-1100.

SUMMER POOL PRIVILEGES

If you work at least 16 hours per week, you and your immediate family are eligible for free admission to our pool facilities. Immediate family is defined as spouse, pair-bonded mate and dependent children. For pool privileges immediate family is also defined as parents and siblings sharing a household with a student.

Out-of-state immediate relatives and friends of employees may purchase admission to our pool facilities at half price. Immediate relative is defined as grandparent, parent, sibling, and child. Only the Mountainside Pool facility is available for use by paying guests. Tickets may be purchased at the Guest Service Desk or 3 Mountain Equipment.

Occasionally paid employees who do not work at least 16 hours per week may receive one, non-transferable free admission pass for personal use for each day worked.

A Red Flag policy may be in effect certain days during the summer season. If a facility is øred flaggedö, it is unavailable due to heavy guest usage and there will be an alternate location of benefit available for you.

VACATION AND LODGING DISCOUNTS

Lodging outside SmugglersøNotch

As an employee of SmugglersøNotch Resort, you, your family, and friends are able to vacation at discounted lodging rates (through our affiliation with RCI) at more than 3000 resorts throughout the world. This is based on space availability at these resorts. Call Owner Services at ext. 1191, option #2 for more information.

The following rules apply for lodging discounts at SmugglersøNotch:

- Approved only by an officer of the company.
- Must be 21 years of age or older.
- You must be an employee in good standing.
- Eligible only to employees and their immediate family. (If employee is not staying in the home, friends and family must be 25 years of age or older. Friends and family members will be considered on a case-by-case basis.)
- Cost to the employee is homeowner lodging cost, housekeeping and tax.
- Reservation must be made within 7 days of stay.
- At no time are groups of employees eligible to stay overnight.
- Weather related stay-overs will be dealt with on an as needed basis.
- The renting party will absorb any damage costs. A credit card must be placed on file.
- All employees are expected to behave in the same manner we expect our guests to behave. All Village rules must be abided by and quiet hours (10:00 pm ó 8:00 am) must be observed.
- An employee lodging form must be completed and is available through Ann Messier.
- Available inventory is uncommon during July and August, and is not available during holidays.

Lodging for SmugglersøNotch Employees ó Hazardous Travel Conditions

In the event that travel conditions do not allow for employees to safely travel to their homes, complimentary lodging may be provided on a space available basis. In the event of such an occurrence, employees will:

- Be lodged at the complete discretion of management.
- Be responsible for any and all damages as a result of their stay.
- Be respectful of all neighboring guests and their families.
- Be required to report for duty at 8:00 am the following morning in the VOC conference room. (Any employee anticipating that they might need to utilize such a service is encouraged to bring a change of clothes to work with them to facilitate possible assignment on the day after such an event.)

Such events will be evaluated by an officer of the company and the response will be coordinated by designated personnel in Administration, Guest Services and Reservations.

VENDOR DISCOUNTS

Various local vendor discounts are available each season. A complete list will be distributed to department managers for your use.

WINTER SKI PASS

If you work at least 16 hours per week during the winter season, you and your immediate family (spouse and legal dependent children) are eligible for Employee and Employee Family Season Passes. Dependent children must appear on your tax return in order for them to be eligible to receive an employee Family Pass.

Pair-Bonded Mate Guidelines

Pair-bonded mates **of at least one year** are eligible for an Employee Family Season Pass upon verification of eligibility which includes at least one of the following documents:

- Joint checking or savings account statement
- Joint credit card statement
- Mortgage agreement
- Lease agreement

New Employees will receive their employee season passes after they have completed two weeks of employment.

If you are an occasional paid employee and do not work regularly enough to qualify for an employee pass, you may receive one non-transferable day lift ticket for your personal use for every established shift worked, which is determined by your department manager (this ticket is non-transferable).

Friends and Family Voucher Benefit

Employees who work at least 16 hours per week will receive five friends and family vouchers, good for discounted lift tickets or SSU camp programs. Employees who work under 16 hours will receive three friends and family vouchers.

CONCLUSION

Once again, welcome to the SmugglersøNotch family. We hope that this Handbook will provide an easily read educational outline of the various policies at SmugglersøNotch Resort. This Handbook is not meant to be an all-inclusive legal contract for employees and management at SmugglersøNotch, but an ever-changing guideline.

The provisions of this handbook have been developed at the discretion of management and, except for its policy of employment-at-will, may be amended or eliminated at any time, at the sole discretion of SmugglersøNotch.

These provisions supersede all existing policies and practices. Periodically the Human Resources Department will review the information and make changes where needed.

Employment with SmugglersøNotch is voluntarily entered into and you are free to resign at will at any time, with or without cause. Similarly, SmugglersøNotch may terminate the employment relationship with you at will at any time, with or without notice or cause.

Open communication between you, your supervisor, and other SmugglersøNotch employees is encouraged at all times. If you have any question regarding any of the policies or issues discussed in this Handbook, you should speak with your supervisor or the Human Resources Office.

EMPLOYEE ACKNOWLEDGEMENT FORM

The Employee Handbook describes important information about SmugglersøNotch and I understand that I should consult my supervisor regarding any questions not answered in the handbook.

Employment with SmugglersøNotch is voluntarily entered into, and I understand that I am free to resign at will at any time, with or without cause. Similarly, SmugglersøNotch may terminate my employment relationship at will at any time, with or without notice or cause.

Policies set forth in this Handbook are not intended to create a contract, nor are they to be construed to constitute contractual obligations of any kind or a contract of employment between SmugglersøNotch and any of its employees. The provisions of the Handbook have been developed at the discretion of management and, except for its policy of employment-at-will, may be amended or eliminated at any time, at the sole discretion of SmugglersøNotch.

These provisions supersede all existing policies and practices. Periodically the Human Resources Department will review the information and make changes where needed.

EMPLOYEE NAME (PRINTED):

EMPLOYEE SIGNATURE:

DATE:
