ALTAIR COMPANIES
EMPLOYEE HANDBOOK

MISSION

We provide engineering solutions of maximum value and quality by uniting the best people and technology in a culture driven by innovation.

VISION

To grow our network of engineering companies which develop and channel resources and solutions to local markets worldwide.

ABOUT THIS HANDBOOK

This Handbook is intended to provide a brief, general description of the existing employee benefits and personnel policies, practices and procedures of Altair. From time to time Altair may clarify, amend, delete and/or supplement the policies, procedures, benefits or information contained in the Handbook, at any time in its sole discretion, and the Company will post the information on the Company bulletin board or otherwise distribute such clarification, amendment, deletion and/or supplement to inform you when changes occur.

AT WILL EMPLOYMENT

Nothing contained in the Handbook is intended to create, nor shall be construed as creating, an expressed or implied contract of employment or guarantee of employment for a definite or indefinite term. Altair is an AT-WILL EMPLOYER and both the employee and the Company understand that the employee’s employment may be terminated by either the Company or the employee at any time, with or without notice, with or without cause, for any reason or no reason at all. No representative of the Company has the authority to enter into any agreement for employment for any specified period of time or to make any agreement contrary to the foregoing with the exception of an agreement in writing, signed by the President/CEO of the Company, and authorized by the Board of Directors of the Company.

EXCLUSIVE POLICY STATEMENT

The policies stated in this Handbook are the exclusive policies of Altair. This means that the policies described in this Handbook supersede all previous policies, practices, and oral statements of anyone associated with Altair, its predecessors and its authorized agents.

THIS IS NOT AN EMPLOYMENT CONTRACT
2. PHILOSOPHIES OF THE COMPANY

2.1 OUR PEOPLE - to help Altair people share in the Company’s success which they make possible; to provide job security based on their performance; to ensure them a safe and pleasant work environment; to recognize their individual achievements and needs; and to help them gain a sense of satisfaction and accomplishment from their work.

2.2 QUALITY - to ensure that quality is an important element of the culture at Altair; to educate our employees in the principles of quality improvement and apply them in their efforts to meet their project requirements.

2.3 MANAGEMENT - to foster initiative and creativity by allowing the individual great freedom of action in attaining well-defined objectives and goals; and to provide, with supervisory approval, each individual a wide degree of freedom to work within the limitations imposed by such plans, and by our general corporate policies.

2.4 CUSTOMERS - to efficiently provide products and services of the highest quality and the greatest possible value to our customers, thereby gaining and holding their respect and loyalty; to strive to consistently do the job right the first time and to contribute significantly to higher productivity and profits.

2.5 PROFIT - to achieve maximum profit to finance Altair’s growth and to provide the resources we need to achieve our other corporate philosophies; to ensure that each and every service that we provide is considered a good value by our customers, yet is priced to include an adequate profit.

2.6 GROWTH - to achieve continuous growth in sales and profits; to provide our people an opportunity to align their future with a company that offers them considerable opportunity for personal progress; to let our growth be limited only by our profits and our ability to develop and produce innovative products.

2.7 DIVERSITY - to use the collective array of experiences, talents, and qualities of the workforce to significantly contribute to the goals of our organization; to hold diversity as a shared value which internationally guides our expectation that all employees are treated with dignity and mutual respect.

3. COMPANY PRACTICES

3.1 WORK HOUR REQUIREMENTS – (Inhouse employees only) whenever possible, employees are given the opportunity to schedule their own working hours within the limitations set by the Company in order to meet its goals and objectives. The only requirement is that the hours of work for all full-time employees except for certain Designers, are based on an eight (8) hour day plus additional time for lunch. Hours of work for certain Designers is based on a nine (9) hour day plus additional time for lunch. The program is administered on an honor system which is in line with the spirit of Altair’s trust in its people.

3.2 PERSONNEL POLICY - the collection of information on individual employees, such as address, telephone number, marital status, name change, number of dependents, beneficiaries, tax withholding information and any other information which is necessary for administration and decision making, will be kept accurate and up to date at all times. Employees are required to report any changes accordingly. There will be no external disclosure of individually identifiable employee records unless specifically authorized by the employee, with the exception of those records which are legally required to be disclosed. Such records will include verification of employment for credit approval purposes, information on employment dates for employment reference checks and information which must be disclosed by law, court order or upon request of an appropriate governmental authority.
3.3 **EQUAL EMPLOYMENT OPPORTUNITY** - Altair pledges to treat all employees equally regardless of race, color, religion, ancestry, national origin, sex, age, physical handicap, veteran, marital or family status, or any other status or condition protected by applicable state and/or federal laws, except where a bonafide occupational qualification applies. The Company is committed to provide each of its employees with opportunities for advancement at all position levels based upon individual initiative, ability and accomplishment. If an employee feels that he or she has been a victim of, or has witnessed any incident of an unfair employment practice involving any of the above categories, the Company requests you to report this immediately to the Director of Human Resources. The Company will promptly look into the matter and move to rectify the problem, if one should exist.

The Company feels that it is imperative that each employee observe this policy at all times, and it will take all reasonable measures to protect against the disclosure of the identity of any person accused of a charge, or the charging party themselves.

3.4 **EMPLOYEE HARASSMENT** - It is Altair’s policy to maintain a work environment free from all forms of harassment and unduly offensive behavior and to insist that all employees, clients, vendors, or visitors be treated with dignity, respect and courtesy. It is obvious that this policy extends to comments or conduct of a sexual nature, where such behavior tends to threaten or offend a fellow employee.

All employees must avoid any action or conduct which could be viewed as sexual harassment including, but not limited to the following:

- Unwelcome sexual advances
- Request for sexual favors
- Other verbal or physical conduct of a harassing nature

Any employee believing that he or she has been the object or witness of harassment should report any such incident to his or her Altair supervisor/manager. If the supervisor/manager is the cause of the problem or if he or she seems unwilling to resolve the issue, the employee should contact the Director of Human Resources. Complaints received will be promptly investigated and appropriate action taken. The Company will take reasonable measures to treat complaints discreetly and respect the personal privacy rights of the person making the complaint and any accused party. All employees are responsible to assist Altair in avoiding harassment.

Our policy is that conduct creating an intimidating, hostile or offensive work environment will not be tolerated and anyone violating these policies will be subject to disciplinary action up to and including termination. The Company forbids retaliation or reprisals against anyone who has reported harassment.

3.5 **SEPARATION POLICY** - An employee leaving the Company voluntarily shall provide at least two (2) weeks prior notice. An employee, whose employment is being terminated voluntarily or otherwise, is entitled to compensation for all hours worked only. Remaining vacation time and other compensation time will be prorated when leaving. The employee’s last day in active pay status will be the official termination date.

The final paycheck will be ready on the next pay period date upon termination. This check will include:

- Pay for hours worked
- Commissions (if any) due
- Any pay in lieu of notice
- All remaining unused earned PTO days and PTO Bank time hours (subject to the provisions set forth in Sections 8.1.1 and 8.1.2 hereof)

The company may withhold from the final paycheck, any debts that the terminating employee owes to the
company. Such debts may include:

- Overdrawn vacation or compensation time
- Balance due for employee purchases, including those for which payroll deductions were authorized
- Any payroll advances

Any employee, whose employment has been terminated, voluntarily or otherwise, must provide Altair with written notice of any change of address that occurs during the year of termination so that a final W-2 may be sent to the employee. Your final paycheck will not be directly deposited in your account; it will be mailed to your home.

4. EMPLOYMENT

4.1 CONFLICTS OF INTEREST -although Altair employees are generally free to engage in personal financial and business transactions, there are some limitations to this freedom. Employees are discouraged from accepting employment with or becoming directly or indirectly involved as an independent contractor, consultant or otherwise with any Altair competitor.

Employees are also discouraged from accepting employment with or becoming directly or indirectly involved as an independent contractor, consultant or otherwise with any Altair customer.

The Company also discourages employees from (a) selling their own services or products or those of another person or firm if Altair offers similar services or products or (b) engaging in activities which enhance the marketability of or otherwise support a competitor’s products or services.

Furthermore, employees are also discouraged from involving themselves in certain activities such as having a financial interest or investment in a customer or supplier where a conflict of interest may arise, or receiving or offering gifts, favors, entertainment or payments.

Finally, at times employees may be asked to disclose to the management the nature of any outside employment or gainful activity. It is not management's intention to prohibit all outside employment; however, the Company has a responsibility to be certain that the conduct of the employees is not contrary in any way to the Company's obligations and interests. Non-compensated activity on behalf of any charitable, civic, religious or educational organizations is excluded from this requirement.

In line with this, the Company requires that all employees irrespective of their status within the Company, keep their immediate supervisor fully aware of the name, address and nature of their secondary employment. The Company reserves the right to require the resignation of the employee from the secondary job or with the Company if it is deemed that such employment unreasonably interferes with the employee's job responsibilities.

4.2 CONFIDENTIAL INFORMATION -Altair employees are held in a position of trust and confidence with the Company, particularly since there are times when the employee has access to trade secrets and confidential and proprietary business information of the Company as well as the respective Customers. As such, Altair requires employees to use their best efforts and utmost diligence to protect against the disclosure of the Company's and the Customer's trade secrets and confidential and proprietary business information.

Altair urges its employees to understand and acknowledge that either during or after their employment with the Company, they will not, directly, use or disclose for their own benefit or for the benefit of another, any of the Company's or the Customer's trade secrets or confidential or proprietary information unless they have the express consent of Management.
In this regard, the employee agrees that all notes, records, project reports, inventions, drawings, memorandums or other documents that are made available to the employee shall be the property of Altair. Upon the employee's termination of employment with the Company, the employee shall deliver such items to the Company and forever relinquish any proprietary rights to same.

All employees are required to sign a non-disclosure and intellectual property rights agreement as a condition of their employment. The agreement is enclosed in the employee orientation package.

5.  STAFFING

5.1  APPEARANCE - although it is not Altair's intention to impose an official dress code, all employees are urged to present themselves in a well-groomed manner.

5.2  EMPLOYMENT STATUS - no set policies or guidelines set forth in this handbook will ever replace good judgment in making decisions and as such is not intended for and shall not be interpreted to confer upon any employee any legal right to continued employment for a specified or definite period of time. The Company has and will continue to characterize all employees' employment status as "at-will". Similarly, while this Employee Handbook describes the benefits and conditions of your employment at Altair, it should not be interpreted as conferring upon any employee an employment guarantee of any sort. No representative of the Company shall have the authority to verbally make any agreement contrary to this policy.

5.3  SMOKING POLICY - it is Altair's policy to respect the rights of both the nonsmoker and the smoker within the Company's facilities. Thus smoking is prohibited within the confines of the Company's facilities.

This policy applies to all Company locations.

6.  COMPENSATION

Altair believes in paying people at competitive rates. It is designed to attract, retain and motivate individuals and it recognizes their contributions to the organization. The main objective of Altair is to maintain internal equity and external competitiveness. There are basically two pay structures at Altair; one for in-house employees and the other for on-site employees.

6.1  IN-HOUSE PERSONNEL - salary for in-house employees is comprised of a base salary. The base salary is reviewed annually and the increases are a function of the individual's merit and the current economic and job market conditions.

6.2  ON-SITE PERSONNEL - there are two ways in which salary for on-site engineers are computed:

   (a) Total Compensation is comprised of an hourly rate based upon actual hours worked and includes paid time off and vacation time.

   (b) Total Compensation is comprised of an hourly rate based upon actual hours worked.

Note: Employees will be given an opportunity to choose between the two options upon placement on-site. Once an option has been chosen, employees will only be able to switch once a year on their respective service anniversary date.

6.3  EXTRA HOURS WORKED - full time salaried, non-management, in-house employees who work greater
than their normally required hours in any calendar month, may be eligible to add those hours to a reserve paid time off bank (see Section 8.1.2 for details of Altair’s PTO Bank Time policy).

Overtime is based on anything in excess of forty (40) hours per week for all in-house employees except Designers, and must be approved by their respective project managers. Overtime for certain Designers is based on anything in excess of forty-five (45) hours per week, and also must be approved by their respective project managers.

On-site employees who work overtime will also be paid cash, but on a rate that will be determined by the existing billing rate charged to the customer. Overtime in this case is also based on anything in excess of forty (40) hours per week and must be approved by the respective supervisor on-site. On-site employees do not have the option to “bank” their overtime hours for extra vacation time.

6.5 PAY DAY - employees are paid semimonthly. The two pay periods are as follows:

- Pay period from the 1st through 15th of the month will be paid by the 23rd of the same month.
- Pay period from the 16th through the end of the month will be paid by the 8th of the following month.

Should the 23rd or 8th of the month fall on a Saturday, Sunday or holiday, payday will be the preceding business day. Please note that due to insurance billing schedules, any insurance premiums that are deducted from your paycheck are for the current month. The company offers direct deposit of your check and can transmit funds to any bank or credit union in the United States. Please complete the Direct Deposit form in your New Hire packet to enroll for this option.

6.4 VEHICLE POLICY - Altair will pay mileage on a personally owned vehicle used for Company business at a per mile rate that will be communicated to Altair employees from time to time. The mileage expenses and other official entertainment expenses should be recorded in the employee's expense sheet, and turned in at the end of every month. The respective amounts will be reimbursed in the monthly paycheck upon approval by the respective managers.

7. BENEFITS

7.1 INSURANCE - Altair recognizes the need of employees for financial protection in the event of illness or injuries that result in medical expenses. A need for income protection also exists in situations where an employee is disabled for long periods of time or an employee wishes to provide income protection for his or her family in the event of death.

Providing adequate medical/dental insurance coverage, disability and life insurance protection is a concern shared by the Company with the employee. For this reason, the Company has made available programs designed to meet employees’ needs.

The available insurances offered to Altair employees at special group rates, include the following:

- Health Insurance
- Life Insurance

Further information regarding the insurances is available in the employees' Orientation Package.
week), short-term and long-term disability coverage, except those employees who reside in California, Hawaii, New York, New Jersey and Rhode Island who are covered by the mandatory short term disability plan provided by those states. The coverage provisions are enclosed in a summary which is available in the employees’ Orientation Package.

7.2 401 (K) PLAN - the Company has also established a 401 (K) plan to assist in providing for the livelihood of employees upon and after their retirement, and for the benefit of their beneficiaries in the event of death. For more information, a Summary Plan Description is available for all employees.

7.3 COBRA POLICY -the federal government has passed a law that is commonly referred to as COBRA. In certain circumstances, COBRA gives employees and dependents the right to continue medical insurance at their expense when employer-provided health insurance coverage is terminated. If health insurance coverage is discontinued for an employee, an employee’s spouse or a dependent, it is the employee’s responsibility to notify the Company to determine his/her rights with respect to obtaining continuation coverage. When any of these situations arise that the Company is aware of, it will provide the required notification and election form to the employee or dependent(s), as the case may be. COBRA is a complex law and its application depends on each unique set of facts.

7.4 CHANGE IN YOUR PERSONAL DATA – it is each employee’s responsibility to notify Altair in a timely manner of any name, address, phone, emergency contact, educational degree or immigration status changes by sending an e-mail to HR@altair.com. In addition, when a life changing event occurs (e.g., marital status, birth/adoption of a child, death of a dependent), you should contact Altair Human Resources within 30 days of the life-changing event.

8. PAID TIME OFF

Altair recognizes that employees have diverse needs for time off from work, including vacations, personal business, illness, family care, visiting a doctor or dentist, hazardous weather days, terrorist attacks or other needs which may require time off from work. Altair has established this all-inclusive paid time off program (PTO) to meet those needs in a manner which provides a high degree of flexibility for its employees. Eligible employees accrue PTO days for each calendar year based on their job classification and years of service in accordance with the schedule outlined in Section 8.1.1 below. Additionally, eligible employees may earn PTO Bank time based on their job classification and other provisions outlined in Section 8.1.2 below.

Altair incorporates as much flexibility as possible into the PTO program while still retaining a productive work environment. It should be recognized that underlying Altair’s commitment to flexible programs is a belief that individuals are best able to plan for their own personnel needs and an expectation that they will use the programs in a responsible manner.

8.1.1 Paid Time Off

Each full-time salaried employee who is employed as of January 1st of any given year is entitled to ten (10) PTO days for that year. Employees who join Altair in any month subsequent will receive a pro-rated amount of PTO days for their first employment year based upon the employee’s actual number of days of employment during such year.

After five (5) years of full-time employment with Altair, an employee will be entitled to one (1) additional PTO day for each subsequent year worked until his or her PTO entitlement reaches fifteen (15) days per calendar year.
After ten (10) years full-time employment with Altair, an employee will be entitled to an additional one-half (1/2) PTO day for each subsequent year worked until his or her PTO entitlement reaches twenty (20) days per calendar year.

On-site employees who have opted to be paid on an hourly basis are not entitled to participate in the PTO program or to receive any PTO days. Accordingly, hourly rated on-site employees will not be compensated for any time off except to the extent otherwise specifically provided for below (e.g. jury duty, maternity leave, paternity leave, military leave). Any time-off taken by on-site employees also requires prior approval from the manager at the customer site where the on-site employee is working as well as prior approval from Altair.

Altair will maintain a PTO account for each eligible employee and track the beginning balance, current balance, accruals, and usage on a calendar year basis. Limits are imposed on the amount of PTO that can be maintained as a balance and carried forward from one calendar year to the next (the “Maximum PTO Accrual”).

During the first five (5) years of employment with Altair, an employee’s PTO account balance may not exceed ten (10) PTO days at the end of any calendar year. After five (5) years of employment with Altair, an employee’s PTO account balance may not exceed the sum of (i) ten (10) PTO days and (ii) one (1) additional PTO day for each subsequent year worked, up to a maximum of fifteen (15) PTO days. After ten (10) years of employment with Altair, an employee’s PTO account balance may not exceed the sum of (i) fifteen (15) PTO days and (ii) one-half (½) additional PTO day for each subsequent year worked, up to a maximum of twenty (20) PTO days.

Grandfather Rule--any employee that has a PTO account balance that is greater than the applicable Maximum PTO Accrual as of December 31, 2005 may maintain such PTO account balance until the excess PTO days have been used (the “Grandfather Accrual Amount”); however, the applicable Grandfather Accrual Amount will be reduced as the excess PTO days are used and once they are exhausted the applicable regular Maximum PTO Accrual set forth above shall then apply.

At the end of each calendar year, unused PTO account balances, up to the Maximum PTO Accrual (or the applicable Grandfather Accrual Amount), will be carried forward to the next calendar year. At the end of each calendar year, if the PTO account balance of an eligible employee exceeds the Maximum PTO Accrual (or the applicable Grandfather Accrual Amount), then the eligible employee will automatically forfeit such excess but unused PTO days and will not be paid for such excess but unused PTO days at any time.

Employees will have a reasonable opportunity to use their PTO days before the end of the calendar year or, if such an opportunity cannot be provided because of business/project necessity, exceptions to the above limitations may be granted upon the prior written approval of the Vice-President of the employee’s business unit.

PTO is accrued throughout each year. Although employees may use PTO up to the annual allotment even before it is earned, by using PTO before it is earned, the employee agrees that he or she has been advanced pay. The employee also thereby agrees that to the extent that PTO is not fully earned at the time of termination of employment, the remaining unearned balance may be recovered from the employee’s final pay.

8.1.2 Bank Time

In addition to the PTO program, full time salaried, non-management, in-house employees who work greater than their normally required hours in any calendar month, may be eligible to add those hours to a reserve paid time off bank (“PTO Bank time”). All overtime hours as well as accruals of PTO Bank time must be pre-approved in writing by the applicable supervisor/manager.

Altair will maintain a PTO Bank time account for each eligible employee and track the beginning balance,
current balance, accruals, and usage on a calendar year basis. Limits are imposed on the amount of PTO Bank time hours that can be maintained as a balance and carried forward from one calendar year to the next. PTO Bank time may be used and scheduled in the same manner as regular PTO days, as provided for in Section 8.1 above.

PTO Bank time account balances may not exceed eighty (80) hours (the “Maximum PTO Bank time Accrual”) at the end of any calendar year. At the end of each calendar year, unused PTO Bank time account balances, up to the Maximum PTO Bank time Accrual, will be carried forward to the next calendar year. At the end of each calendar year, if the PTO Bank time account balance of an employee exceeds the Maximum PTO Bank time Accrual, then the employee will automatically be paid for such excess PTO Bank time hours at the rate of salary that was in effect at the time such PTO Bank time hours were originally earned.

Employees carrying PTO or PTO Bank time account balances may not opt to take excused absences without pay in lieu of PTO or PTO Bank time for purposes of saving accrued PTO or PTO Bank time. Employees with insufficient PTO and/or PTO account balances to cover requested periods of time off may be granted excused time off without pay at the discretion of the applicable supervisor/manager. Once an employee has exhausted all of his or her available PTO days and PTO Bank time hours, any additional time-off (excused or unexcused) will be considered “unpaid time-off”.

Upon termination of employment, an employee will be compensated for his or her accrued but unused PTO days and PTO Bank time hours at the rate of salary that was in effect at the time such PTO days and PTO Bank time hours were originally earned in accordance with the provisions of Section 3.5 hereof.

8.2 COMPANY HOLIDAYS - the number of paid Company holidays varies slightly from year to year as a result of the varying number of week days between Christmas and New Year’s Day. These days have been provided to enable eligible employees to observe traditional times of recreation and celebration. The following is a list of scheduled Company paid holidays for all full-time salaried employees:

- New Year’s Day
- Martin Luther King’s Birthday
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day
- Thanksgiving Day and the day following
- Christmas Eve
- Christmas Day
- The work days which fall between Christmas and New Year’s Day

If a recognized holiday falls within an employee’s vacation period, that employee will not be charged a day of vacation. If a recognized holiday falls on a weekend, that holiday will not be paid. All hourly rated employees should note that these paid holidays are not applicable to them.

8.3 JURY DUTY - the Company recognizes that Jury duty is everyone’s civic responsibility. An employee who has been called for jury duty should inform management as soon as possible. The Company will pay employees the difference between the employee’s regular salary and the jury fee during that time. Employees are to supply a statement from the court certifying the time spent and the jury duty fees received. While on jury duty, the employee’s service will be protected from any loss time.

8.4 MILITARY LEAVE - the purpose of the Military Leave Policy is to advise employees of their rights in the event they enter active service in the Uniformed Services, National Guard or Reserves. It is the objective of
Altair to provide employees with a limited compensation for time served in the Uniformed Services, National Guard or Reserves and to educate employees on their rights under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA).

- If an employee is a member of the Uniformed Services, the National Guard or Reserves, they will be eligible for paid time off to attend required annual training, up to 15 working days each year.

- If an employee is in the Uniformed Services, National Guard or Reserves and enters full-time active military duty on a voluntary or involuntary basis, Altair will pay the employee the difference between (a) the employee’s regular base salary at Altair and (b) all compensation, stipends and allowances received by the employee from the military (e.g. salary, food allowance, housing allowance, etc.), for a period of one (1) year; provided that if the employee is required to remain on active military duty on an involuntary basis for a longer period of time, Altair will continue to pay such difference to the employee for an additional period of one (1) year.

- An employee who has received written or verbal military orders should notify Human Resources and their direct manager immediately. Copies of the orders should be given to the Altair’s Director of Human Resources. If the military leave of absence is to extend beyond 30 days, the Company will require copies of the military orders to establish the employee’s basic eligibility for protection under USERRA.

- An employee shall be required to meet the following criteria to be eligible for full employment restoration with Altair Engineering, Inc.

  - Reason for leave: The employee left their position with the Company for the purpose of performing military service, undergoing training or to be examined for such service or training.

  - Active Duty Served: There is a five year cumulative service limit on the amount of voluntary/involuntary military leave an employee can use and still retain reemployment rights. This five year total does not include: inactive duty training (drills); annual training; involuntary recalls to or retention on active duty; voluntary or involuntary active duty in support of war, national emergency, or certain operational missions; or additional training requirements determined and certified in writing by the Service Secretary and considered to be necessary for professional development or for completion of skill training or retraining.

  - Discharge from Active Duty: The employee satisfactorily completed active duty service and their release/discharge was “honorable”, “general” or “under honorable conditions”.

  - Request for Re-employment: The employee should contact the Company and request reemployment as soon as possible. Time limits for returning to work depend on the duration of the orders. The rules are as follows:
    - Service of 1 to 30 days: the beginning of the next regular scheduled work period on the first full day following completion of service and expiration of an eight hour rest period following safe transportation home.
    - Service of 31 to 180 days: application for reinstatement must be submitted not later than 14 days after completion of military duty.
    - Service of 181 or more days: application for reinstatement must be submitted not later than 90 days after completion of military duty.
    - (Extension for up to two years may be applicable to employees who are convalescing due to a disability incurred or aggravated during military service)
• For absences of less than 30 days, medical, dental and vision benefits continue as if the employee has not been absent. For absences of 31 days or more, coverage stops unless the employee elects to pay for COBRA coverage. Health insurance will be reinstated on the day the employee is reinstated to work with no waiting period.

• No vacation or holiday time will accrue while the employee is on military leave.

• The employee will be given the same employment/seniority status with regards to length of service for the purposes of vacation accrual and vesting in the 401(k) and ISO Stock Option plans.

8.5 MATERNITY LEAVE - every full-time female employee, who has already completed one year of service will be entitled to six weeks of maternity leave paid at 100% of monthly earnings.

Definition of “monthly earnings”:

1. Salaried: base salary + on-site adjustment (if applicable) = commissions (if applicable). Note: commissions are calculated on an average over prior 12 months; annualized for employees with less than 12 months of service

2. Hourly: regular hourly rate * 40 hours per week * average weeks per month.

8.6 PATERNITY LEAVE - every full-time male employee shall be entitled to one (1) week paid leave upon the birth of his child.

8.7 SNOW DAYS - the Company may choose to declare a snow day or half a day if the weather conditions warrant it. Anyone who does not work this period can make up the hours at some other point in time.

8.8 VACATION SHUTDOWN - at times, the customer may deem it necessary to shut down their facility for any reason, for a certain period of time. If you are a salaried employee, and you have already used up your vacation time prior to such a situation, then you will be expected to take time-off without pay during the period. In the event that this occurs, all respective salaried and hourly-rated on-site employees will be expected to take vacation at that time.

If the Company itself should deem it necessary to shut down its facilities for any reason, for a certain period of time, then all employees will be required to take their remaining vacation days and/or time-off without pay at that time. Vacation schedules, in such cases, will have to be disregarded.

8.9 BEREAVEMENT LEAVE - In the event of death of an employee's immediate family member, the company will provide bereavement leave five (5) working days at any one time. Immediate family members are defined as spouse, children, parents, brothers, sisters and grandparents, and your spouse's parents and grandparents. Where extensive travel is necessary, up to two (2) additional working days may be approved.

9. FAMILY AND MEDICAL LEAVE OF ABSENCE

The Company realizes that there may be situations when an employee, for a variety of reasons must be absent from work for a period of time, and that this time cannot be accommodated by vacation time. Although Altair does not have any sick or personal days off, it would like to reiterate its philosophy of flexibility and concern for employee's well-being. The Company realizes the importance of family commitments and thus understands the personal duties and responsibilities that the employee may have to perform from time to time.
In accordance with the Company's philosophy as well as the federal Family and Medical Leave Act of 1993, this section deals with the policies and guidelines governing the federal regulation. Under this law, it is the policy of the United States that employees who qualify for FMLA may request time off without pay for medical reasons or to provide family care.

9.1 DEFINITION - a family and/or medical leave of absence is defined as an approved absence available to eligible employees for up to twelve (12) weeks of unpaid leave in any rolling 12-month period under certain circumstances that are critical to the employee's health or the employee's family.

9.2 FAMILY LEAVE QUALIFICATIONS - an employee who is otherwise qualified for leave may take leave for the following family events:

• birth of a son or daughter
• placement of a child with the employee for adoption or foster care

Employees must give 30 days’ notice of the employee's intention to take family leave, if the date of the birth or placement is foreseeable. If it is not possible to give 30 days' warning, the employee must give the employer as much notice as possible.

The right to take leave for birth or placement expires 12 months after the birth or placement of the child.

9.3 MEDICAL LEAVE QUALIFICATIONS - An employee may be entitled to medical leave to care for a serious health condition of the following individuals:

• son or daughter under the age of 18 (including biological, adopted, and foster children, as well as stepchildren, legal wards, and disabled adult children)
• spouse (husband or wife)
• parent (or someone who has acted in the role of parent)
• the employee himself or herself, if the employee is unable to perform the functions of his or her job position

9.4 SERIOUS HEALTH CONDITION - A "serious health condition" is defined as an illness, injury, impairment, or physical or mental condition that involves:

• a period of incapacity or treatment involving inpatient care in a hospital, hospice, or residential medical care facility;
• a period of incapacity requiring more than three (3) days' absence from work, school, or other regular activity and involving continuing treatment or supervision by a health care provider; or
• continuing treatment or supervision by a health care provider for:
  • prenatal care; or
  • chronic or long-term health condition that is incurable or is so serious that failure to treat would result in more than three (3) days of incapacity.

9.5 CONTINUING TREATMENT - "Continuing Treatment" includes multiple treatments by a health care provider or health care service, as well as single treatments that result in a regimen of continuing treatment under the health care provider's supervision. Under the FMLA regulations, the definition of "health care provider" includes:

• doctors of medicine or osteopathy
• dentists, clinical psychologists, optometrists, podiatrists, and (for some treatments) chiropractors
• licensed nurse practitioners and nurse midwives
• Christian Science practitioners

Under the FMLA, periodic leave or a reduced work schedule is available if necessary to accommodate the employee's personal medical condition or planned medical treatments for the employee or family members.

For more detailed information about this Act and its provisions, please contact the Human Resource Department.

10. EMPLOYEE DEVELOPMENT

It is the intent of Altair management to develop and maintain a work environment in which employees can openly discuss performance and development plans. This kind of atmosphere can only be created when open, constructive communications exist.

10.1 INFORMAL DISCUSSIONS - keeping in line with the Company's philosophy, management makes an effort to learn about individual goals and provide performance feedback through frequent informal exchanges with employees. Efforts will be made to create an atmosphere where open, constructive communications exist. Each employee will be given the opportunity to share ideas and concerns and to set and achieve realistic goals.

10.2 FORMAL REVIEW - employees' performance will be formally reviewed once a year, usually around the anniversary date.

11. ALCOHOL AND DRUG-FREE WORKPLACE

Altair Engineering is committed to providing and maintaining an alcohol and drug free work environment and to protecting the safety, health, and well being of its employees, Customers and visitors.

To assist any employee that has a substance abuse problem, Altair offers the Employee Assistance Program (EAP) at no cost to you. An EAP specialist can be reached confidentially at 1-800-854-1446, 24 hours a day, seven days a week. All discussions will remain confidential, except as specifically required by law.

12. WEAPONS/WORKPLACE VIOLENCE

Altair is concerned about the increased violence in society, which has also filtered into many workplaces throughout the United States, and has taken steps to help prevent incidents of violence from occurring at Altair. Altair strives to provide a work environment that is positive, respectful and productive. In this connection, any acts or threats of violence by any employee against any other employee, customer in or about Altair's facilities, our customers' facilities or elsewhere will not be tolerated.

In keeping with the spirit and intent of this policy, and to ensure that Altair’s objectives in this regard are attained:

• firearms and other weapons of any kind, concealed or not, are prohibited on Altair’s facilities and our customers’ facilities at all times,

• Altair will from time to time establish viable security measures to ensure that the Company's facilities are safe and secure to the maximum extent possible and to properly handle access to company facilities by the public, off duty employees, and former employees.

• Altair will take prompt remedial action up to and including immediate termination, against any employee
who is in possession of a weapon at the facilities of the Company or its customers, engages in any threatening behavior or acts of violence or who uses any obscene, abusive, or threatening language or gestures, or who otherwise engages in behavior which violates this policy.

In furtherance of this policy, employees have a "duty to warn" their supervisors or the Director of Human Resources of any suspicious workplace activity or situations or incidents that they observe or that they are aware of that involve other employees, former employees, customers, or visitors and that appear problematic. This includes, for example, threats or acts of violence, aggressive behavior, offensive acts, threatening or offensive comments or remarks, and the like. Employee reports made pursuant to this policy will be held in confidence to the maximum possible extent. Altair will not condone any form of retaliation against any employee for making a report under this policy.

13. VISITORS IN THE WORKPLACE

To provide for the safety and security of our employees and facilities, only authorized visitors are allowed on Altair’s premises. All visitors must sign in and out at the front desk and be issued a visitor’s identification badge to be worn while on Altair’s premises.

An Altair employee must accompany visitors at all times when in secure locations. Inform the front desk if you are expecting visitors during the day and take prudent steps to manage the way Altair’s proprietary information and information systems are exposed or handled by visitors, including vendors.

14. AMERICANS WITH DISABILITIES ACT (ADA)

Altair complies with the requirements of the ADA, which prohibits discrimination against qualified individuals with disabilities in recruitment, selection, training, compensation, benefits, promotions, job transfers, assignments, terminations, and all other privileges, terms and conditions of employment.

Altair makes reasonable accommodations necessary to enable a qualified disabled applicant or employee to perform the essential functions of a position, unless it imposes an undue hardship or presents an undue risk to the health and safety of the applicant, employee or other employees.

15. FOREIGN CORRUPT PRACTICES ACT

Altair and its employees who are involved in international business are subject to the provisions of the Foreign Corrupt Practice Act. This Act prohibits the giving of money or anything of value to a foreign official for the purpose of influencing his/her actions, or those of his/her government. The Act requires companies to keep records that accurately and fairly reflect their transactions, and to maintain appropriate systems of internal accounting control.

16. EQUIPMENT AND CREDIT CARDS

Altair will issue electronic equipment, cellular phones, credit cards and other necessary items for you to effectively perform your job; accordingly these items remain the property of Altair. You will be responsible for safeguarding the equipment and credit cards issued to you. Related expenses will be allowable expenditures on your expense report with the approval of your manager/supervisor. All property must be promptly returned to Altair upon termination of employment.

Should any covenant, condition, term or provision of the Handbook be deemed to be illegal, or if the
application thereof to any person or in any circumstances shall, to any extent, be invalid or unenforceable, the remainder of the Handbook, or the application of such covenant, condition, term or provision to persons or in circumstances other than those to which it is held invalid or unenforceable, shall not affected thereby; and each covenant, condition, term and provision of the Handbook shall be valid and enforceable to the fullest extent permitted by law.