



ELECTRONIC DATA SECURITY STATEMENT 1/1/2005

Security Infrastructure

Payroll Company, Inc. provides state-of-the-art security to ensure that your customer data is never compromised. With Payroll Company, Inc. you will enjoy the protection and peace of mind that our world-class security infrastructure provides. Among our security measures:

- ❖ Specialist dedicated to round the clock data and systems protection.
- ❖ Continuous deployment of proven, up-to-date security technologies.
- ❖ Ongoing evaluation of emerging security developments and threats.
- ❖ Complete redundancy throughout the entire Payroll Company, Inc online infrastructure.
- ❖ Commitment to a secure, scalable and private system.

Security Details

Payroll Company, Inc. online applications are configured by experts and rigorously tested before going into production. Our world-class security infrastructure includes proven, up-to-date firewall protection, intrusion detection systems, SSL encryption, and other security technologies.

Physical Security. Our production equipment is co-located in four separate facilities around the United States: Wisconsin, New Jersey, Minnesota and Arizona. Each facility provides 24-hour

physical security, video surveillance systems, redundant electrical generators, redundant data center temperature control systems, and other backup equipment designed to keep our servers continually up and running.

Perimeter Defense. The network perimeter is protected by multiple firewalls and monitored by intrusion detection systems — all sourced from industry-leading security vendors. In addition, Payroll Company, Inc. contracts with a third-party firm that monitors our security configurations for changes, vulnerabilities, and errors.

Data Encryption. Payroll Company leverages the strongest encryption products to protect customer data and communications, including 128-bit SSL from VeriSign and GeoTrust. The lock icon in the browser indicates that data is fully shielded from access while in transit.

User Authentication. Users access Online Payroll, Online Human Resource, ViewChoice and TimeChoice only with a valid username and password combination, which is encrypted via SSL while in transmission. Users are prevented from choosing weak or obvious passwords. An encrypted session ID cookie is used to uniquely identify each user. For added security, the session key is automatically scrambled and re-established in the background at regular intervals.

Application Security. Our robust application security model prevents one Payroll Company, Inc. customer from accessing another's data. This security model is reapplied with every request and enforced for the entire duration of a user session.

Internal Systems Security. Inside of the perimeter firewalls, the systems are safeguarded by network address translation, port redirection, IP masquerading, non-routable IP addressing schemes, and more. The specific details of these features are proprietary.

Operating System Security. Payroll Company, Inc. enforces tight operating system-level security by using a minimal number of access points to all production servers. We protect all operating system accounts with strong passwords, and production servers do not share a master password database. All operating systems are maintained at each vendor's recommended patch levels for security and are hardened by disabling and/or removing any unnecessary users, protocols, and processes.

Database Security. Whenever possible, database access is controlled at the operating system and database

connection level for additional security. Access to production databases is restricted to a limited number of points, and production databases do not share a master password database.

Reliability and Backup. All networking components, SSL accelerators, load balancers, Web servers, and application servers are configured in a redundant configuration. All customer data is stored on a primary database server that is clustered with a backup database server for redundancy. All customer data is stored on disk storage using RAID disks and multiple data paths. All customer data, up to the last committed transaction, is automatically backed up to a primary tape library on a nightly basis. Backup tapes are immediately cloned to verify their integrity, and the clones are moved to secure, off-site storage on a regular basis.

Disaster Recovery. Payroll Company, Inc. has disaster recovery plans in place and tests them semi-annually.

Note: Use of Payroll Company, Inc services is subject to the terms and conditions of the customer's service agreement. Payroll Company, Inc. may modify its security infrastructure and/or this security information from time to time.

About The Payroll Company

Payroll Company, Inc. is a leading provider of payroll and human resource outsourcing solutions for small-to medium-sized businesses. The company offers comprehensive payroll services, including payroll processing, payroll tax administration, and employee pay services, including direct deposit, check signing and paperless payroll. Human resource and benefits outsourcing services include 401(k) plan recordkeeping, workers' compensation administration, section 125 plans and other administrative services for business. The Payroll Company was founded in 1998. With headquarters in Madison, Wisconsin the company services business nationwide. For more information visit www.payrollcompany.biz

1-877-27PAYCO
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