HALLMARK
DISPUTE RESOLUTION PROGRAM

SPECIAL NOTICE TO EMPLOYEES:

This program is a written agreement between you and Hallmark Cards, Incorporated or the covered subsidiary by whom you are employed (hereinafter referred to as the "Company" or "Hallmark") for the resolution of employment-related disputes through the Hallmark Dispute Resolution Program ("DRP"). Covered subsidiaries are Crown Center Redevelopment Corporation; Hallmark Business Expressions, LLC; Hallmark.Com, LLC; Hallmark Global Services, LLC (formerly known as Hallmark Global Services, Inc.); Hallmark Hall of Fame Productions, LLC (f/k/a Hallmark Hall of Fame Productions, Inc.); Hallmark Interactive, LLC; Hallmark Licensing, LLC (f/k/a Hallmark Licensing, Inc.); Hallmark Management Services, LLC (f/k/a Hallmark Management Services, Inc.); Hallmark Marketing Company, LLC (f/k/a Hallmark Marketing Corporation) (other than employees residing and working in Puerto Rico); Hallmark Retail, LLC (f/k/a Hallmark Retail, Inc.); Hallmark Retail Services, Inc.; Halls LLC; Litho-Krome Company, LLC (f/k/a Litho-Krome Company); any predecessor or successor companies to these entities; and any other company affiliated with Hallmark Cards, Incorporated that has its principal place of business in Kansas City, Missouri.

Covered employees include all employees of Hallmark Cards, Incorporated and/or one of its covered subsidiaries, and former employees who terminated from the Company on or after the effective date of this version of the DRP (March 1, 2012).

By continuing or accepting an offer of employment (and for such other valuable consideration including, but not limited to, the Company's agreement to submit any and all Covered Claims – as that term is defined below – it wishes to pursue against employees to final and binding arbitration), all employees to whom this program is applicable agree to submit all employment-related disputes to the Hallmark DRP and to accept an arbitrator's (or arbitrators') award as the final, binding, and exclusive determination of all Covered Claims. Claims of more than one employee cannot be aggregated for purposes of the DRP and class action claims cannot be brought under the DRP.

For those agreeing to this program, all previous versions of the DRP are superseded by this version. Otherwise, the previous version of the DRP (August 2003 version or, with respect to Hallmark Retail, LLC store employees, the Hallmark Retail, Inc. Dispute Resolution Program) remains in full force and effect.

This program does not change the employment-at-will relationship between the Company and its employees.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION THAT MAY BE ENFORCED BY THE PARTIES.

PROGRAM

Employees are encouraged to resolve disputes informally, either through dialogue with their immediate manager, other members of management with whom they are comfortable, or a Human Resources or Employee Relations representative. However, informal efforts occasionally do not resolve a dispute. When that occurs, the employee or the Company must timely submit the Covered Claims to the DRP.

The DRP is a structured dispute resolution process that consists of Level 1 – Open Door Process followed by Level 2 – Internal Employee Appeal and, if the concern is a Covered Claim, by Level 3 – Mediation and Level 4 – Binding Arbitration. The levels of the DRP are in a logical sequence, and employees must complete Levels 1 and 2 for Covered Claims before proceeding to mediation or arbitration.

At Level 1 – Open Door Process, an employee and the management team attempt to resolve the employee's dispute. If an employee is not satisfied with the outcome of Level 1, the employee may proceed to Level 2 – Internal Employee Appeal. At Level 2, the employee may submit any information it would like the Company to consider, may be interviewed by the Company, and will receive a written response from the Company after it investigates the employee's complaint.

If the dispute is not resolved through Levels 1 and 2 and the concern is a Covered Claim, the party bringing the claim (the "Claimant") – who can be either the Company or the employee – may submit the claim to Level 3 – Mediation. At Level 3, an independent mediator helps the employee and Company open lines of communication in an attempt to facilitate resolution. Level 3 is optional, and either party may timely elect to skip that level and proceed to Level 4.

If resolution is not reached at Level 3, the Claimant may submit the Covered Claim to Level 4 – Binding Arbitration. In arbitration, an independent arbitrator provides the employee and the Company with a ruling on the merits of the Covered Claim(s). The arbitrator's decision is final and binding on the Company and the employee, except that the decision may be appealed in limited instances in accordance with applicable law.

Any arbitration will be administrated by the American Arbitration Association ("AAA") or similar organization as may be agreed upon by the parties. In administering any arbitration, AAA or any similar organization shall apply the terms of this program.

Effective Date, Duration, and Modification

The effective date of this version of the DRP is March 1, 2012.

The Company may at its sole discretion modify or discontinue the DRP, provided such modification or discontinuance shall not be effective until 60 calendar days after written notice to employees. Any modification or decision to discontinue the DRP shall have no effect on accrued claims. However, an employee with an accrued claim at the time of

modification/discontinuation may request that the claim be handled under the modified DRP.

If there are conflicts between the requirements of the DRP and other Company publications or statements by Company representatives, the requirements of the DRP are controlling. For those agreeing to this program, all previous versions of the DRP are superseded.

Covered Employees

The DRP applies to all employees of Hallmark Cards, Incorporated; Crown Center Redevelopment Corporation; Hallmark Business Expressions, LLC; Hallmark.Com, LLC; Hallmark Global Services, LLC (formerly known as Hallmark Global Services, Inc.); Hallmark Hall of Fame Productions, LLC (f/k/a Hallmark Hall of Fame Productions, Inc.); Hallmark Interactive, LLC; Hallmark Licensing, LLC (f/k/a Hallmark Licensing, Inc.); Hallmark Management Services, LLC (f/k/a Hallmark Management Services, Inc.); Hallmark Marketing Company, LLC (f/k/a Hallmark Marketing Corporation) (other than employees residing and working in Puerto Rico); Hallmark Retail, LLC (f/k/a Hallmark Retail, Inc.); Hallmark Retail Services, Inc.; Halls LLC; Litho-Krome Company, LLC (f/k/a Litho-Krome Company); any predecessor or successor companies to these entities; and any other company affiliated with Hallmark Cards, Incorporated that has its principal place of business in Kansas City, Missouri. **Covered employees include former employees who terminated from these companies on or after the effective date of this version of the DRP (March 1, 2012).**

Filing Charges with Government Agencies

Nothing in this Hallmark DRP is intended to discourage or interfere with the legally protected rights of employees to file administrative claims or charges with government agencies. Such agencies include, but are not limited to, the Equal Employment Opportunity Commission ("EEOC"), the Office of Federal Contract Compliance Programs ("OFCCP"), the Department of Labor ("DOL"), and state and local fair employment agencies.

However, if an employee files a charge or claim with the EEOC, OFCCP, DOL, state or local fair employment agencies, or other agencies, the Company will request that the agency defer its processing of the charge or claim until the employee and the Company have completed the DRP. If the charge or claim is not deferred by the agency, any response to the agency by the Company regarding the charge or claim shall not constitute a waiver of the Company's rights under the DRP.

If an employee files a charge or claim with the EEOC, OFCCP, DOL, state or local fair employment agencies, or other agencies, the Company will treat the charge or claim as the employee's Internal Employee Appeal Request Form and process it under Level 2 – Internal Employee Appeal (provided that the employee first demonstrates to the Company that the charge or claim was timely filed with the agency pursuant to applicable law).

Standards of Business Conduct and Discrimination/Harassment Policies

The DRP does not replace the Standards of Business Conduct (Policy 124) or the Company's harassment and discrimination policies. Employees have a continuing responsibility to report violations of the Standards of Business Conduct or the harassment and discrimination policies in accordance with those policies. The Company's policies, including the Standards of Business Conduct, harassment, and discrimination policies, may be found on the Hallmark Intranet under the Business Resources tab (click on "Policies & Procedures") or employees may request copies from their Human Resources or Employee Relations representative. Employees who do not have access to the Hallmark Intranet may locate policies applicable to them in their employee handbook or by requesting copies from their Human Resources representative.

Materials Relating to the DRP

Employees may obtain additional information about the DRP from their manager or Human Resources or Employee Relations representative, or on the Hallmark Intranet. It is the employees' responsibility to ensure that they have the most current version of the DRP.

Covered Claims

While employees must submit any timely-filed employment-related dispute at Levels 1 and 2 (other than those claims outlined in the "Excluded Claims" section below), only Covered Claims – brought by either the Company or employee – will be accepted and processed at Levels 3 and 4. Covered Claims are those claims arising out of the employee's employment that the Company may have against the employee or that the employee may have against the Company and/or individual employees acting within the scope of their employment regarding alleged unlawful or illegal conduct on the part of the employee, Company, and/or individual employees acting within the scope of their employment that give rise to a claim under the law including, but not limited to, the following:

- Employment discrimination and harassment claims based on race, color, national origin, religion, sex, sexual orientation, gender identity, genetics, age, pregnancy, disability or handicap, veteran status, or any other legally-protected status.
- Retaliation claims for a legally-protected activity and/or for whistle blowing.
- Claims relating to workplace accommodation due to physical or mental disabilities.
- Claims relating to the state or federal Family and Medical Leave Acts.
- Claims for breach of contract or covenant (express or implied), other than claims for breach of an employee's noncompetition, nonsolicitation, fiduciary, or confidentiality obligations.
- Claims for damages for violation of an employee's noncompetition, nonsolicitation, fiduciary, or confidentiality obligations.
- Tort claims such as negligence, defamation, invasion of privacy, infliction of emotional distress, *etc.*
- Claims involving copyrights, patents, or trademarks.

- Claims for violation of public policy.
- Claims for unpaid wages or other compensation.
- Claims for fraud.
- Claims for theft of Company property (other than the theft of the Company's confidential information).
- Claims for debts owed to the Company.

Claims of more than one employee cannot be aggregated for purposes of the DRP and class actions claims cannot be brought under the DRP.

Excluded Claims

The following claims shall be excluded from the DRP:

- Claims brought by employees for benefits under a Company benefit plan covered by ERISA that are covered by special appeal procedures and/or mandatory and binding arbitration provisions in the governing plan documents.
- Claims brought by employees for workers' compensation or unemployment compensation benefits.
- Claims brought by employees against an individual manager not made against the employer that do not involve conduct within the scope of the manager's employment.
- Claims brought by employees that seek to establish, modify or object to the Company's policies (including, but not limited to, compensation, vacation, paid time off, and short-term disability benefits) except claims that allege discriminatory application or impact of such policies.
- Claims for injunctive relief to protect the Company's confidential information and trade secrets, and for violation of an employee's noncompetition, nonsolicitation, and fiduciary obligations. Claims for damages for such claims are Covered Claims (see above).
- Criminal claims referred to or handled by law enforcement agencies.
- Claims expressly excluded by law.

DRP Administrator

A DRP Administrator may:

- Answer questions about the DRP.
- Distribute the forms to initiate Levels 2, 3, and 4.
- Receive the Internal Employee Appeal Request Form at Level 2 and submit the form to the Company for investigation, review, and decision.
- Receive the forms to initiate Levels 3 and 4.

To get in touch with a DRP Administrator, employees should contact their Human Resources or Employee Relations representative or their manager, or locate the names of the DRP Administrators on the Hallmark Intranet.

The DRP Administrator may advise employees regarding options to resolving the situation and next steps. The DRP Administrator will not review the merits of the situation or provide an opinion.

Time Limitations

For an employee to make any claim against the Company, the employee must submit the claim to Level 2 within the applicable regulatory filing period or statute of limitations, whichever is longer, from the date of the act giving rise to the dispute.

For the Company to make any Covered Claim against an employee, the Company must submit the claim to Levels 3 or 4 within the applicable regulatory filing period or statute of limitations, whichever is longer, from the date of the act giving rise to the dispute.

The Company's failure to reject a claim that the employee has submitted to Level 2 of the DRP after the applicable time limitations shall not waive the Company's right to assert as a defense the untimeliness of a Covered Claim at a later time.

The employee's failure to reject a claim that the Company has submitted to Levels 3 or 4 of the DRP after the applicable time limitations shall not waive the employee's right to assert as a defense the untimeliness of a Covered Claim at a later time.

Agreement to Arbitrate in Interstate Commerce

This program is an agreement to arbitrate pursuant to the Federal Arbitration Act, 9 U.S.C.A. §§ 1 *et seq.* or if that act is held to be inapplicable for any reason, the arbitration law in the state in which the employee last worked. The parties acknowledge that the Company is engaged in transactions involving interstate commerce and employees eligible to participate in the DRP are not employed by the Company as seamen, railroad employees, or other class of worker engaged in foreign or interstate commerce.

Effect of Court Decisions

It is intended that the DRP is the exclusive, final and binding method for the Company and its employees to resolve Covered Claims, subject to applicable arbitration statutes and the provisions herein. If any provision of the DRP is determined by a court to be invalid or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected by the determination, and each provision of the DRP will be valid, legal and enforceable to the fullest extent permitted by law.

Retaliation is Prohibited

All Company employees are prohibited from retaliating against anyone for submitting a dispute to or participating in the DRP, as a witness or otherwise.

PROCEDURE AND RESPONSIBILITY

Level 1 – Open Door Process

Employees are encouraged to discuss and attempt to resolve any work-related problem with their manager, Human Resources or Employee Relations representative, or any other member of management. Level 1 review is available for all employment-related disputes that an employee has/may have. Typically, if the problem is not resolved by a conversation with the immediate manager, the Level 1 open door process will involve the employee talking with higher levels of management and his/her Human Resources or Employee Relations representative.

Level 2 – Internal Employee Appeal

Employees who addressed the issue with the appropriate persons at Level 1 – Open Door Process and who are not satisfied with the outcome may formalize their concerns, have the Company investigate those concerns, and have the Company respond in writing through Level 2 – Internal Employee Appeal. Level 2 review is available for all timely-submitted employment-related disputes (other than those claims listed in the Excluded Claims section).

To make any claim beyond Level 1 against the Company, the employee must have addressed the issue with the appropriate persons, sufficiently raised the concern at Level 1, and submitted the Internal Employee Appeal Request Form (at Level 2) within the applicable regulatory filing period or statute of limitations, whichever is longer, from the date of the act giving rise to the dispute.

The DRP Administrator forwards the Internal Employee Appeal Request Form to the Human Resources Director of Employee Relations ("ER Director") or his/her designee. An investigation will then be conducted. The ER Director and vice president of the employee's division or their designees shall issue a Response to Internal Employee Appeal within 60 calendar days of the date the Company received the employee's Internal Employee Appeal Request Form and give a copy of the Response to Internal Employee Appeal to the employee.

Level 3 – Mediation (Covered Claims Only)

Only Covered Claims may be processed at Level 3 –Mediation. Covered Claims brought by an employee shall not be processed at Level 3 unless the employee submitted such claims to Level 2 within the applicable regulatory filing period or statute of limitations, whichever is longer, from the date of the act giving rise to the claim. Covered Claims brought by the Company shall not be processed at Level 3 unless the Company submitted such claims in writing to the employee within the applicable regulatory filing period or statute of limitations, whichever is longer, from the date of the act giving rise to the dispute.

1. **Description** – Mediation involves an attempt by the parties to resolve their dispute with the aid of a neutral third party not employed by the Company. The mediator's role is advisory. The mediator may offer suggestions and question the parties, but resolution of the dispute rests with the parties themselves. Mediation is a process that seeks to find common ground for the voluntary settlement of Covered Claims. Proceedings at the mediation level are confidential and private.

   The mediator may meet with the parties jointly and separately in order to facilitate settlement. It is not the role of the mediator to change or rewrite any Company policy or employment record, although these can be options that the parties elect as ways to resolve the dispute. While there is some variation among the methods of different mediators, most mediations begin with a joint meeting of both parties and the mediator. The mediator normally gives each party an opportunity to explain the dispute, including the reasons that support each party's position. The joint session is followed by private, confidential caucuses between the mediator and each party.

2. **Submission of Request for Mediation (Level 3) and Time Limits –** If the employee is the Claimant, the DRP Administrator or Company's attorney must receive from the employee or employee's representative the Request for Mediation form and required fee within 90 calendar days of the receipt of the Company's Response to Internal Employee Appeal at Level 2. If the Company is the Claimant, the employee or employee's representative must receive from the Company the Request for Mediation form within the applicable regulatory filing period or statute of limitations, whichever is longer, from the date of the act giving rise to the dispute.

   Upon receipt of the Request for Mediation form and required mediation fee, the parties shall commence the mediation process. A Request for Mediation shall contain a brief description of the nature of the Covered Claims and the name of the person requesting mediation and his/her/its attorney, if any.

3. **Option to Skip Level 3 –** Either party has the option of skipping Level 3 – Mediation and proceeding directly to Level 4 – Binding Arbitration. If the employee is the Claimant and wants to skip Level 3, he/she must submit to the DRP Administrator or Company's attorney and the Company must receive the Request for Binding Arbitration form and required fee within ninety (90) calendar days of the receipt of the Company's Response to Internal Employee Appeal at Level 2. If the employee is the Claimant and has timely requested Level 3 – Mediation and the Company wants to skip Level 3 and proceed directly to Level 4 – Arbitration, the Company must notify the employee in writing of its decision within 14 calendar days of receiving the employee's Request for Mediation form and fee. In such case, the $50 mediation fee already paid by the employee will be applied towards the costs of the arbitration, and the employee will not be required to remit to the Company the additional $50 fee. If no arbitration is initiated within the timeframe set out in paragraph 6 of the Level 4 – Binding Arbitration (Covered Claims Only) section below, the $50 fee will be refunded to the employee.

If the Company is the Claimant and wants to skip Level 3, it must submit to the employee or employee's representative and the employee or employee's representative must receive the Request for Binding Arbitration form within the applicable regulatory filing period or statute of limitations, whichever is longer, from the date of the act giving rise to the dispute. If the Company is the Claimant and has timely requested Level 3 – Mediation and the employee wants to skip Level 3 and proceed directly to Level 4 – Arbitration, the employee must notify the Company of this decision within 14 calendar days of receiving the Company's Request for Mediation form.

3. **Selection of a Mediator** – The employee and the Company may select a mediator by agreement. Upon agreement, the Company will notify the mediator. If the employee and the Company cannot agree upon the selection of a mediator, the mediator will be selected pursuant to the American Arbitration Association procedures.

4. **Qualifications of Mediators** – In addition to not having any financial or personal interest in the result of the mediation, mediators shall be lawyers and have a minimum of 5 years' experience in the practice of employment law or in the mediation of employment claims or comparable experience.

5. **Date, Time, and Place of Mediation** - The parties may agree on a date, time, and place for the mediation. Unless the parties agree otherwise, the mediation shall take place within a reasonable distance from the employee's final work location. If the employee has (or had) no fixed work location, the mediation shall take place within a reasonable distance from the employee's home (unless the parties agree otherwise). Absent agreement by the parties, the mediation must be held within 6 months from the date of the submission of the Request for Mediation form. If mediation does not occur during this timeframe or by the time the statute of limitations period for initially filing the claim has expired, whichever is later, the Claimant waives the right to proceed with Levels 3 or 4, or to otherwise pursue the claim against the other party.

6. **Length of Mediation** – Either of the parties or the mediator may end the mediation at any point. Although most mediations will take no more than one day, occasionally the mediator will schedule the parties for a second session.

7. **Summary of Disputed Issues** – At least 10 calendar days prior to the scheduled mediation, each party shall provide the mediator with a brief written summary of the dispute setting forth the party's position concerning all claims.

8. **Attendees at Mediation** – The mediation shall be a private meeting of the parties, their counsel, if applicable, and the mediator. Without the written agreement of both parties, no one may attend the mediation except the mediator; the employee and his/her spouse and attorneys; the Company's attorneys and management personnel. If the employee's spouse is a current Company employee, the spouse is not permitted to attend the mediation unless the parties agree to permit him/her

to attend and unless the spouse agrees to keep all information discussed at the mediation confidential.

9. **Confidentiality** – All persons present at the mediation shall be instructed that the mediation is a confidential proceeding and should not be discussed with persons not present, with the exception of the employee's spouse, any attorneys for the parties, and management at the Company with a business need to know, and those persons should be advised of the confidentiality of the proceedings.

10. **No Stenographic Record or Electronic Recording** – Neither the employee, the Company, nor anyone else may make a formal record or transcript, or use any electronic recording device at the mediation. However, both parties may make handwritten notes during the mediation.

11. **Costs and Fees** – The Company will pay: (1) the mediator's fee and reasonable travel expenses; and (2) the cost of renting mediation rooms, if any. If the Claimant is the employee, the employee will pay a fee of $50 to the Company for mediation expenses (this fee will be returned if the mediation does not occur within the timeframe set out in paragraph 5 above and will be waived if the employee demonstrates to the Company that payment of such fee will cause a hardship to the employee). The parties shall each pay their own attorneys' fees, if any.

12. **Results of Mediation** – If the dispute is resolved, the parties and their attorneys shall promptly prepare a written settlement agreement. If the parties are unable to resolve the dispute at mediation, the mediation is deemed to be closed as of the date of the mediation, even if the parties continue settlement discussions after the mediation.

Level 4 – Binding Arbitration (Covered Claims Only)

1. **Description** – Binding arbitration is a dispute resolution process in which the employee and the Company present their respective positions concerning the claims to an impartial third-party arbitrator (or a panel of impartial third-party arbitrators) who determines the merits of the claims. An arbitration hearing resembles a court proceeding in certain ways. Both parties have the opportunity to be represented by an attorney, to make opening statements, to present the testimony of witnesses and to introduce exhibits through witnesses, to cross-examine the other party's witnesses and to make closing statements. Arbitration differs from mediation in that the arbitrator decides the merits of the Claimant's claims and issues a written decision that is final and binding on both parties subject only to limited rights of appeal.

   Claims submitted to arbitration will be resolved in accordance with the provisions set out below, the American Arbitration Association's Employment Arbitration Rules and Mediation Procedures (except where inconsistent with the provisions herein) and applicable law.

2. **Applicable Law** – In deciding the dispute, the arbitrator shall apply the laws of the state in which the employee last worked (unless the parties have agreed otherwise in writing). If the employee has (or had) no fixed work location, the arbitrator shall apply the laws of the state in which the employee lived at the time the claim(s) accrued.

3. **Decisions as to Arbitrability** – The arbitrator – and not the courts – shall make all initial decisions as to arbitrability, which means that the arbitrator (and not a judge) shall decide such issues as whether the parties have agreed to arbitrate, whether the DRP is a valid and enforceable contract for arbitration, and/or whether specific claims must be arbitrated pursuant to the DRP.

4. **Confidentiality and Attendees at Arbitration Hearings** – The employee may be assisted or represented by an attorney at Level 4. An attorney will represent the Company. Either party may present expert witness testimony to the arbitrator. Neither party may call more than 10 witnesses, including expert witnesses, unless both parties agree in advance or the arbitrator grants the request of a party to increase the number for good cause shown.

   The arbitration hearing shall be a private hearing and the proceedings shall be confidential. All persons present at the arbitration shall be instructed that the arbitration is a confidential proceeding and should not be discussed with persons not present, with the exception of the employee's spouse, any attorneys for the parties, and management at the Company with a business need to know, and those persons should be advised of the confidentiality of the proceedings.

   Without the written agreement of both parties, no one may attend the arbitration hearing except the arbitrator; an official recorder, if any; the employee and his/her spouse, attorneys, experts, and witnesses; and the Company's attorneys, management personnel, experts and witnesses. If the employee's spouse is a current Company employee, the spouse is not permitted to attend the arbitration unless the parties agree to permit him/her to attend and unless the spouse agrees to keep all information discussed at the arbitration confidential.

5. **Submission of Request for Binding Arbitration (Level 4) and Time Limits –** Where the employee is the Claimant, the DRP Administrator or Company's attorney must receive from the employee or employee's representative the Request for Binding Arbitration form and required $100 arbitration fee within 90 calendar days of the mediation or, if the employee is electing to skip Level 3 – Mediation, within 90 calendar days of the employee's receipt of the Company's Response Internal Employee Appeal at Level 2. The $100 fee may be waived if the employee demonstrates to the Company that payment of such fee will cause a hardship to the employee.

   Where the Company is the Claimant, the employee or employee's representative must receive from the Company the Request for Binding Arbitration form within the applicable regulatory filing period or statute of limitations, whichever is longer, from the date of the act giving rise to the dispute.

The Claimant shall include in the Request for Binding Arbitration a brief but thorough description of the nature of the claim, damages alleged, and remedy being sought.

6. **Initiation of Arbitration** – Upon receipt of a Request for Binding Arbitration form, the Claimant shall file a demand for arbitration with the American Arbitration Association or a similar organization as may be agreed upon by the parties (the "Association") pursuant to its arbitration rules. It is the responsibility of the Claimant to prepare and timely submit the demand for arbitration. The demand for arbitration must be submitted to the Association within 30 calendar days of the date of submission of the Request for Binding Arbitration or, if either party elected to skip Level 3 – Mediation, within 30 calendar days of the date the parties were notified that Level 3 would be skipped. If the request is not submitted within this timeframe, the Claimant waives his/her/its right to proceed with Level 4 or to otherwise pursue his/her/its claims against the other party.

   The demand for arbitration shall contain a statement setting forth the nature of the Claimant's Covered Claims, the amount of damages claimed, if any, and the remedy sought by the party seeking arbitration.

   The Company will submit the filing fee to the Association (whether the Claimant is the Company or the employee).

7. **Number of Arbitrators** – In most cases, one arbitrator will preside over the arbitration. A party may, however, request that the dispute be heard by a panel of three neutral third-party arbitrators. In such a case, the party requesting the panel of three arbitrators must pay the costs associated with the two additional arbitrators.

8. **Selection of a Neutral Arbitrator –** The employee and the Company may select an arbitrator by agreement. Upon agreement, the Company will notify the AAA (or similar organization) of the selection, which shall then administer the arbitration. If the employee and the Company cannot agree upon the select of an arbitrator, the arbitrator will be selected in accordance with the DRP and the Association procedures.

9. **Qualifications of a Neutral Arbitrator** – In addition to being independent of the Company and the employee, the arbitrator shall: (1) have a minimum of five years' experience in the area of law at issue or in the arbitration of employment law claims or comparable experience, and (2) be a lawyer. If a panel of three neutral arbitrators is used, the arbitrators shall be independent of the Company and the employee and: (1) two of the three shall have a minimum of five years' experience in the practice of employment law or in the arbitration of employment law claims or comparable experience, and (2) at least two of the three neutral arbitrators must be lawyers. The parties shall direct the Association to provide lists of local arbitrators to the parties to the extent that local arbitrators possess the qualifications requested by this procedure. However, the parties will accept lists

that include arbitrators that are not local to the jurisdiction in question to the extent that qualified local arbitrators are not available.

10. **Date and Time of Arbitration Hearing** – The parties may agree on a date and time for the arbitration hearing. However, if the parties fail to agree, the arbitrator shall set the time and date of the arbitration hearing. Absent agreement by the parties, the arbitration must be held within a reasonable timeframe, not to exceed 9 months from the date of submission of the Request for Binding Arbitration form. If arbitration does not occur during this timeframe or by the time the statute of limitations period for initially filing the claim has expired, whichever is later, the Claimant waives the right to proceed with Level 4 or to otherwise pursue the claim(s) against the other party.

11. **Place of Hearing** – Unless the parties agree otherwise or the arbitrator directs otherwise, the arbitration hearing will be held within a reasonable distance from the employee's last work location. If the employee has (or had) no fixed work location, the arbitration hearing will be held within a reasonable distance from the employee's home (unless the parties agree otherwise or the arbitrator directs otherwise).

12. **Discovery** – Discovery is the process by which parties to a pending Covered Claim obtain certain nonprivileged information in possession of the other party, which is relevant to the proof or defense of the Covered Claim, including information concerning the existence, description, nature, custody and location of any books, documents or other tangible things and the identity and location of persons having knowledge of any such matter. Consistent with the expedited nature of arbitration, discovery is subject to certain limitations set forth below, including the requirement that the parties shall complete all discovery no later than 10 calendar days prior to the start of the arbitration hearing.

    (a) **Disclosure of Witnesses and Documents** – At least 30 calendar days before the arbitration hearing, each party shall provide written notice to the other party of the names and addresses of all witnesses the party intends to call at the arbitration hearing, copies of all documents the parties intend to introduce, as well as the names and addresses of attorneys who will attend the hearing. The parties may supplement this information up to 20 calendar days prior to the hearing.

    (b) **Protective Orders** – The arbitrator may issue protective orders in response to a request by either party or by a third-party witness. Such protective orders may include, but are not limited to, sealing the record of the arbitration hearing, in whole or in part, to protect the privacy, trade secrets, proprietary information and/or other legal rights of the parties or the witnesses.

    (c) **Depositions** – Each party may depose all expert witnesses named by the other party and up to 3 other individuals.

(d) **Interrogatories** – Each party may propound up to 10 interrogatories (including subparts).

(e) **General Limitations on the Obligation to Produce Documents and Discovery** – Each party has the right to request the production of relevant documents with copies of documents requested to be paid for by the requesting party. Either party may submit a request to the arbitrator for additional discovery, to limit discovery that is burdensome or of little relevance, or to resolve discovery disputes including claims regarding privileged documents or other prehearing disputes. This procedure does not require either party to provide information to the other party that is proprietary, covered by the attorney-client privilege or attorney-work product immunity, or classified or trade secret information.

(f) **Discovery Disputes** – The arbitrator shall have the authority, for good cause shown by either party, to increase the number of discovery requests or depositions otherwise permitted by this procedure. In addition, the arbitrator shall decide any discovery disputes concerning depositions or the production of relevant documents and other information.

If either party wants to bring a discovery dispute to the arbitrator's attention, the party must arrange through the Association for a teleconference with the arbitrator and the other party. If the arbitrator is unable to make a ruling at the end of the teleconference, the arbitrator may schedule a meeting with the parties to resolve the discovery dispute.

13. **Recording of the Arbitration Hearing** – Either party may arrange for a qualified court reporter to make a stenographic record and transcript of the arbitration hearing. If only one party requests that a record be made, then that party shall pay for the entire cost of the record. If both parties want access to the record, the parties shall share the cost equally and copy shall be provided to the arbitrator at the expense of the requesting party or parties.

14. **Subpoenas** – Each party may request the arbitrator to subpoena witnesses or documents for the arbitration hearing pursuant to Section 7 of the Federal Arbitration Act, 9 U.S.C.A. Sections 1–16, or the applicable state arbitration statute.

15. **Evidence –** The parties may offer such evidence at the hearing as is relevant and material to a determination of a Covered Claim. The arbitrator shall determine the weight and relevance to be afforded to such evidence. This procedure does not require conformity to legal rules of evidence, except for the law applicable to attorney-client privilege, attorney-work product immunity, compromise and offers to compromise, and other privileges recognized by state law. However, the arbitrator shall not receive or consider evidence submitted to the arbitrator after the arbitration hearing, unless the parties agree in writing to the receipt of such evidence.

16. **Brief and Arbitrator's Opinion** – Each party will have the opportunity, if desired, to submit a written brief to the arbitrator within 30 calendar days of the close of the arbitration hearing or receipt of the arbitration transcript, whichever is later. If both parties wish to submit briefs, they shall be submitted at the same time. Each party shall be responsible for forwarding a copy of its or his/her brief to the other party. Reply briefs may be permitted by the arbitrator.

    In resolving the dispute and deciding all Covered Claims, the arbitrator must apply and follow applicable law.

    The arbitrator will provide a reasoned opinion in accordance with applicable law supporting his/her conclusions, including detailed findings of fact and conclusions of law. The opinion shall be signed by the arbitrator and shall include: (a) the names of the parties and their representatives; (b) the dates and place of the hearing; (c) a summary of the Covered Claims arbitrated and decided; (d) the factual and legal reasons for the opinion; and (e) the damages and/or other remedies/relief, if any.

17. **Authority of the Arbitrator** – The arbitrator may order third-party discovery, may grant any remedy or relief that would have been available had the claim been asserted in court, and may issue rulings on any motions that the parties could have asserted in court including, but not limited to, motions for summary judgment, motions to dismiss, motions in limine, and motions for sanctions.

    The exclusion of Company benefit plans from DRP coverage precludes a claim alleging a violation of such plans, but shall not prevent an arbitrator from including in an award, in connection with a Covered Claim, the monetary value of lost Company benefits caused by a wrongful termination of employment or other violation of law.

18. **Effect of Arbitrator's Decision** –An arbitrator's award shall be a final, binding and exclusive determination of all Covered Claims subject only to limited rights of appeal provided by statute. The arbitrator's decision becomes final 30 calendar days following receipt of the award. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

    The arbitrator(s) and Association agree that the arbitration proceedings and the arbitrator's (or arbitrators') award are confidential and agree to keep same confidential except to the extent necessary to pursue a proceeding to confirm, modify or vacate such award. The award shall have no legal effect on the claims of employees who are not party to the arbitration. Neither party may cite the arbitrator's decision as precedent in any other arbitration, or in any administrative or court proceeding. However, either party may cite the decision in order to appeal the arbitrator's award and/or to seek dismissal of the same claims in litigation.

19. **Arbitration in the Absence of a Party** – The arbitrator may proceed in the absence of a party or representative who, after due notice, fails to be present or

fails to obtain a postponement. An award shall not be made solely on the default of a party. The arbitrator shall require any party who is present to submit such evidence as the arbitrator may require for the making of an award.

20. **Costs and Fees** – If the employee is the Claimant, the Company will pay: (1) the Association's filing and other administrative fees (less $100); (2) the arbitrator's fee and reasonable travel expenses; and (3) the cost of renting an arbitration hearing room (if any). The employee will pay $100 toward such filing and administrative costs to the Company (although the $100 fee may be waived if the employee demonstrates to the Company that payment of such fee will cause a hardship to the employee).

    If the Company is the Claimant, the Company will pay: (1) the Association's filing and other administrative fees; (2) the arbitrator's fee and reasonable travel expenses; and (3) the cost of renting an arbitration hearing room (if any).

    In all arbitrations, each party shall pay its/his/her own experts' and/or attorneys' fees, unless the arbitrator awards reasonable experts' and/or attorneys' fees as a "prevailing party" under applicable law.

21. **Settlement Agreement and Release** – If the parties reach an agreement to resolve a claim or claims prior to the issuance of the arbitrator's decision, the parties will promptly enter into a signed settlement agreement, including appropriate releases of claims involved.