

Proxima Nova
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1.1 HISTORY, GOALS AND CULTURE

Revised January 1, 2010

Welcome to Arizona Art Supply!!!

The purpose of this handbook is to orient new employees with Arizona Art Supply. It is a resource that provides answers for the most frequently asked employee questions.

Arizona Art Supply has been part of the great Southwest for over 50 years. We are proud to say that we have never forgotten the many friends and customers that have supported us throughout the years. Our philosophy has always been to be the best, not necessarily the biggest or the cheapest in the industry. Our customer loyalty speaks for itself; we have received the "Best of Phoenix" award by the Phoenix New Times Magazine and the "Rep Best" award by the Arizona Republic, numerous times.

All of our stores are recognized by Winsor and Newton as Premier Art Centers, a very prestigious honor which is presented by the world's largest manufacturer of quality art materials. This honor is presented only to a select group of retailers in the entire United States. This recognition is based upon an exemplary high level of customer service satisfaction and of course, substantial inventories that encompass all types of media for the budding beginner to the most accomplished commercial artist.

We are proud to be the largest independent supplier of artistic products in the Southwestern United States. And we want you, as an employee of Arizona Art Supply, to be proud of the accomplishments of the company.

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SECTION 1

1.2 PURPOSE OF THIS HANDBOOK

This handbook has been prepared to inform new employees of the policies and procedures of Arizona Art Supply, (herein to be known as the company), and to establish the company's expectations. It is not all-inclusive or intended to provide strict interpretations of our policies; rather, it offers an overview of the work environment. This handbook is not a contract, expressed or implied, guarantying employment for any length of time and is not intended to induce an employee to accept employment with the company.

The company reserves the right to unilaterally revise, suspend, revoke, terminate or change any of its policies, in whole or in part, whether described within this handbook or elsewhere, in its sole discretion. If any discrepancy between this handbook and current company policy arises, conform to the current company policy. Every effort will be made to keep you informed of the company's policies, however we cannot guarantee that notice of revisions will be provided. Feel free to ask questions about any of the information within this handbook.

This handbook supersedes and replaces any and all personnel policies and manuals previously distributed, made available or applicable to employees.

1.3 AT-WILL EMPLOYMENT

EMPLOYMENT WITH THIS COMPANY IS AT-WILL. An at-will employment relationship can be terminated at any time, with or without reason or notice by either the employer or the employee. This handbook itself, is NOT a contract, nor can it ever be altered (e.g., by a Manager's subsequent promise) to become one. This at-will employment relationship exists regardless of any statements by Company personnel to the contrary. Only Larry Millstead or Susan Millstead is authorized to modify the at-will nature of the employment relationship, and the modification must be in writing.

SECTION 2

2.1 EQUAL OPPORTUNITY EMPLOYMENT

This company is an equal opportunity employer and does not unlawfully discriminate against employees or applicants for employment on the basis of an individual's race, color, religion, creed, sex, national origin, age, disability, marital status, veteran status or any other status protected by applicable law. This policy applies to all terms, conditions and privileges of employment, including recruitment, hiring, placement, compensation, promotion, discipline and termination.

Whenever possible, the company makes reasonable accommodations for qualified individuals with disabilities to the extent required by law. Employees who would like to request a reasonable accommodation should contact Larry or Susan Millstead.

2.2 NON-HARRASSMENT POLICY / NON-DISCRIMINATION POLICY

The company prohibits discrimination or harassment based on race, color, religion, creed, sex, national origin, age, disability, marital status, veteran status or any other status protected by applicable law. Each individual has the right to work in a professional atmosphere that promotes equal opportunities and is free from discriminatory practices, including without limitation harassment. Consistent with its workplace policy of equal employment opportunity, the company prohibits and will not tolerate harassment on the basis of race, color, religion, creed, sex, national origin, age, disability, marital status, veteran status or any other status protected by applicable law. Violations of this policy will not be tolerated.

Discrimination includes, but is not limited to: making any employment decision or employment related action on the basis of race, color, religion, creed, age, sex, disability, national origin, marital or veteran status, or any other status protected by applicable law. (=)

Harassment is generally defined as unwelcome verbal or non-verbal conduct, based upon the person's protected characteristic, that denigrates or shows hostility or aversion toward the person because of the characteristic, and which affects the person's employment opportunities or benefits, has the purpose or effect of unreasonably interfering with the person's work performance, or has the purpose or effect of creating an intimidating, hostile or offensive working environment. Harassing conduct includes, but is not limited to: epithets; slurs or negative stereotyping; threatening, intimidating or hostile acts; denigrating jokes and display or circulation in the workplace of written or graphic

material that denigrates or shows hostility or aversion toward an individual or group based on their protected characteristic.

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors and other verbal, visual or physical conduct of a sexual nature, when:

1. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment.
2. Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or
3. Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

Examples of sexual harassment include: unwelcome or unsolicited sexual advances; displaying sexually suggestive material; unwelcome sexual flirtations, advances or propositions; suggestive comments; verbal abuse of a sexual nature; sexually oriented jokes; crude or vulgar language or gestures; graphic or verbal commentaries about an individual's body; display or distribution of obscene materials; physical contact such as patting, pinching or brushing against someone's body; or physical assault of a sexual nature.

Reporting:

Any company employee who feels that he or she has been harassed or discriminated against, or has witnessed or become aware of discrimination or harassment in violation of these policies, should bring the matter to the immediate attention of his or her supervisor, Lu Mikulich or Susan Millstead. The company will promptly investigate all allegations of discrimination or harassment, and will take action as appropriate based on the outcome of the investigation. An investigation and its results will be treated as confidential to the extent feasible, and the company will take appropriate action based on the outcome of the investigation.

No employee will be retaliated against for making a complaint in good faith regarding a violation of these policies, or for participating in good faith in an investigation pursuant to these policies. If an employee feels he/she has been retaliated against, the employee should file a complaint using the procedures set forth above.

2.3 DRUG-FREE / ALCOHOL- FREE ENVIRONMENT

Employees are prohibited from unlawfully consuming, distributing, possessing, selling, or using controlled substances while on duty. In addition, employees may not be under the influence of any controlled substance, such as drugs or alcohol, while at work, on

company premises or engaged in company business. Prescription drugs or over-the-counter medications, taken as prescribed, are an exception to this policy.

Anyone violating this policy may be subject to disciplinary action, up to and including termination.

2.4 OPEN DOOR POLICY

The company has an open door policy and takes employee concerns and problems seriously. The company values each employee and strives to provide a positive work experience. Employees are encouraged to bring any workplace concerns or problems they might have or know about their supervisor or some other member of management.

SECTION 3

3.1 PROFESSIONAL CONDUCT

This company expects its employees to adhere to a standard of professional conduct and integrity. This ensures the work environment is safe, comfortable and productive. Employees should be respectful, courteous, and mindful of others' feelings and needs. General cooperation between coworkers and supervisors is expected. Individuals who act in an unprofessional manner may be subject to disciplinary action. Additional note, personal cell phones are not to be used during work hours except while the employee is on break/lunch. All cell phones are to be turned off and put into employee's storage bin or on vibrate. No calls are to be taken during work assigned hours except as noted above.

3.2 DRESS CODE

An employee's personal appearance and hygiene is a reflection on the company's character. Employees are expected to dress appropriately for their individual work responsibilities and position. While the company does not require employees to wear a uniform, employees are expected to wear clean, well-maintained clothing. Certain items are not appropriate for business wear i.e.: torn pants, shirts with narrative that could be construed as offensive, revealing clothing, visible undergarments. If an employee is deemed to be in violation of this dress code, they will be expected to clock-out, change clothing and return to their shift in a timely manner.

3.3 PAYDAY

Paychecks are distributed 26 times a year, (this is every other Friday). Employee's checks will be available on Friday morning after 8:30 AM on applicable payroll days.

The paycheck will reflect work performed for the previous 80-hour pay period. Paychecks include salary or wages earned less any mandatory or elected deductions. Mandatory deductions include federal or state withholding tax, and other withholdings. Elected deductions are deductions authorized by the employee and may include, for example, healthcare insurance premium. Employees may contact Susan Millstead to obtain authorization forms for requesting additional deductions from their paychecks.

Notify a supervisor if the paycheck appears to be inaccurate or if it has been misplaced. The company reserves the right to charge a replacement check fee for any lost paychecks. Advances on paychecks may be permitted. Any questions regarding a payroll advance

should be brought to Susan Millstead. Information regarding final paychecks can be found under the termination section of this handbook.

Any change in name, address, telephone number, marital status or number of exemptions claimed by an employee must be reported to Susan Millstead immediately.

Employees are encouraged to use direct deposit for their paychecks. This ensures that paychecks will be deposited and available even if the employee is unable to pick up their paycheck on payroll days.

3.4 COMPANY PROPERTY

Company property, such as equipment, vehicles, telephones, computers, and software, is not for private use. These devices are to be used strictly for company business, and are not permitted off the grounds unless authorized. Company property must be used in the manner for which it was intended. Upon termination, employees are required to surrender any company property they possess.

Company computers must be used only to complete essential job-related functions. Employees are not permitted to use company computers for any type of personal use. Employees are not permitted to check personal e-mails, download any "pirated" software, files or programs on any company computer. Files or programs stored on company computers may not be copied for personal use.

Phones are provided for business use. Please keep all personal calls to a minimum and conversations brief, do not let personal calls interfere with work responsibilities. Personal long distance calls are not permitted.

Employees are reminded that they should have no expectation of privacy in their use of company computers, telephones or other electronic equipment.

Violations of these policies could result in disciplinary action.

3.5 PRIVACY

Employees and employers share a relationship based on trust and mutual respect. However, the company retains the right to access all company property including employee lockers or storage bins, computers, desks, file cabinets, storage facilities, and files and folders, electronic or otherwise, at any time. Employees should not entertain any expectations of privacy when on company grounds or while using company property.

All documents, files, electronic information, including e-mails and other communications, created, received or maintained on or through company property are the property of the company, not the employee. Therefore, employees should have no expectation of privacy over those files or documents.

3.6 PERSONNEL FILES

The company maintains a personnel file on each employee. These files are kept confidential to the extent possible. Employees may review their personnel file upon written request, setting an appointment for the review during normal business hours.

It is important that personnel files accurately reflect each employee's personal information. Employees are expected to inform the company of any change in name, address, home phone number, home address, marital status, number of dependents or emergency contact information.

SECTION 4

This company assigns positions, determines wages and compensates employees for overtime in accordance with state and local laws and Fair Labor Standards Act.

4.1 PART-TIME, FULL TIME STATUS^a

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Part-time or full-time status depends on the number of hours per week an employee works. Regular employees who work fewer than 32 hours receive part-time classification. Part-time employees are not eligible for employee benefits as described in this handbook. Regular employees who work at least 40 hours weekly receive full-time classification.

SECTION 5

5.1 GENERAL ATTENDANCE

Each store within the company maintains normal working hours. These hours may vary depending on work location and job responsibilities. Supervisors will provide employees with their work schedule. Should an employee have any questions regarding his/her work schedule, the employee should contact the supervisor.

The company does not tolerate absenteeism without excuse. Absence is the failure to report for work and to remain at work as scheduled. It includes late arrivals and early departures, as well as absence for an entire day. Regular and punctual attendance is essential for the efficient operations of the Company. Employees who will be late to or absent from work should notify a supervisor a minimum of one (1) hour before starting time and explain why and for how long, or as soon as practicable in the event of an emergency. Chronic absenteeism may result in disciplinary action.

If you are absent 2 or more consecutive days without meeting this notification requirement, you will be considered to have voluntarily quit and you will be terminated from the Company payroll.

Employees who need to leave early, for illness or otherwise, should request that time off from a Supervisor and get approval to leave prior to departure. Unauthorized departures may result in disciplinary action.

5.2 TARDINESS

Employees are expected to arrive on time and ready to work. Employees should be at work and ready to start work at least five (5) minutes prior to the start of the shift. An employee who arrives after their scheduled arrival time is considered tardy. The Company recognizes that situations may arise which hinder punctuality; regardless, excessive tardiness is prohibited, and may be disciplined in accordance with the following schedule:

First unexcused absence – oral warning

Second unexcused absence – written warning

Third unexcused absence – termination

5.3 BREAKS

When working conditions permit and pending a supervisor's approval, employees are entitled to a 10-minute break.

Meal periods are 30 minutes; any change to this time frame must be approved by a supervisor.

SECTION 6

6.1 PAID TIME OFF

The company provides, as a benefit, paid time off for its eligible employees. All requests for time off must be given with as much advance notice as possible to a supervisor. This in turn will be given to HR, who may approve or deny the request based on company resources. The company is flexible in approving time off when doing so would not interfere with company operations. No time off will be granted during back to school or Christmas holidays.

A regular full-time employee is eligible to receive paid time off after twelve (12) months of full-time service. Paid time off is accrued at approximately 3.33 hours monthly. Accrued time off can be taken any time except as stated above. Employees must earn and accrue time off benefits before they can be used. Vacations may not be cashed in at the end of the year for monetary value. Any exception to this policy must be approved by Susan Millstead or Larry Millstead.

Any remaining time off may not be accumulated or carried forward into the next year. Time off benefits do not accrue during any period of extended leave.

6.2 SICK LEAVE

Situations may arise where an employee needs to take time off to address medical or other health concerns. The company requests that employees provide notification to their supervisor as soon as practicable when needing time off. Sick dates are granted on an unpaid basis to regular employees. Abuse of this policy may result in disciplinary action.

6.3 FAMILY AND MEDICAL LEAVE ACT LEAVE

The company offers leave consistent with the requirements of the Federal Family and Medical Leave Act (FMLA). Under the FMLA, an employee may be eligible for an unpaid family or medical leave of absence under certain circumstances, if the employee works within a seventy-five (75) mile radius of fifty (50) or more company employees.

Under the federal FMLA, a person who has worked as an employee of this company for at least 1250 hours for twelve months is eligible of FMLA leave. Up to twelve weeks of unpaid leave per year is available for the following reasons:

- The birth of a child and to care for the newborn child;
- Placement of a child into adoptive or foster care with the employee;

Care of a spouse, son, daughter or parent who has a serious health condition; or
Care for the employee's own serious health condition.

If the need for leave is foreseeable, employees should notify a supervisor 30 days prior to taking FMLA leave. If the need for FMLA arises unexpectedly, employees should notify a supervisor as soon as practicable, giving as much notice to the company as possible.

Employees may be required to provide: medical certifications supporting the need for leave if the leave is due to a serious health condition of the employee or employee's family member; periodic recertification of the serious health condition; and periodic reports during the leave regarding the employee's status and intent to return to work. Employees must return to work immediately after the serious health condition ceases, and employees who have taken leave because of their own serious health condition must submit a fitness-for-duty certification before being allowed to work.

Leave may be taken on an intermittent or reduced schedule to care for an illness; yet, may not be taken intermittently for the care of a newborn or newly adopted child. When leave is taken intermittently, the company may transfer the employee to another position with equivalent pay and benefits, which is better suited to periods of absence.

Subject to certain conditions, the employee or the company may require the employee to use accrued paid leave concurrent with FMLA leave.

The company will maintain group health insurance coverage for an employee on family and medical leave on the same terms as if the employee had continued to work. If applicable, arrangements will be made for the employee to pay their share of health insurance premiums while on leave. The company may recover premiums paid to maintain health insurance coverage for an employee who fails to return to work from family and medical leave.

If an employee would like the company to maintain other paid benefits during the period of leave, premiums and charges which are partially or wholly paid by the employee must continue to be paid by the employee during the leave time.

Family and medical leave will not result in the loss of any employment benefit accrued prior to the date on which the leave commenced. However, the employee on family and medical leave does not continue to accrue benefits during the period of family and medical leave. Questions regarding particular benefits should be directed to Susan Millstead.

Upon returning from FMLA leave, an employee will be restored to his/her original job or an equivalent job with equivalent benefits, pay, seniority, and other terms and conditions as provided by the Family and Medical Leave Act.

6.4 HOLIDAYS

The company observes the following holidays:

New Years Day
Independence Day
Thanksgiving
Christmas Day

Holidays are observed on an unpaid basis for all eligible employees. Holidays may change at Management discretion, additionally some stores and employees may be required to work based on the needs of the company. Any questions may be addressed to your HR Supervisor.

6.5 JURY DUTY TIME OFF

The company understands that occasionally employees are called to serve on a jury. Employees who are selected for jury duty must provide a copy of their jury summons to a supervisor. Time taken for jury duty is granted on an unpaid basis. Employees released from jury duty with four (4) hours remaining in the workday, are expected to return to work.

6.6 VOTING TIME OFF

Employees are encouraged to participate in elections. The company grants incremental time off to cast a ballot in an election. Voting time off is granted on an unpaid basis. Should extenuating circumstances arise while voting, notify a supervisor as soon as possible.

6.7 MILITARY LEAVE

Employees called to active military duty, military reserve or National Guard service may be eligible to receive time off under the Uniformed Services Employment and Reemployment Rights Act of 1994. To receive time off, employees must provide notice and a copy of their report orders to an immediate supervisor. Military leave is granted on an unpaid basis. Upon return with an honorable discharge, an employee may be entitled to reinstatement and any applicable job benefits they would have received if present, to the extent provided by law.

6.8 LEAVE OF ABSENCE

Regular full-time employees may request an unpaid leave of absence after the exhaustion of paid leave. A request for a leave of absence must be submitted in writing in advance to the employee's immediate supervisor.

Leave of absences that are granted are unpaid, and will not be considered until an employee has exhausted all appropriate accrued leave balances. Continuation of an employee's benefits during a leave of absence will be addressed on an individual basis, as required by law.

SECTION 7

7.1 EXPECTATIONS

The company expects every employee to act in professional manner. Satisfactory performance of job duties and responsibilities is key to this expectation. Employees should attempt to achieve their job objectives, and act with diligence and consideration at all times. Poor job performance can result in disciplinary action, up to and including termination.

7.2 REVIEWS

The company may periodically evaluate an employee's performance. The goal of a performance review is to identify areas where an employee excels and areas that need improvement. The company uses performance reviews as a tool to determine pay increases, promotions, and/or terminations.

All performance reviews are based on merit, achievement, and other factors may include but are not limited to:

- Quality of work
- Attitude
- Knowledge of work
- Job skills
- Attendance and punctuality
- Teamwork and cooperation
- Compliance with company policy
- Past performance reviews
- Improvement
- Acceptance of responsibility and constructive feedback

Employees should note that a performance review does not guarantee a pay increase or promotion. Written performance evaluations may be made at any time to advise employees of unacceptable performance. Evaluations or any subsequent change in employment status, position, or pay does not alter the employee's at-will relationship with the company.

Forward any questions about performance expectation or evaluation to the supervisor conducting the evaluation.

7.3 INSUBORDINATION

Supervisors and employees should interact with mutual respect and common courtesy. Employees are expected to take instruction from supervisors or other persons of authority. Failure to comply with instructions or unreasonably delaying compliance is considered insubordination. Acts of insubordination are subject to disciplinary action, up to and including termination.

If an employee disagrees with a supervisor, the employee should first try to mediate the situation by explaining their position. If possible, a compromise might be met and accusations of insubordination avoided.

SECTION 8

8.1 GROUNDS FOR DISCIPLINARY ACTION

The company reserves the right to discipline and/or terminate any employee who violates company policies, practices or rules of conduct. Poor performance and misconduct are also grounds for discipline or termination.

The following actions are not acceptable and considered grounds for disciplinary action. This list is not comprehensive; rather, it is meant merely as an example of the types of conduct that this company does not tolerate. These actions include, but are not limited to:

- Engaging in acts of discrimination or harassment in the workplace;
- Possessing, distributing or being under the influence of illicit controlled substances;
- Being under the influence of controlled substance or alcohol at work, on company premises, or while engaged in company business;
- Unauthorized use of company property, equipment, devices or assets;
- Removing company property without prior authorization or disseminating company information without authorization;
- Falsification, misrepresentation or omission of information, documents or records;
- Lying;
- Insubordination or refusal to comply with directives;
- Failing to adequately perform job responsibilities;
- Excessive or unexcused absenteeism or tardiness;
- Disclosing confidential or proprietary information without permission;
- Illegal or violent activity;
- Falsifying injury reports or reason for leave;
- Possessing unauthorized weapons on premises;
- Disregard for safety and security procedures;
- Disparaging or disrespecting supervisors and/or co-workers; and
- Any other action or conduct that is inconsistent with company policies, procedures, standards or expectations.

This list exhibits the type of actions or events that are subject to disciplinary action. It is not intended to indicate every act that could lead to disciplinary action. The company reserves the right to determine the severity and extent of any disciplinary action based on the circumstances of each case.

8.2 PROCEDURES

Disciplinary action is any one of a number of options used to correct unacceptable behavior or actions. Discipline may take the form of oral warnings, probation, suspension, demotion, discharge, removal or some disciplinary action, in no particular order. The course of action will be determined by the company at its sole discretion as it deems appropriate.

8.3 TERMINATION

Employment with the company is on an at-will basis and will be terminated voluntarily or involuntarily at any time.

Upon termination, an employee is required:

- 1. To continue to work until the last scheduled day of employment;
- To turn in reports and paperwork required to be completed by the employee when due and no later than the last day of work;
- To return all files, documents, equipment, keys, access cards, software or other property belonging to the company that are in the employee's possession, custody or control, and turn all passwords to his/her supervisor.
- To participate in an exit interview as requested by the immediate supervisor.

SECTION 9

9.1 WORKPLACE SAFETY

The company takes every reasonable precaution to ensure that employees have a safe working environment. Safety measures and rules are in place for the protection of all employees. Ultimately, it is the responsibility of each employee to help prevent accidents. To ensure the continuation of a safe workplace, all employees should review and understand all provisions of the company's workplace safety policy. Employees should use all safety and protective equipment provided to them, and maintain work area in a safe and orderly manner, free from hazardous conditions. Employees who observe an unsafe practice or condition should report it to a supervisor immediately. Employees are prohibited from making threats against anyone in connection with his/her work or engaging in violent activities while in the employ of the company. Any questions regarding safety and safe practices should be directed to your supervisor.

In the event of an accident, employees must notify a supervisor immediately. Physical discomfort caused by repetitive tasks must also be reported. For more information about on the job injuries, refer to the worker's compensation section of this handbook.

Employees should recognize any potential fire hazards and be aware of fire escape routes and fire drills. Do not block fire exits, tamper with fire extinguishers or otherwise create fire hazards.

9.2 WORKPLACE SECURITY

Employees must be alert and aware of any potential dangers to themselves or their coworkers. Take every precaution to ensure that your surroundings are safe and secure. Guard personal belongings and company property. Report any suspicious activity to a supervisor immediately.

9.3 EMERGENCY PROCEDURES

In the event of an emergency, dial 911 immediately. If you hear a fire alarm or other emergency alert system, proceed quickly and calmly to the nearest exit. Once the building has been evacuated, only a supervisor may authorize employees to reenter.

SECTION 10

EMPLOYEE BENEFITS

This handbook contains descriptions of some of our current employee benefits. Many of the company's benefit plans are described in a more formal document available from your supervisor. In the event of any inconsistencies between this handbook or any other oral or written description of benefits and a formal plan document, the formal plan document will govern.

10.1 HEALTH INSURANCE

The company makes group health benefits available to eligible employees and their family members. Eligible employees are full-time employees who have completed their 90 day probationary period. Part-time employees are ineligible for health insurance.

Health benefits are paid in part by the company. The remainder of the costs is the employee's responsibility. Employees can receive details about benefits provided, contribution rates and eligibility from Susan Millstead.

10.2 RETIREMENT PLAN

The company participates in a Profit Sharing Plan so that employees may have savings for retirement. This plan is non-contributory by the employee and is based upon the profitability of the company. Regular employees who have worked at least 12 months are eligible to participate

Contact Susan Millstead for detailed information regarding eligibility and vesting period. If there are any inconsistencies between this handbook and anything stated verbally, the handbook shall govern. The company reserves the right to modify or terminate any or all of its retirement benefits or to change benefit providers at any time with or without notice.

10.3 WORKERS' COMPENSATION

As requires by law, the company provides workers' compensation benefits for the protection of employees with work-related injuries or illness.

Workers' compensation insurance provides coverage to employees who receive job-related injuries or illnesses. If an employee is injured or becomes ill as a result of his/her

job, it is the employee's responsibility to immediately notify a supervisor of their injury in order to receive benefits. Report every illness or injury to a supervisor, regardless of how minor it appears. The company will advise the employee of the procedure for submitting a workers' compensation claim. If necessary, injured employees will be referred to a medical care facility. Failure to report a work-related illness or injury could result in the denial of benefits. An employee's report should contain as many details as possible, including the date, time, description of the illness or injury, and the name of any witnesses.

A separate insurance company administers the worker's compensation insurance. Representatives of this company may contact injured employees regarding their benefits under the plan. Additional information regarding workers' compensation is available from Susan Millstead.

SECTION 11

11.1 VOLUNTARY TERMINATION

The company recognizes that personal situations may arise which require a voluntary termination of employment. Should this occur, the company requests that the employee provide two weeks advance notice in writing. Any employee working for less than two (2) eight (8) hour days from date of hire, will not be paid for training time. This is non-compensated time due the cost incurred by the Company for said training. This request does not alter an employee's at-will relationship with the company.

All rights and privileges of employment with the company terminate upon the date of separation. As further discussed in Section 8.3, terminating employees are required to return all company property assigned to them. Failure to do so may result in the withholding of their final paycheck.

11.2 FINAL PAYCHECK

Employees who terminate employment with the company will be given their final paycheck on time as required by the laws of the State of Arizona. Paychecks will be mailed to the employee to the address on file.

11.3 COBRA CONTINUATION OF HEALTH BENEFITS

Under the federal Consolidation Omnibus Budget Reconciliation Act (COBRA), a qualified employee who terminates employment (for reasons other than gross misconduct on the employee's part) or who loses health and dental coverage due to a reduction in work hours may temporarily continue group health and dental coverage for him/herself, his/her spouse, and any covered dependent children at the full premium rate plus administrative fees. That eligibility normally extends for a period of eighteen (18) months from the qualifying date. For more information regarding COBRA health insurance benefits, see Susan Millstead.

11.4 EXIT INTERVIEW

The company may request an exit interview upon notice of termination. The purpose of the exit interview is to complete necessary forms, collect company property and discuss employment experiences with the company.

ACKNOWLEDGEMENT OF RECEIPT FOR EMPLOYEE HANDBOOK
(Employee Copy-Keep with handbook)

I acknowledge that I have received a copy of the Employee Handbook. I understand that I am responsible for reading the information contained in the Handbook.

I understand that the handbook is intended to provide me with a general overview of the company's policies and procedures. I acknowledge that nothing in this handbook is to be interpreted as a contract, expressed or implied, or an inducement for employment, nor does it guarantee my employment for any period of time.

I understand and accept that my company may revise, suspend, revoke, terminate, change or remove, prospectively or retroactively, any of the policies outlined in this handbook or elsewhere, in whole or in part, with or without notice at any time, at the company's sole discretion.

(Signature of Employee)

(Date)

(Company Representative)

ACKNOWLEDGEMENT OF RECEIPT FOR EMPLOYEE HANDBOOK
(Employee Copy-Detach and retain for records)

I acknowledge that I have received a copy of the Employee Handbook. I understand that I am responsible for reading the information contained in the Handbook.

I understand that the handbook is intended to provide me with a general overview of the company's policies and procedures. I acknowledge that nothing in this handbook is to interpreted as a contract, expressed or implied, or an inducement for employment, nor does it guarantee my employment for any period of time.

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(Signature of Employee)

(Date)

(Company Representative)