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United States

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

For the Fiscal Year Ended April 30, 2003  
Commission File Number 0-12788

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CASEY'S GENERAL STORES, INC.

(Exact name of registrant as specified in its charter)

IOWA

(State or other jurisdiction of  
incorporation or organization)

42-0935283

(I.R.S. Employer  
Identification Number)

ONE CONVENIENCE BLVD., ANKENY, IOWA  
(Address of principal executive offices)

50021  
(Zip Code)

(515) 965-6100  
(Registrant's telephone number, including area code)

Securities Registered Pursuant To Section 12(b) Of The Act:

NONE

Securities Registered Pursuant To Section 12(g) Of The Act:

COMMON STOCK  
(Title of Class)

COMMON SHARE PURCHASE RIGHTS  
(Title of Class)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  
Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Securities Exchange Act of 1934).  
Yes  No

The aggregate market value of the voting common equity held by non-affiliates of the registrant, computed by reference to the closing sales price (\$11.71 per share) as quoted on the NASDAQ National Market System on the last business day of the registrant's most recently completed second fiscal quarter (October 31, 2002), was approximately \$498,878,670.

At the close of business on July 25, 2003, the registrant had 49,793,162 shares of Common Stock, no par value, issued and outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents, as set forth herein, are incorporated by reference into the listed Parts and Items of this report on Form 10-K:

1. Annual Report to shareholders for fiscal year ended April 30, 2003 (Items 5, 6, 7 and 8 of Part II and Item 16(a) of Part IV).
2. Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Annual Meeting of shareholders to be held on September 19, 2003 (Items 10, 11, 12, 13, and 15 of Part III).

This Form 10-K contains various "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements represent the Company's expectations or beliefs concerning future events, including (i) any statements regarding future sales and gross profit percentages, (ii) any statements regarding the continuation of historical trends and (iii) any statements regarding the sufficiency of the Company's cash balances and cash generated from operations and financing activities for the Company's future liquidity and capital resource needs. The words "believe", "expect," "anticipate," "intends," "estimate," "project" and similar expressions are intended to identify forward-looking statements. The Company cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, including, without limitations, the factors described in Exhibit 99.1 to this Form 10-K.

#### PART I

##### ITEM 1. BUSINESS

The Company

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Casey's General Stores, Inc. ("Casey's") and its wholly-owned subsidiaries (Casey's, together with its subsidiaries, shall be referred to herein as the "Company"), operate convenience stores under the name "Casey's General Store" in nine Midwestern states, primarily Iowa, Missouri and Illinois. The stores carry a broad selection of food (including freshly prepared foods such as pizza, donuts and sandwiches), beverages, tobacco products, health and beauty aids, automotive products and other non-food items. In addition, all stores offer gasoline for sale on a self-service basis. On April 30, 2003, there were a total of 1,345 Casey's General Stores in operation, of which 1,290 were operated by the Company ("Company Stores") and 55 stores were operated by franchisees ("Franchised Stores"). There were 15 Company Stores newly constructed in fiscal 2003 and one Company Store purchased. There were no Franchised Stores newly opened in fiscal 2003. The Company operates a central warehouse, the Casey's Distribution Center, adjacent to its Corporate Headquarters facility in Ankeny, Iowa through which it supplies grocery and general merchandise items to Company and Franchised Stores.

Approximately 63% of all Casey's General Stores are located in areas with populations of fewer than 5,000 persons, while approximately 11% of all stores are located in communities with populations exceeding 20,000 persons. The Company competes on the basis of price, as well as on the basis of traditional features of convenience store operations such as location, extended hours and quality of service.

Casey's, with executive offices at One Convenience Blvd., Ankeny, Iowa 50021-8045 (telephone 515/965-6100) was incorporated in Iowa in 1967. Two of the Company's subsidiaries, Casey's Marketing Company (the "Marketing Company") and Casey's Services Company (the "Services Company") also operate from the Corporate Headquarters facilities, and were incorporated in Iowa in March 1995.

The Company's internet address is [www.caseys.com](http://www.caseys.com). The Company makes available through its website, among other items, the Company's Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Securities and Exchange Commission.

General  
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Casey's General Stores seek to meet the needs of residents of small towns by combining features of both general store and convenience store operations. Smaller communities often are not served by national-chain convenience stores. The Company has been successful in operating Casey's General Stores in small towns by offering, at competitive prices, a broader selection of products than a typical convenience store.

In each of the past two fiscal years, the Company derived over 98% of its gross profits from retail sales by Company Stores. It also derives income from continuing monthly royalties based on sales by Franchised Stores, wholesale sales to Franchised Stores, sign and facade rental fees and the provision of certain maintenance, transportation and construction services to the Company's franchisees. Sales at Casey's General Stores historically have been strongest during the Company's first and second quarters and relatively weaker during its fourth quarter. In the warmer months of the year (which comprise the Company's first two fiscal quarters), customers tend to purchase greater quantities of gasoline and certain convenience items such as beer, soft drinks and ice. Due to the continuing emphasis on higher-margin, freshly prepared food items, however, Casey's net sales and net income (with the exception of the fourth quarter) have become somewhat less seasonal in recent years.

The following table shows the number of Company Stores and Franchised Stores in each state on April 30, 2003:

State	Company Stores	Franchised Stores	Total
Iowa .....	319	28	347
Illinois .....	356	10	366
Indiana .....	56	0	56
Kansas .....	103	1	104
Minnesota .....	84	6	90
Missouri .....	265	6	271
Nebraska .....	58	4	62
South Dakota .....	34	0	34
Wisconsin .....	15	0	15
Total .....	1,290(96%)	55(4%)	1,345(100%)

The Company has operational responsibility for all Company Stores. Franchised Stores generally follow the same operating policies as Company Stores and are subject to Company supervision pursuant to its franchise agreements. Franchised Stores and Company Stores offer substantially the same products and conform to the same basic store design.

The following table shows the number of Company and Franchised Stores opened, closed, Franchised Stores converted to Company Stores and total stores in operation during each of the last five fiscal years:

Fiscal Year Ended April 30,	New Stores Opened	Closed Stores	Converted Stores	Stores in Operation at End of Period
1999				
Company .....	80	4	0	1,022
Franchised .....	1	3	(0)	161
Total .....	81	7		1,183
2000				
Company .....	84	4	17	1,119
Franchised .....	1	18	(17)	127
Total .....	85	22		1,246
2001				
Company .....	45	2	29	1,191
Franchised .....	0	3	(29)	95
Total .....	45	5		1,286
2002				
Company .....	52	6	21	1,258
Franchised .....	2	0	(21)	76
Total .....	54	6		1,334
2003				
Company .....	16	5	21	1,290
Franchised .....	0	0	(21)	55
Total .....	16	5		1,345

Two Company Stores were opened in May and June 2003 and 11 Company Stores were under construction at June 30, 2003. On June 30, 2003, the Company had purchased or had the right to purchase 11 additional store sites. All the stores under construction or planned for construction on such sites will be Company Stores. Management anticipates opening approximately 15 new Company Stores during fiscal 2004.

The Company intends to continue to increase the number of Company Stores, and the proportion of Company Stores relative to Franchised Stores, because of the greater profitability of Company Stores and the Company's greater operating control over such stores. See "BUSINESS - Franchise Operations" herein. The Company anticipates it will increase the number of Company Stores through construction of new stores and the acquisition of existing Franchised Stores. The Company converted 21 stores from Franchised Stores to Company Stores during fiscal 2003.

Management believes that its current market area presents substantial opportunities for continued growth, and the Company intends to concentrate its expansion efforts in this area before pursuing expansion in other geographic markets. In the opinion of management, the Casey's Distribution Center in Ankeny, Iowa can adequately supply the general merchandise requirements of over 400 additional stores.

In its expansion, the Company intends to follow its traditional store site selection criteria and to locate most new stores in small towns, and along busy highways near or at the edge of larger metropolitan areas.

#### Corporate Subsidiaries

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The Marketing Company and the Services Company were organized as Iowa corporations in March 1995, and both are wholly-owned subsidiaries of Casey's. Certain Casey's employees became employees of the Marketing Company or the Services Company on May 1, 1995, and both of those subsidiaries assumed certain responsibilities and functions formerly held by Casey's on that date.

Casey's East Central, Inc., an Iowa corporation ("Casey's East Central"), was organized as a wholly-owned subsidiary of the Marketing Company in April 1999. At the same time, Casey's East Central and Casey's formed Casey's Enterprises, LLC, an Iowa limited liability company ("Casey's Enterprises") for the purpose of owning and operating Company Stores in the State of Indiana.

Casey's now operates Company Stores in the States of Illinois, Kansas, Minnesota, Nebraska and South Dakota. Casey's also holds the rights to the Casey's trademark and trade name, and serves as franchisor in connection with the operation of Franchised Stores. The Marketing Company has responsibility for the operation of Company Stores in the States of Iowa, Missouri and Wisconsin. The Marketing Company also has responsibility for all Company wholesale operations, including the operation of the Casey's Distribution Center. Casey's East Central employs store personnel in Indiana who

operate the convenience stores owned by Casey's Enterprises in that state. The Services Company provides a variety of construction and transportation services for all Company Stores.

#### Store Operations

##### Products Offered

Each Casey's General Store typically carries approximately 1,800 food and non-food items. The products offered are those normally found in a supermarket, except that the stores do not sell produce or fresh meats, and selection is generally limited to one or two well-known brands of each item stocked. Most staple foodstuffs carried are of nationally advertised brands. Stores sell regional brands of dairy and bakery products, and approximately 84% of the stores offer beer. The non-food items carried include tobacco products, health and beauty aids, school supplies, housewares, pet supplies, photo supplies, and automotive products.

All of the Casey's General Stores offer gasoline or gasohol for sale on a self-service basis. The gasoline and gasohol offered by the stores generally are sold under the Casey's name, although some Franchised Stores sell gasoline under a major oil company brand name.

It is management's policy to experiment with additions to the Company's product line, especially products with higher gross profit margins. As a result of this policy, the Company has added various prepared food items to its product line over the years. In 1980, the Company initiated the installation of "snack centers" which now are in all Company Stores. The snack centers sell sandwiches, fountain drinks, and other items that have gross profit margins higher than those of general staple goods. The Company also sells donuts, prepared on store premises, in approximately 97% of the stores as of April 30, 2003, as well as cookies, brownies, danish, cinnamon rolls and muffins, and is installing donut-making facilities in all newly constructed stores.

The Company began marketing made-from-scratch pizza in 1984, expanding its availability to 1,205 (90%) stores as of April 30, 2003. Management believes pizza is the Company's most popular prepared food product, although the Company continues to expand its prepared food product line, which now includes ham and cheese, pork and chicken fritters, sausage sandwiches, chicken tenders, sub sandwiches, breakfast croissants and biscuits, breakfast pizza, hash browns, quarter-pound hamburgers and cheeseburgers, hot dogs and potato wedges.

The pizza and other prepared food products are made on store premises with ingredients delivered from the Casey's Distribution Center. Pizza generally is available in three sizes with ten different toppings and is sold for take-out between the hours of 4:00 P.M. and 11:00 P.M. In addition, at selected store locations a luncheon menu consisting of pizza-by-the-slice and sandwiches is available.

An important part of the Company's marketing strategy is to increase sales volume by pricing competitively on price-sensitive items. On less price-sensitive items, it is the Company's policy to maintain, or in the case of Franchised Stores to recommend, a Company-wide pricing structure in each store that is generally comparable to that of other convenience, gasoline or grocery stores located in the area and competing for the same customers.

Management attributes the Company's ability to offer competitive prices to a number of factors, including the Company's central distribution system, its purchasing practices which avoid dependence upon jobbers and vendors by relying on a few large wholesale companies and its success in minimizing land, construction and equipment costs.

Management's decision to add snack center items, freshly prepared donuts and pizza to the Company's product selection reflects its strategy to promote high profit margin products that are compatible with convenience store operations. Although retail sales of non-gasoline items during the last three fiscal years have generated approximately 38% of the Company's retail sales, such sales resulted in approximately 75% of the Company's gross profits from retail sales. Gross profit margins for prepared foods items, which have averaged approximately 57% during the last three fiscal years, are significantly higher than the gross profit margin for retail sales of gasoline, which has averaged approximately 8% during such period.

#### Store Design

Casey's General Stores are free-standing and, with a few exceptions to accommodate local conditions, conform to standard construction specifications. During the fiscal year ended April 30, 2003, the aggregate investment in the land, building, equipment and initial inventory for a typical Company Store averaged approximately \$1,000,000. The standard building designed by the Company is a pre-engineered steel frame building mounted on a concrete slab. The current store design measures 40 feet by 68 feet, with approximately 1,300 square feet devoted to sales area, 500 square feet to kitchen space, 500 square feet to storage and two large public restrooms. Store lots have

sufficient frontage and depth to permit adequate drive-in parking facilities on one or more sides of each store. Each store typically includes three or four islands of gasoline dispensers and storage tanks having a capacity of 24,000 to 30,000 gallons of gasoline. The merchandising display in each store follows a standard layout designed to encourage a flow of customer traffic through all sections of the store. All stores are air conditioned and have modern refrigeration facilities. The store locations feature the Company's bright red and yellow pylon sign and facade, both of which display the name and service mark of the Company.

All Casey's General Stores remain open at least 16 hours per day, seven days a week. Most store locations are open from 6:00 a.m. to 11:00 p.m., although hours of operation may be adjusted on a store-by-store basis to accommodate customer traffic patterns. The Company requires that all stores maintain a bright, clean store interior and provide prompt check-out service. It is the Company's policy not to permit the installation of electronic games or sale of adult magazines on store premises.

#### Store Locations

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The Company traditionally has located its stores in small towns not served by national-chain convenience stores. Approximately 63% of all stores operate in areas with populations of fewer than 5,000 persons, while approximately 11% of all stores are located in communities with populations exceeding 20,000 persons. Management believes that a Casey's General Store provides a service not otherwise available in small towns, and that a convenience store in an area with limited population can be profitable if it stresses sales volume and competitive prices. The Company's store site selection criteria emphasize the population of the immediate area and daily highway traffic volume. Management believes that, if there is no competing store, a Casey's General Store may operate profitably at a highway location in a community with a population of as few as 500 persons.

#### Gasoline Operations

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Gasoline sales are an important part of the Company's sales and earnings. Approximately 60% of Casey's net sales for the year ended April 30, 2003 were derived from the retail sale of gasoline. The following table summarizes gasoline sales by Company Stores for the three fiscal years ended April 30, 2003:

Year Ended April 30,

	2003	2002	2001
Number of Gallons Sold	934,040,171	927,537,778	799,973,969
Total Retail Gasoline Sales	\$ 1,290,094,196	\$ 1,191,157,369	\$ 1,163,025,929
Percentage of Net Sales	59.9%	58.0%	60.5%
Gross Profit Percentage	7.9%	7.6%	7.8%
Average Retail Price per Gallon	\$ 1.38	\$ 1.28	\$ 1.45
Average Gross Profit Margin per Gallon	10.92CENTS	9.80CENTS	11.31CENTS
Average Number of Gallons Sold per Company Store *	732,092	755,355	692,124

\* Includes only those stores that had been in operation for at least one full year before commencement of the periods indicated.

Retail prices of gasoline increased during the year ended April 30, 2003. The total number of gallons sold by the Company during this period also increased, primarily as the result of the increased number of Company Stores in operation and the Company's efforts to price its retail gasoline competitively in the market area served by the particular store. See "BUSINESS--Store Operations--Competition" herein. As a result of these conditions, total retail gasoline sales by the Company increased during the period, and the percentage of such sales to the Company's total net sales also increased.

Retail gasoline profit margins have a substantial impact on the Company's net income. Profit margins on gasoline sales can be adversely affected by factors beyond the control of the Company, including over-supply in the retail gasoline market, uncertainty or volatility in the wholesale gasoline market, an unstable political climate in the Middle East and price competition from other gasoline marketers. Any substantial decrease in profit margins on gasoline sales or number of gallons sold could have a material adverse effect on the Company's earnings.

The Company purchases its gasoline from independent national and regional petroleum distributors. Although in recent years the Company's suppliers have not experienced any difficulties in obtaining sufficient amounts of gasoline to meet the Company's needs, unanticipated national and international events could result in a reduction of gasoline supplies available for distribution to the Company. A substantial curtailment in gasoline supplied to the Company could adversely affect the Company by reducing gasoline sales. Further, management believes that a significant amount of the Company's business results from the patronage of customers primarily desiring to purchase gasoline and, accordingly, reduced gasoline supplies could adversely affect the sale of non-gasoline items. These factors could have a material adverse impact upon the Company's earnings and operations.

#### Distribution and Wholesale Arrangements

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The Marketing Company supplies all Company Stores and all Franchised Stores with groceries, food, health and beauty aids and general merchandise from the Casey's Distribution Center. The stores place orders for merchandise through a telecommunications link-up to the computer at the Company's headquarters in Ankeny, and weekly shipments are made from the Casey's Distribution Center by 54 Company-owned delivery trucks. The Marketing Company charges Franchised Stores processing and shipping fees for each order filled by the Casey's Distribution Center. The efficient service area of the Casey's Distribution Center is approximately 500 miles, which encompasses all of the Company's existing and proposed stores.

The Marketing Company's only wholesale sales are to Franchised Stores, to which it sells groceries, prepared sandwiches, ingredients and supplies for donuts, sandwiches and pizza, health and beauty aids, general merchandise and gasoline. Although the Company derives income from this activity, it makes such sales, particularly gasoline sales, at narrow profit margins in order to promote the competitiveness and increase the sales to Franchised Stores.

In fiscal 2003, the Company purchased directly from manufacturers approximately 90% of the food and non-food items sold from the Casey's Distribution Center. It is the Company's practice, with few exceptions, not to enter into contracts with any of the suppliers of products sold by Casey's General Stores. Management believes that the absence of such contracts is customary in the industry for purchasers such as the Company and enables the Company to respond flexibly to changing market conditions.

#### Franchise Operations

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Casey's has franchised Casey's General Stores since 1970. In addition to generating income for Casey's, franchising historically enabled Casey's to obtain desirable store locations from persons who have preferred to become franchisees rather than to sell or lease their locations to Casey's. Franchising also enabled Casey's to expand its system of stores at a faster rate, thereby achieving operating efficiencies in its warehouse and distribution system as well as greater identification in its market area. As the Company has grown and strengthened its financial resources, the advantages of franchising have decreased in importance and in recent years management has acquired a number of Franchised Stores by leasing or purchasing such stores from the franchisees.

In June 2002, the Company offered, in a letter sent to 30 of the then-remaining franchisees, to enter into discussions concerning the Company's possible acquisition of all Franchised Stores owned and operated by each such franchisee. (A total of 56 Franchised Stores were then owned and operated by the 30 franchisees contacted by the Company). In each instance, the Company provided the franchisee with the Company's estimate of the fair market value of the affected Franchised Stores and described generally the Company's expectations concerning the negotiation and terms of a purchase agreement between the Company and the franchisee for the indicated Franchised Stores. The Company has acquired a total of 13 stores from several of such franchisees in response to this proposal, and expects to acquire 15 additional stores from existing franchisees in the next several months. There can be no assurance that the Company will be able to acquire any particular Franchised Stores on terms favorable to the Company. As of April 30, 2003, there were a total of 26 franchisees operating 55 Franchised Stores.

All franchisees currently pay Casey's a royalty fee equal to 3% of gross receipts derived from total store sales excluding gasoline, subject to a minimum monthly royalty of \$300. Casey's currently assesses a royalty fee of \$.018 per gallon on gasoline sales, although it has discretion to increase this amount to 3% of retail gasoline sales. In addition, franchisees pay Casey's a sign and facade rental fee. The franchise agreements do not authorize Casey's to establish the prices to be charged by franchisees. Further, except with respect to certain supplies and items provided in connection with the opening of each store, each franchisee has unlimited authority to purchase supplies and inventory from any supplier, provided the products meet the Company's quality standards. Franchise agreements typically contain a non-competition clause that restricts the franchisee's ability to operate a convenience-style store in that area for a period of two or three years following termination of the agreement.

#### Personnel

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On April 30, 2003, the Company had 5,664 full-time employees and 8,724 part-time employees. The Company has not experienced any work stoppages. There are no collective bargaining agreements between the Company and any of its employees.

The Company's supervisory personnel are responsible for monitoring and assisting all stores, including Franchised Stores. Centralized control of store operations is primarily maintained by the Chief Operating Officer of the Company, who is assisted by the Senior Vice President of Store Operations. Reporting directly to the Senior Vice President of Store Operations are 5 regional operations managers. Reporting directly to the regional managers are 26 district managers, each with responsibility over approximately equal numbers of stores. Each district manager is generally in charge of six supervisors. Each of the 155 supervisors in turn is responsible for the operations of approximately eight individual stores.

The majority of store managers and store personnel live in the community in which their Casey's store is located. Training of store managers and store personnel is conducted through the Store Operations Training Department overseen by the Director of Store Operations Training. The Company operates a central training facility at its Headquarters facility in Ankeny and provides continuing guidance and training in the areas of merchandising, advertising and promotion, administration, record keeping, accounting, inventory control and other general operating and management procedures.

As an incentive to the Company's employees and those of franchisees, management stresses an internal promotion philosophy. Most district managers and store

supervisors previously worked as store managers. At the senior management level, one of the Company's executive officers has been employed by the Company for more than twenty-seven years, and one has been employed for more than thirty-one years.

In addition to those two executive officers, the Company currently has a Senior Vice President and Chief Operating Officer, a Senior Vice President of Operations, a Vice President and Chief Financial Officer, and Vice Presidents of Real Estate-Store Development, Marketing, Transportation, Food Service, Human Resources, Information Systems and Support Services. The Company also has 42 other employees with managerial responsibilities in the areas of store operations, gasoline marketing, real estate development, construction, transportation, equipment maintenance, merchandising, advertising, Distribution Center operations, payroll, accounting and data processing. The Company believes that such employees are capable of carrying out their responsibilities without substantial supervision by the executive officers.

#### Competition

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The Company's business is highly competitive. Food, including prepared foods, and non-food items similar or identical to those sold by the Company are generally available from various competitors in the communities served by Casey's General Stores. Management believes that its stores located in small towns compete principally with local convenience stores, grocery stores and similar retail outlets and, to a lesser extent, with prepared food outlets or restaurants and expanded gasoline stations offering a more limited selection of grocery and food items for sale. Stores located in more heavily populated communities may compete with local and national grocery and drug store chains, expanded gasoline stations, supermarkets, discount food stores and traditional convenience stores. Convenience store chains competing in the larger towns served by Casey's General Stores include 7-Eleven, Kwik Shops, and regional chains. Some of the Company's competitors have greater financial and other resources than the Company.

Gasoline sales, in particular, are intensely competitive. The Company competes with both independent and national brand gasoline stations, some of which may have access to more favorable arrangements for gasoline supply than do the Company or the firms that supply its stores. Management believes that the most direct competition for gasoline sales comes from other self-service installations in the vicinity of individual store locations, some of whom regularly offer non-cash discounts on self-service gasoline purchases such as a "discounted" car wash or "mini-service." Company Stores generally do not offer such discounts. In addition, management believes that Company Stores compete for gasoline customers who regularly travel outside of their relatively smaller

community for shopping or employment purposes, and who therefore are able to purchase gasoline while in nearby larger communities where retail gasoline prices generally are lower. For this reason, the Company attempts to offer gasoline for sale at prices comparable to those prevailing in nearby larger communities.

The Company believes that the competitiveness of Casey's General Stores is based on price (particularly in the case of gasoline sales) as well as on a combination of store location, extended hours, a wide selection of name brand products, self-service gasoline facilities and prompt check-out service. The Company also believes it is important to its business to maintain a bright, clean store and to offer quality products for sale.

#### Service Marks

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The name "Casey's General Store" and the service mark consisting of the Casey's design logo (with the words "Casey's General Store") are registered service marks of Casey's under federal law. Management believes that these service marks are of material importance in promoting and advertising the Company's business.

#### Government Regulation

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The United States Environmental Protection Agency and several states, including Iowa, have established requirements for owners and operators of underground gasoline storage tanks ("USTs") with regard to (i) maintenance of leak detection, corrosion protection and overfill/spill protection systems, (ii) upgrade of existing tanks, (iii) actions required in the event of a detected leak, (iv) prevention of leakage through tank closings and (v) required gasoline inventory recordkeeping. Since 1984, new Company Stores have been equipped with non-corroding fiberglass USTs, including some with double-wall construction, over-fill protection and electronic tank monitoring, and the Company has an active inspection and renovation program with respect to its older USTs. The Company currently has 2,632 USTs of which 2,277 are fiberglass and 355 are steel. Management of the Company currently believes that substantially all capital expenditures for electronic monitoring, cathodic protection and overfill/spill protection to comply with the existing UST regulations has been completed. Additional regulations, or amendments to the existing UST regulations, could result in future expenditures.

Several of the states in which the Company does business have trust fund programs with provisions for sharing or reimbursing corrective action or remediation costs incurred by UST owners, including the Company. In each of the years ended April 30, 2003 and 2002, the Company spent approximately \$1,138,000 and \$757,000, respectively, for

assessments and remediation. Substantially all of these expenditures have been submitted for reimbursement from state-sponsored trust fund programs, and, as of June 30, 2003, approximately \$6,600,000 has been received from such programs. Such amounts are typically subject to statutory provisions requiring repayment of the reimbursed funds for noncompliance with upgrade provisions or other applicable laws. The Company has an accrued liability at April 30, 2003, of approximately \$200,000 for estimated expenses related to anticipated corrective actions or remediation efforts, including relevant legal and consulting costs. Management believes the Company has no material joint and several environmental liability with other parties.

The Federal Trade Commission and some states, including Iowa, have adopted laws regulating franchise operations. Existing laws generally require certain disclosures and/or registration in connection with the sale of the franchises, and regulate certain aspects of the relationship with franchisees, such as rights of termination, renewal and transfer. Management does not believe that the existing state registration and disclosure requirements, the federal disclosure requirements, or the state laws regulating the contractual relationship with franchisees have a material effect on the Company's operations.

## ITEM 2. PROPERTIES

The Company owns and has consolidated its Corporate Headquarters and Distribution Center operations on a 36-acre site in Ankeny, Iowa. This facility consists of approximately 255,000 square feet, including a central Corporate Headquarters office building, Distribution Center and vehicle service/maintenance center. The facility was completed in February 1990 and placed in full service at that time.

On April 30, 2003, Casey's owned the land at 1,229 locations and the buildings at 1,243 locations, and leased the land at 61 locations and the buildings at 47 locations. Most of the leases provide for the payment of a fixed rent, plus property taxes and insurance and maintenance costs. Generally, the leases are for terms of 10 to 20 years, with options to renew for additional periods or options to purchase the leased premises at the end of the lease period.

ITEM 3. LEGAL PROCEEDINGS

The Company from time to time is a party to legal proceedings, claims and demands arising from the conduct of its business operations, including those relating to personal injury, property damage and employment or personnel matters, environmental remediation or contamination, disputes under franchise agreements and claims by state and federal regulatory authorities relating to the sale of products pursuant to state or federal licenses or permits. Management does not believe that the potential liability of the Company with respect to such proceedings pending as of the date of this Form 10-K is material in the aggregate.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information required in response to this Item is incorporated herein by reference from the section entitled "INVESTOR INFORMATION - Common Stock Market Prices" set forth on page 36 of the Company's Annual Report to shareholders for the year ended April 30, 2003.

The cash dividends declared by the Company during the periods indicated have been as follows:

	Cash Dividend Declared -----
Calendar 2001	
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First Quarter	\$ .020
Second Quarter	.020
Third Quarter	.020
Fourth Quarter	.020
	-----
	\$ .080
Calendar 2002	
-----	
First Quarter	\$ .020
Second Quarter	.025
Third Quarter	.025
Fourth Quarter	.025
	-----
	\$ .10
Calendar 2003	
-----	
First Quarter	\$ .025
Second Quarter	.025

ITEM 6. SELECTED FINANCIAL DATA

The information required in response to this Item is incorporated herein by reference from the section entitled "FINANCIAL INFORMATION - Selected Financial Data" set forth on page 18 of the Company's Annual Report to shareholders for the year ended April 30, 2003.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required in response to this Item is incorporated herein by reference from pages 19 through 35 of the Company's Annual Report to shareholders for the year ended April 30, 2003.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's exposure to market risk for changes in interest rates relates primarily to its investment portfolio and long-term debt obligations.

The Company places its investments with high quality credit issuers and, by policy, limits the amount of credit exposure to any one issuer. As stated in its policy, the Company's first priority is to reduce the risk of principal loss. Consequently, the Company seeks to preserve its invested funds by limiting default risk, market risk and reinvestment risk. The Company mitigates default risk by investing in only high quality credit securities that it believes to be low risk and by positioning its portfolio to respond appropriately to a significant reduction in a credit rating of any investment issuer or guarantor. The portfolio includes only marketable securities with active secondary or resale markets to ensure portfolio liquidity. The Company believes that an immediate 100 basis point move in interest rates affecting the Company's floating and fixed rate financial instruments as of April 30, 2003, would have an immaterial effect on the Company's pretax earnings.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required in response to this Item is incorporated herein by reference from pages 25 through 27 of the Company's Annual Report to shareholders for the year ended April 30, 2003.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation the CEO and CFO have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities and Exchange Act of 1934 is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure and are effective to ensure such information is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

During the fourth fiscal quarter, there were no changes in the Company's internal controls over financial reporting that have materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

That portion of the Company's definitive Proxy Statement appearing under the caption "Election of Directors," to be filed with the Commission pursuant to Regulation 14A within 120 days after April 30, 2003 and to be used in connection with the Company's Annual Meeting of shareholders to be held on September 19, 2003, is hereby incorporated by reference.

ITEM 11. EXECUTIVE COMPENSATION

That portion of the Company's definitive Proxy Statement appearing under the caption "Executive Compensation," to be filed with the Commission pursuant to Regulation 14A within 120 days after April 30, 2003 and to be used in connection with the Company's Annual Meeting of shareholders to be held on September 19, 2003, is hereby incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

That portion of the Company's definitive Proxy Statement appearing under the captions "Shares Outstanding" and "Voting Procedures," to be filed with the Commission pursuant to Regulation 14A within 120 days after April 30, 2003 and to be used in connection with the Company's Annual Meeting of shareholders to be held on September 19, 2003, is hereby incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

That portion of the Company's definitive Proxy Statement appearing under the caption "Other Information Relating to Directors and Executive Officers," to be filed with the Commission pursuant to Regulation 14A within 120 days after April 30, 2003 and to be used in connection with the Company's Annual Meeting of shareholders to be held on September 19, 2003, is hereby incorporated by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The portion of the Company's definitive Proxy Statement appearing under the caption "Independent Auditor Fees" to be filed with the Commission within 120 days after April 30, 2003 and to be used in connection with the Company's Annual Meeting to be held on September 19, 2003 is hereby incorporated by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents Filed

The documents listed below are filed as a part of this Report on Form 10-K and are incorporated herein by reference:

- (1) The following consolidated financial statements, shown on pages 25 through 35 of the Company's Annual Report to shareholders for the year ended April 30, 2003:

Consolidated Balance Sheets, April 30, 2003 and 2002  
Consolidated Statements of Income, Three Years Ended April 30, 2003  
Consolidated Statements of Shareholders' Equity, Three Years Ended April 30, 2003  
Consolidated Statements of Cash Flows, Three Years Ended April 30, 2003  
Notes to Consolidated Financial Statements  
Independent Auditors' Report

No schedules are included because the required information is inapplicable or is presented in the consolidated financial statements or related notes thereto.

- (2) The management contracts or compensatory plans or arrangements required to be filed as an exhibit to this Form 10-K pursuant to Item 14(c), consisting of the following:

Exhibit Number	Document
10.19	Casey's General Stores, Inc. 1991 Incentive Stock Option Plan (j) and amendment thereto (o)
10.21(a)	Amended and Restated Employment Agreement with Donald F. Lamberti (z) and First Amendment thereto (aa)
10.22(a)	Amended and Restated Employment Agreement with Ronald M. Lamb (z) and First Amendment thereto (aa)
10.24(a)	Amended and Restated Employment Agreement with John G. Harmon (z) and First Amendment thereto (ii)
10.30	Non-Qualified Supplemental Executive Retirement Plan (z)
10.31	Non-Qualified Supplemental Executive Retirement Plan Trust Agreement with UMB Bank, n.a. (z)
10.32	Severance Agreement with Douglas K. Shull (bb)
10.33	Casey's General Stores, Inc. 2000 Stock Option Plan (ii)
10.34	Casey's General Stores 401(k) Plan
10.35	Trustar Directed Trust Agreement

- (j) Incorporated by reference from the Registration Statement on Form S-8 (33-42907) filed September 23, 1991.
- (l) Incorporated by reference from the Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 1992.
- (o) Incorporated by reference from the Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 1994.
- (t) Incorporated by reference from the Annual Report on Form 10-K for the fiscal year ended April 30, 1994.
- (v) Incorporated by reference from the Annual Report on Form 10-K for the fiscal year ended April 30, 1995.
- (w) Incorporated by reference from the Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 1997.
- (z) Incorporated by reference from the Current Report on Form 8-K filed November 10, 1997.
- (aa) Incorporated by reference from the Current Report on Form 8-K filed April 12, 1998.
- (bb) Incorporated by reference from the Current Report on Form 8-K filed July 28, 1998.
- (ii) Incorporated by reference from the Annual Report on Form 10-K405 for the fiscal year ended April 30, 2001.

(b) Reports on Form 8-K  
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None.

(c) Exhibits

Exhibit Number	Document
3.1(a)	Restatement of the Restated and Amended Articles of Incorporation (x)
3.2(a)	Restatement of Amended and Restated By-Laws (w) and Amendments thereto (dd), (hh)
4.2	Rights Agreement between Casey's General Stores, Inc. and UMB Bank, n.a., as Rights Agent, relating to Common Share Purchase Rights (e) and amendments thereto (i), (p), (q), (cc), (ee)
4.3	Note Agreement dated as of February 1, 1993 between Casey's General Stores, Inc. and Principal Mutual Life Insurance Company and Nippon Life Insurance Company of America (n) and First Amendment thereto (u)
4.4	Note Agreement dated as of December 1, 1995 between Casey's General Stores, Inc. and Principal Mutual Life Insurance Company (u)
4.5	Note Agreement dated as of December 1, 1997 among the Company and Principal Mutual Life Insurance Company, Nippon Life Insurance Company of America and TMG Life Insurance Company (y)
4.6	Note Agreement dated as of April 15, 1999 among the Company and Principal Life Insurance Company and other purchasers of \$50,000,000 Senior Notes, Series A through Series F (cc)
4.7	Note Purchase Agreement dated as of May 1, 2000 among the Company and the purchasers of \$80,000,000 in principal amount of 7.89% Senior Notes, Series 2000-A, due May 15, 2010 (ff)
9	Voting Trust Agreement (a) and Amendment thereto (d)
10.6	Lease Agreement between Casey's General Stores, Inc. and Broadway Distributing Company (a)
10.8	Form of Franchise Agreement (a)
10.9	Form of Store Lease Agreement (a)
10.10	Form of Equipment Lease Agreement (a)
10.16	Secured Promissory Note dated November 30, 1989 given to Principal Mutual Life Insurance Company (f)
10.18	Commercial Note with Norwest Bank Iowa, N.A.(k)
10.19	Casey's General Stores, Inc. 1991 Incentive Stock Option Plan (j) and amendment thereto (o)
10.21(a)	Amended and Restated Employment Agreement with Donald F. Lamberti (z) and First Amendment thereto (aa)

- 10.22(a) Amended and Restated Employment Agreement with Ronald M. Lamb (z) and First Amendment thereto (aa) 10.24(a) Amended and Restated Employment Agreement with John G. Harmon (z) and First Amendment thereto (ii)
- 10.27 Non-Employee Directors' Stock Option Plan (s)
- 10.28 Term Note and Master Note with UMB Bank, n.a. (dd)
- 10.29 Form of "change of control" Employment Agreement (w)
- 10.30 Non-Qualified Supplemental Executive Retirement Plan (z)
- 10.31 Non-Qualified Supplemental Executive Retirement Plan Trust Agreement with UMB Bank, n.a. (z)
- 10.32 Severance Agreement with Douglas K. Shull (bb)
- 10.33 Casey's General Stores, Inc. 2000 Stock Option Plan (ii)
- 10.34 Casey's General Stores 401(k) Plan
- 10.35 Trustar Directed Trust Agreement
- 11 Statement regarding computation of earnings per share (included in Exhibit 13)
- 13 Consolidated Financial Statements from 2003 Annual Report
- 21 Subsidiaries of Casey's General Stores, Inc. (gg)
- 23.1 Consent of KPMG LLP
- 31.1 Certificate of Ronald M. Lamb under Section 302 of Sarbanes Oxley Act of 2002
- 31.2 Certificate of Jamie H. Shaffer under Section 302 of Sarbanes Oxley Act of 2002
- 32.1 Certificate of Ronald M. Lamb under Section 906 of Sarbanes-Oxley Act of 2002
- 32.2 Certificate of Jamie H. Shaffer under Section 906 of Sarbanes-Oxley Act of 2002
- 99.1 Cautionary Statement Relating to Forward-Looking Statements

- - - - -

- (a) Incorporated herein by reference from the Registration Statement on Form S-1 (2-82651) filed August 31, 1983.
- (b) Reserved.
- (c) Reserved.

- (d) Incorporated herein by reference from the Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 1988 (0-12788).
- (e) Incorporated herein by reference from the Registration Statement on Form 8-A filed June 19, 1989 (0-12788).
- (f) Incorporated by reference from the Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 1989.
- (g) Incorporated by reference from the Annual Report on Form 10-K for the fiscal year ended April 30, 1989.
- (h) Reserved.
- (i) Incorporated by reference from the Form 8 (Amendment No. 1 to the Registration Statement on Form 8-A filed June 19, 1989) filed September 10, 1990.
- (j) Incorporated by reference from the Registration Statement on Form S-8 (33-42907) filed September 23, 1991.
- (k) Incorporated by reference from the Annual Report on Form 10-K for the fiscal year ended April 30, 1991.
- (l) Incorporated by reference from the Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 1992.
- (m) Reserved.
- (n) Incorporated by reference from the Current Report on Form 8-K filed February 18, 1993.
- (o) Incorporated by reference from the Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 1994.
- (p) Incorporated by reference from the Form 8-A/A (Amendment No. 3 to the Registration Statement on Form 8-A filed June 19, 1989) filed March 30, 1994.
- (q) Incorporated by reference from the Form 8-A12G/A (Amendment No. 2 to the Registration Statement on Form 8-A filed June 19, 1989) filed July 29, 1994.

- (r) Reserved.
- (s) Incorporated by reference from the Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 1994.
- (t) Incorporated by reference from the Annual Report on Form 10-K for the fiscal year ended April 30, 1994.
- (u) Incorporated by reference from the Current Report on Form 8-K filed January 11, 1996.
- (v) Incorporated by reference from the Annual Report on Form 10-K for the fiscal year ended April 30, 1995.
- (w) Incorporated by reference from the Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 1997.
- (x) Incorporated by reference from the Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 1996.
- (y) Incorporated by reference from the Current Report on Form 8-K filed January 7, 1998.
- (z) Incorporated by reference from the Current Report on Form 8-K filed November 10, 1997.
- (aa) Incorporated by reference from the Current Report on Form 8-K filed April 2, 1998.
- (bb) Incorporated by reference from the Current Report on Form 8-K filed July 28, 1998.
- (cc) Incorporated by reference from the Current Report on Form 8-K filed May 10, 1999.
- (dd) Incorporated by reference from the Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 1997.

- (ee) Incorporated by reference from the Current Report on Form 8-K filed September 27, 1999.
- (ff) Incorporated by reference from the Current Report on Form 8-K filed May 23, 2000.
- (gg) Incorporated by reference from the Annual Report on Form 10-K405 for the fiscal year ended April 30, 2000.
- (hh) Incorporated by reference from the Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2000.
- (ii) Incorporated by reference from the Annual Report on Form 10-K405 for the fiscal year ended April 30, 2001.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CASEY'S GENERAL STORES, INC.  
(Registrant)

Date: July 28, 2003

By: /s/ Ronald M. Lamb  
-----  
Ronald M. Lamb,  
Chief Executive Officer  
(Principal executive officer)

Date: July 28, 2003

By: /s/ Jamie H. Shaffer  
-----  
Jamie H. Shaffer  
Vice President and Chief  
Financial Officer  
(Authorized Officer and Principal  
Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: July 28, 2003

By: /s/ Ronald M. Lamb  
-----  
Ronald M. Lamb  
Chief Executive Officer, Director

Date: July 28, 2003

By: /s/ John G. Harmon  
-----  
John G. Harmon  
Secretary/Treasurer, Director

Date: July 28, 2003

By: /s/ Patricia Clare Sullivan  
-----  
Patricia Clare Sullivan  
Director

Date: July 28, 2003

By: /s/ Kenneth H. Haynie  
-----  
Kenneth H. Haynie  
Director

Date: July 28, 2003

By: /s/ John R. Fitzgibbon  
-----  
John R. Fitzgibbon  
Director

Date: July 28, 2003

By: /s/ Jack P. Taylor  
-----  
Jack P. Taylor  
Director

EXHIBIT INDEX

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The following exhibits are filed herewith:

Exhibit No.	Description
-----	-----
10.34	Casey's General Stores 401(k) Plan
10.35	Trustar Directed Trust Agreement
13	Consolidated Financial Statements from 2003 Annual Report to shareholders
23.1	Consent of KPMG LLP
31.1	Certification of Ronald M. Lamb under Section 302 of the Sarbanes Oxley Act of 2002
31.2	Certification of Jamie H. Shaffer under Section 302 of the Sarbanes Oxley Act of 2002
32.1	Certificate of Ronald M. Lamb under Section 906 of Sarbanes-Oxley Act of 2002
32.2	Certificate of Jamie H. Shaffer under Section 906 of Sarbanes-Oxley Act of 2002
99.1	Cautionary Statement Relating to Forward-Looking Statements

Exhibit 10.34

Your plan is an important legal document. This sample plan has been prepared based on our understanding of the desired provisions. It may not fit your situation. You should consult with your lawyer on the plan's legal and tax implications. Neither Principal Life Insurance Company nor its agents can be responsible for the legal or tax aspects of the plan nor its appropriateness for your situation. If you wish to change the provisions of this sample plan, you may ask us to prepare new sample wording for you and your lawyer to review.

CASEY'S GENERAL STORES  
401(k) PLAN

Defined Contribution Plan 8.0

Restated April 30, 2003

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PLAN EXECUTION

## INTRODUCTION

The Primary Employer previously established a 401(k) plan on January 1, 1990. The Primary Employer previously established a profit sharing plan on May 1, 1966 and converted that profit sharing plan to an employee stock ownership plan effective as of May 1, 1981.

The Primary Employer is of the opinion that the 401(k) plan and the employee stock ownership plan should be merged. It believes that the best means to accomplish this merger is to completely restate both plans' terms, provisions and conditions. The restatement, effective April 30, 2003, is set forth in this document and is substituted in lieu of the prior documents. Notwithstanding the prior sentence, the Good Faith Compliance Amendment for the Economic Growth and Tax Relief and Reconciliation Act of 2001 (EGTRRA) dated December 20, 2001 amending the Casey's General Stores 401(k) Plan shall continue to apply to this document.

Prior to the restatement, the employee stock ownership plan had a short plan year from May 1, 2002 through April 29, 2003. Any contribution or allocation of forfeitures for the plan year ending on April 29, 2003 were governed under the terms of the prior plan document with statutory limitations adjusted to reflect the short plan year as required by ERISA and the Code.

The restated plan continues to be for the exclusive benefit of employees of the Employer. All persons covered under either plan on April 30, 2003, shall continue to be covered under the restated plan with no loss of benefits.

It is intended that the merged plan, as restated, shall consists of two components. One component is intended to qualify as a qualified stock bonus plan under Code Section 401(a) and as an employee stock ownership plan under Code Section 4975(e)(7). This component includes both contributions made under the prior employee stock ownership plan and all matching contributions made in company stock (including such matching contributions made under the 401(k) plan prior to this restatement). The other component is intended to qualify as a profit sharing plan under Code Section 401(a). The profit sharing component includes a qualified cash or deferred arrangement under Code Section 401(k). The profit sharing component provides for participant-directed investments and is intended to comply with ERISA Section 404(c). The underlying Trust is intended to be exempt from taxation under Code Section 501.

The purpose of the Plan is to offer Participants a systematic program for accumulation of retirement and savings income, as well as a means to obtaining beneficial interest of ownership in company stock. The ESOP component of the Plan is intended to invest primarily (and may be exclusively invested) in common stock of the Employer.

ARTICLE I  
FORMAT AND DEFINITIONS

SECTION 1.01--FORMAT.

Words and phrases defined in the DEFINITIONS SECTION of Article I shall have that defined meaning when used in this Plan, unless the context clearly indicates otherwise.

These words and phrases have an initial capital letter to aid in identifying them as defined terms.

SECTION 1.02--DEFINITIONS.

Account means, for a Participant, his share of the Plan Fund. Separate accounting records are kept for those parts of his Account that result from:

- (a) Elective Deferral Contributions
- (b) ESOP Matching Contributions (other than cash dividends paid on Qualifying Employer Securities and initially reinvested in Qualifying Employer Securities at the election of the Participant)
- (c) ESOP Non-Matching Contributions (other than cash dividends paid on Qualifying Employer Securities and initially reinvested in Qualifying Employer Securities at the election of the Participant)
- (d) Other Employer Contributions
- (e) Specified Minimum Employer Contributions
- (f) Rollover Contributions
- (g) Diversification Amounts
- (h) Cash dividends paid on shares of Qualifying Employer Securities credited to the account maintained to reflect ESOP Matching and ESOP Non-Matching (with a separate dividend source account for each such type of Contribution) that are initially reinvested in Qualifying Employer Securities at the election of the Participant

If the Participant's Vesting Percentage is less than 100% as to any of the Employer Contributions, a separate accounting record will be kept for any part of his Account resulting from such Employer Contributions and, if there has been a prior Forfeiture Date, from such Contributions made before a prior Forfeiture Date.

A Participant's Account shall be reduced by any distribution of his Vested Account and by any Forfeitures. A Participant's Account shall participate in the earnings credited, expenses charged, and any appreciation or depreciation of the Investment Fund. His Account is subject to any minimum guarantees applicable under the Annuity Contract or other investment arrangement and to any expenses associated therewith.

If a Participant makes a diversification election under Section 4.02(b), such amount shall be credited to a Diversification Account, which is maintained under the non-ESOP component of the Plan.

Accounts and Subaccounts in addition to those specified above may also be maintained if considered appropriate in the administration of the Plan.

Accrual Computation Period means a consecutive 12-month period ending on the last day of each Plan Year, including corresponding consecutive 12-month periods before January 1, 1990.

ACP Test means the nondiscrimination test described in Code Section 401(m)(2) as provided for in subparagraph (d) of the EXCESS AMOUNTS SECTION of Article III.

Active Participant means an Eligible Employee who is actively participating in the Plan according to the provisions in the ACTIVE PARTICIPANT SECTION of Article II.

ADP Test means the nondiscrimination test described in Code Section 401(k)(3) as provided for in subparagraph (c) of the EXCESS AMOUNTS SECTION of Article III.

Affiliated Service Group means any group of corporations, partnerships or other organizations of which the Employer is a part and which is affiliated within the meaning of Code Section 414(m) and regulations thereunder. Such a group includes at least two organizations one of which is either a service organization (that is, an organization the principal business of which is performing services), or an organization the principal business of which is performing management functions on a regular and continuing basis. Such service is of a type historically performed by employees. In the case of a management organization, the Affiliated Service Group shall include organizations related, within the meaning of Code Section 144(a)(3), to either the management organization or the organization for which it performs management functions. The term Controlled Group, as it is used in this Plan, shall include the term Affiliated Service Group.

Alternate Payee means any spouse, former spouse, child, or other dependent of a Participant who is recognized by a qualified domestic relations order as having a right to receive all, or a portion of, the benefits payable under the Plan with respect to such Participant.

Annual Compensation means, for a Plan Year, the Employee's Compensation for the Compensation Year ending with or within the consecutive 12-month period ending on the last day of the Plan Year.

Annuity Contract means the annuity contract or contracts into which the Primary Employer enters with the Insurer for guaranteed benefits, for the investment of Contributions in separate accounts, and for the payment of benefits under this Plan. The term Annuity Contract as it is used in this Plan shall include the plural unless the context clearly indicates the singular is meant.

Annuity Starting Date means, for a Participant, the first day of the first period for which an amount is payable as an annuity or any other form.

Beneficiary means the person or persons named by a Participant to receive any benefits under the Plan when the Participant dies. See the BENEFICIARY SECTION of Article X.

Claimant means any person who makes a claim for benefits under this Plan. See the CLAIM AND APPEAL PROCEDURES SECTION of Article IX.

Code means the Internal Revenue Code of 1986, as amended.

Compensation means, except for purposes of the CONTRIBUTION LIMITATION SECTION of Article III and Article XI, the total earnings, except as modified in this definition, paid or made available to an Employee by the Employer during any specified period.

"Earnings" in this definition means wages within the meaning of Code Section 3401(a) and all other payments of compensation to an Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under Code Sections 6041(d), 6051(a)(3), and 6052. Earnings must be determined without regard to any rules under Code Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)). The amount reported in the "Wages, Tips and Other Compensation" box on Form W-2 satisfies this definition.

For any Self-employed Individual, Compensation means Earned Income.

Compensation shall exclude reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation (other than elective contributions), and welfare benefits.

Compensation shall also include elective contributions. For this purpose, elective contributions are amounts contributed by the Employer pursuant to a salary reduction agreement and which are not includible in the gross income of the Employee under Code Section 125, 402(e)(3), 402(h)(1)(B), or 403(b). Elective contributions also include compensation deferred under a Code Section 457 plan maintained by the Employer and employee contributions "picked up" by a governmental entity and, pursuant to Code Section 414(h)(2), treated as Employer contributions. For years beginning after December 31, 1997, elective contributions shall also include amounts contributed by the Employer pursuant to a salary reduction agreement and which are not includible in the gross income of the Employee under Code Section 132(f)(4).

For purposes of the EXCESS AMOUNTS SECTION of Article III, the Employer may elect to use an alternative nondiscriminatory definition of Compensation in accordance with the regulations under Code Section 414(s).

For Plan Years beginning on or after January 1, 1994, the annual Compensation of each Participant taken into account for determining all benefits provided under the Plan for any determination period shall not exceed \$150,000, as adjusted for increases in the cost-of-living in accordance with Code Section 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to any determination period beginning in such calendar year.

If a determination period consists of fewer than 12 months, the annual limit is an amount equal to the otherwise applicable annual limit multiplied by a fraction. The numerator of the fraction is the number of months in the short determination period, and the denominator of the fraction is 12.

If Compensation for any prior determination period is taken into account in determining a Participant's contributions or benefits for the current Plan Year, the Compensation for such prior determination period is subject to the applicable annual compensation limit in effect for that determination period. For this purpose, in determining contributions or benefits in Plan Years beginning on or after January 1, 1994, the annual compensation limit in effect for determination periods beginning before that date is \$150,000.

Compensation means, for a Leased Employee, Compensation for the services the Leased Employee performs for the Employer, determined in the same manner as the Compensation of Employees who are not Leased Employees, regardless of whether such Compensation is received directly from the Employer or from the leasing organization.

Compensation Year means the consecutive 12-month period ending on the last day of each Plan Year, including corresponding periods before January 1, 1990.

Contingent Annuitant means an individual named by the Participant to receive a lifetime benefit after the Participant's death in accordance with a survivorship life annuity.

Contributions means  
Elective Deferral Contributions  
ESOP Matching Contributions  
Matching Contributions  
Discretionary Contributions  
ESOP Non-Matching Contributions  
Specified Minimum Employer Contributions  
Rollover Contributions

as set out in Article III, unless the context clearly indicates only specific contributions are meant.

Controlled Group means any group of corporations, trades, or businesses of which the Employer is a part that are under common control. A Controlled Group includes any group of corporations, trades, or businesses, whether or not incorporated, which is either a parent-sub subsidiary group, a brother-sister group, or a combined group within the meaning of Code Section 414(b), Code Section 414(c) and regulations thereunder and, for purposes of determining contribution limitations under the CONTRIBUTION LIMITATION SECTION of Article III, as modified by Code Section 415(h) and, for the purpose of identifying Leased Employees, as modified by Code Section 144(a)(3). The term Controlled Group, as it is used in this Plan, shall include the term Affiliated Service Group and any other employer required to be aggregated with the Employer under Code Section 414(o) and the regulations thereunder.

Direct Rollover means a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

Discretionary Contributions means discretionary contributions made by the Employer to fund this Plan. See the EMPLOYER CONTRIBUTIONS SECTION of Article III.

Distributee means an Employee or former Employee. In addition, the Employee's (or former Employee's) surviving spouse and the Employee's (or former Employee's) spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are Distributees with regard to the interest of the spouse or former spouse.

Early Retirement Age means age 55.

Early Retirement Date means the first day of any month before a Participant's Normal Retirement Date which the Participant selects for the start of his retirement benefits. This day may be on or after the date on which he ceases to be an Employee and reaches Early Retirement Age. If a Participant ceases to be an Employee before satisfying any age requirement for Early Retirement Age, the Participant shall be entitled to elect an early retirement benefit upon satisfying such age requirement.

Earned Income means, for a Self-employed Individual, net earnings from self-employment in the trade or business for which this Plan is established if such Self-employed Individual's personal services are a material income producing factor for that trade or business. Net earnings shall be determined without regard to items not included in gross income and the deductions properly allocable to or chargeable against such items. Net earnings shall be reduced for the employer contributions to the Employer's qualified retirement plan(s) to the extent deductible under Code Section 404.

Net earnings shall be determined with regard to the deduction allowed to the Employer by Code Section 164(f) for taxable years beginning after December 31, 1989.

Elective Deferral Contributions means contributions made by the Employer to fund this Plan in accordance with elective deferral agreements between Eligible Employees and the Employer.

Elective deferral agreements shall be made, changed, or terminated according to the provisions of the EMPLOYER CONTRIBUTIONS SECTION of Article III.

Elective Deferral Contributions shall be 100% vested and subject to the distribution restrictions of Code Section 401(k) when made. See the WHEN BENEFITS START SECTION of Article V.

Eligibility Break in Service means an Eligibility Computation Period in which an Employee is credited with 500 or fewer Hours-of-Service. An Employee incurs an Eligibility Break in Service on the last day of an Eligibility Computation Period in which he has an Eligibility Break in Service.

Eligibility Computation Period means a consecutive 12-month period. The first Eligibility Computation Period begins on an Employee's Employment Commencement Date. Later Eligibility Computation Periods shall be consecutive 12-month periods ending on the last day of each Plan Year that begins after his Employment Commencement Date.

To determine an Eligibility Computation Period after an Eligibility Break in Service, the Plan shall use the consecutive 12-month period beginning on an Employee's Reemployment Commencement Date as if his Reemployment Commencement Date were his Employment Commencement Date.

Eligibility Service means one year of service for each Eligibility Computation Period that has ended and in which an Employee is credited with at least 1,000 Hours-of-Service.

However Eligibility Services is modified as follows:

Service before a date excluded:

Service before January 1, 1989, is excluded for Employees of the franchise stores.

Period of Military Duty included:

A Period of Military Duty shall be included as service with the Employer to the extent it has not already been credited. For purposes of crediting Hours-of-Service during the Period of Military Duty, an Hour-of-Service shall be credited (without regard to the 501 Hour-of-Service limitation) for each hour an Employee would normally have been scheduled to work for the Employer during such period.

Controlled Group service included:

An Employee's service with a member firm of a Controlled Group while both that firm and the Employer were members of the Controlled Group shall be included as service with the Employer.

Eligible Employee means any Employee of the Employer who meets the following requirement. His employment classification with the Employer is the following:

Not an Employee who became an Employee as the result of a Code Section 410(b)(6)(C) transaction. These Employees will be excluded during the period beginning on the date of the transaction and ending on the last day of the first Plan Year after the date of the transaction. A Code Section 410(b)(6)(C) transaction is an asset or stock acquisition, merger, or similar transaction involving a change in the employer of the employees of a trade or business.

Eligible Retirement Plan means an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a) or a qualified trust described in Code Section 401(a), that accepts the Distributee's Eligible Rollover Distribution. However, in the case of an Eligible Rollover Distribution to the surviving spouse, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity.

Eligible Rollover Distribution means any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: (i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten years or more; (ii) any distribution to the extent such distribution is required under Code Section 401(a)(9); (iii) any hardship distribution described in Code Section 401(k)(2)(B)(i)(IV) received after December 31, 1998; (iv) the portion of any other distribution(s) that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and (v) any other distribution(s) that is reasonably expected to total less than \$200 during a year.

Employee means an individual who is employed by the Employer or any other employer required to be aggregated with the Employer under Code Sections 414(b), (c), (m), or (o). A Controlled Group member is required to be aggregated with the Employer.

The term Employee shall include any Self-employed Individual treated as an employee of any employer described in the preceding paragraph as provided in Code Section 401(c)(1). The term Employee shall also include any Leased Employee deemed to be an employee of any employer described in the preceding paragraph as provided in Code Section 414(n) or (o).

Employer means, except for purposes of the CONTRIBUTION LIMITATION SECTION of Article III, the Primary Employer. This will also include any successor corporation or firm of the Employer which shall, by written agreement, assume the obligations of this Plan or any Predecessor Employer which maintained this Plan.

Employer Contributions means

Elective Deferral Contributions  
ESOP Matching Contributions  
Matching Contributions  
Discretionary Contributions  
ESOP Non-Matching Contributions  
Specified Minimum Employer Contributions

as set out in Article III and contributions made by the Employer to fund this Plan in accordance with the provisions of the MODIFICATION OF CONTRIBUTIONS SECTION of Article XI, unless the context clearly indicates only specific contributions are meant.

ESOP Matching Contributions means Matching Contributions contributed by the Employer in the form of Qualifying Employer Securities or designated by the Employer to be invested in Qualifying Employer Securities. See the EMPLOYER CONTRIBUTIONS SECTION of Article III.

ESOP Non-Matching Contributions means contributions made by the Employer or a Controlled Group Member to repay any outstanding Exempt Loan, to provide a discretionary contribution or for other purposes as described in the EMPLOYER CONTRIBUTIONS SECTION of Article III.

Exempt Loan means a loan or other extension of credit to the Plan to enable the Plan to acquire shares of Qualifying Employer Securities, or to refinance a prior Exempt Loan.

Employment Commencement Date means the date an Employee first performs an Hour-of-Service.

Entry Date means the date an Employee first enters the Plan as an Active Participant. See the ACTIVE PARTICIPANT SECTION of Article II.

ERISA means the Employee Retirement Income Security Act of 1974, as amended.

Fiscal Year means the Primary Employer's taxable year. The last day of the Fiscal Year is April 30.

Forfeiture means the part, if any, of a Participant's Account that is forfeited. See the FORFEITURES SECTION of Article III.

Forfeiture Date means, as to a Participant, the date the Participant incurs five Vesting Breaks in Service.

Highly Compensated Employee means any Employee who:

- (a) was a 5-percent owner at any time during the year or the preceding year, or

(b) for the preceding year had compensation from the Employer in excess of \$80,000 and, if the Employer so elects, was in the top-paid group for the preceding year. The \$80,000 amount is adjusted at the same time and in the same manner as under Code Section 415(d), except that the base period is the calendar quarter ending September 30, 1996.

For this purpose the applicable year of the plan for which a determination is being made is called a determination year and the preceding 12-month period is called a look-back year. If the Employer makes a calendar year data election, the look-back year shall be the calendar year beginning with or within the look-back year. The Plan may not use such election to determine whether Employees are Highly Compensated Employees on account of being a 5-percent owner.

In determining who is a Highly Compensated Employee, the Employer does not make a top-paid group election. In determining who is a Highly Compensated Employee, the Employer does not make a calendar year data election.

Calendar year data elections and top-paid group elections, once made, apply for all subsequent years unless changed by the Employer. If the Employer makes one election, the Employer is not required to make the other. If both elections are made, the look-back year in determining the top-paid group must be the calendar year beginning with or within the look-back year. These elections must apply consistently to the determination years of all plans maintained by the Employer which reference the highly compensated employee definition in Code Section 414(q), except as provided in Internal Revenue Service Notice 97-45 (or superseding guidance). The consistency requirement will not apply to determination years beginning with or within the 1997 calendar year, and for determination years beginning on or after January 1, 1998 and before January 1, 2000, satisfaction of the consistency requirement is determined without regard to any nonretirement plans of the Employer.

The determination of who is a highly compensated former Employee is based on the rules applicable to determining Highly Compensated Employee status as in effect for that determination year, in accordance with section 1.414(q)-1T, A-4 of the temporary Income Tax Regulations and Internal Revenue Service Notice 97-45.

In determining whether an Employee is a Highly Compensated Employee for years beginning in 1997, the amendments to Code Section 414(q) stated above are treated as having been in effect for years beginning in 1996.

The determination of who is a Highly Compensated Employee, including the determinations of the number and identity of Employees in the top-paid group, the compensation that is considered, and the identity of the 5-percent owners, shall be made in accordance with Code Section 414(q) and the regulations thereunder.

Hour-of-Service means the following:

- (a) Each hour for which an Employee is paid, or entitled to payment, for performing duties for the Employer during the applicable computation period.
- (b) Each hour for which an Employee is paid, or entitled to payment, by the Employer because of a period of time in which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. Notwithstanding the preceding provisions of this subparagraph (b), no credit will be given to the Employee:
  - (1) for more than 501 Hours-of-Service under this subparagraph (b) because of any single continuous period in which the Employee performs no duties (whether or not such period occurs in a single computation period); or
  - (2) for an Hour-of-Service for which the Employee is directly or indirectly paid, or entitled to payment, because of a period in which no duties are performed if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's or workmen's compensation, or unemployment compensation, or disability insurance laws; or
  - (3) for an Hour-of-Service for a payment which solely reimburses the Employee for medical or medically related expenses incurred by him.

For purposes of this subparagraph (b), a payment shall be deemed to be made by, or due from the Employer, regardless of whether such payment is made by, or due from the Employer, directly or indirectly through, among others, a trust fund or insurer, to which the Employer contributes or pays premiums and regardless of whether contributions made or due to the trust fund, insurer or other entity are for the benefit of particular employees or are on behalf of a group of employees in the aggregate.

- (c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. The same Hours-of-Service shall not be credited both under subparagraph (a) or subparagraph (b) above (as the case may be) and under this subparagraph (c). Crediting of Hours-of-Service for back pay awarded or agreed to with respect to periods described in subparagraph (b) above will be subject to the limitations set forth in that subparagraph.

The crediting of Hours-of-Service above shall be applied under the rules of paragraphs (b) and (c) of the Department of Labor Regulation 2530.200b-2 (including any interpretations or opinions implementing such rules); which rules, by this reference, are specifically incorporated in full within this Plan. The reference to paragraph (b) applies to the special rule for determining

hours of service for reasons other than the performance of duties such as payments calculated (or not calculated) on the basis of units of time and the rule against double credit. The reference to paragraph (c) applies to the crediting of hours of service to computation periods.

Hours-of-Service shall be credited for employment with any other employer required to be aggregated with the Employer under Code Sections 414(b), (c), (m), or (o) and the regulations thereunder for purposes of eligibility and vesting. Hours-of-Service shall also be credited for any individual who is considered an employee for purposes of this Plan pursuant to Code Section 414(n) or (o) and the regulations thereunder.

Solely for purposes of determining whether a one-year break in service has occurred for eligibility or vesting purposes, during a Parental Absence an Employee shall be credited with the Hours-of-Service which otherwise would normally have been credited to the Employee but for such absence, or in any case in which such hours cannot be determined, eight Hours-of-Service per day of such absence. The Hours-of-Service credited under this paragraph shall be credited in the computation period in which the absence begins if the crediting is necessary to prevent a break in service in that period; or in all other cases, in the following computation period.

Inactive Participant means a former Active Participant who has an Account. See the INACTIVE PARTICIPANT SECTION of Article II.

Insurer means Principal Life Insurance Company and any other insurance company or companies named by the Trustee or Primary Employer.

Investment Fund means the total of Plan assets, excluding the guaranteed benefit policy portion of any Annuity Contract and excluding any Unallocated Reserve. All or a portion of these assets may be held under the Trust Agreement.

The Investment Fund shall be valued at current fair market value as of the Valuation Date. The valuation shall take into consideration investment earnings credited, expenses charged, payments made, and changes in the values of the assets held in the Investment Fund.

The Investment Fund shall be allocated at all times to Participants, except as otherwise expressly provided in the Plan. The Account of a Participant shall be credited with its share of the gains and losses of the Investment Fund. That part of a Participant's Account invested in a funding arrangement which establishes one or more accounts or investment vehicles for such Participant thereunder shall be credited with the gain or loss from such accounts or investment vehicles. The part of a Participant's Account which is invested in other funding arrangements shall be credited with a proportionate share of the gain or loss of such investments. The share shall be determined by multiplying the gain or loss of the investment by the ratio of the part of the Participant's Account invested in such funding arrangement to the total of the Investment Fund invested in such funding arrangement.

Investment Manager means any fiduciary (other than a trustee or Named Fiduciary):

- (a) who has the power to manage, acquire, or dispose of any assets of the Plan;
- (b) who (i) is registered as an investment adviser under the Investment Advisers Act of 1940; (ii) is not registered as an investment adviser under such Act by reason of paragraph (1) of section 203A(a) of such Act, is registered as an investment adviser under the laws of the state (referred to in such paragraph (1)) in which it maintains its principal office and place of business, and, at the time it last filed the registration form most recently filed by it with such state in order to maintain its registration under the laws of such state, also filed a copy of such form with the Secretary of Labor, (iii) is a bank, as defined in that Act; or (iv) is an insurance company qualified to perform services described in subparagraph (a) above under the laws of more than one state; and
- (c) who has acknowledged in writing being a fiduciary with respect to the Plan.

Late Retirement Date means the first day of any month which is after a Participant's Normal Retirement Date and on which retirement benefits begin. If a Participant continues to work for the Employer after his Normal Retirement Date, his Late Retirement Date shall be the earliest first day of the month on or after the date he ceases to be an Employee. An earlier or a later Retirement Date may apply if the Participant so elects. An earlier Retirement Date may apply if the Participant is age 70 1/2. See the WHEN BENEFITS START SECTION of Article V.

Leased Employee means any person (other than an employee of the recipient) who, pursuant to an agreement between the recipient and any other person ("leasing organization"), has performed services for the recipient (or for the recipient and related persons determined in accordance with Code Section 414(n)(6)) on a substantially full time basis for a period of at least one year, and such services are performed under primary direction or control by the recipient. Contributions or benefits provided by the leasing organization to a Leased Employee, which are attributable to service performed for the recipient employer, shall be treated as provided by the recipient employer.

A Leased Employee shall not be considered an employee of the recipient if:

- (a) such employee is covered by a money purchase pension plan providing (i) a nonintegrated employer contribution rate of at least 10 percent of compensation, as defined in Code Section 415(c)(3), but for years beginning before January 1, 1998, including amounts contributed pursuant to a salary reduction agreement which are excludible from the employee's gross income under Code Sections 125, 402(e)(3), 402(h)(1)(B), or 403(b), (ii) immediate participation, and (iii) full and immediate vesting, and
- (b) Leased Employees do not constitute more than 20 percent of the recipient's nonhighly compensated work force.

Loan Administrator means the person(s) or position(s) authorized to administer the Participant loan program.

The Loan Administrator is Corporate Secretary with ministerial duties delegated to the Payroll Manager.

Matching Contributions means contributions made by the Employer to fund this Plan which are contingent on a Participant's Elective Deferral Contributions. See the EMPLOYER CONTRIBUTIONS SECTION of Article III.

Monthly Date means each Yearly Date and the last day of each following month during the Plan Year beginning on such Yearly Date.

Named Fiduciary means the person or persons who have authority to control and manage the operation and administration of the Plan.

The Named Fiduciary is the Employer.

Nonhighly Compensated Employee means an Employee of the Employer who is not a Highly Compensated Employee.

Nonvested Account means the excess, if any, of a Participant's Account over his Vested Account.

Normal Form means a single life annuity with installment refund.

Normal Retirement Age means the age at which the Participant's normal retirement benefit becomes nonforfeitable if he is an Employee. A Participant's Normal Retirement Age is 62.

Normal Retirement Date means the earliest first day of the month on or after the date the Participant reaches his Normal Retirement Age. Unless otherwise provided in this Plan, a Participant's retirement benefits shall begin on a Participant's Normal Retirement Date if he has ceased to be an Employee on such date and has a Vested Account. Even if the Participant is an Employee on his Normal Retirement Date, he may choose to have his retirement benefit begin on such date. See the WHEN BENEFITS START SECTION of Article V.

Owner-employee means a Self-employed Individual who, in the case of a sole proprietorship, owns the entire interest in the unincorporated trade or business for which this Plan is established. If this Plan is established for a partnership, an Owner-employee means a Self-employed Individual who owns more than 10 percent of either the capital interest or profits interest in such partnership.

Parental Absence means an Employee's absence from work:

- (a) by reason of pregnancy of the Employee,
- (b) by reason of birth of a child of the Employee,
- (c) by reason of the placement of a child with the Employee in connection with adoption of such child by such Employee, or
- (d) for purposes of caring for such child for a period beginning immediately following such birth or placement.

Participant means either an Active Participant or an Inactive Participant.

Period of Military Duty means, for an Employee

- (a) who served as a member of the armed forces of the United States, and
- (b) who was re-employed by the Employer at a time when the Employee had a right to re-employment in accordance with seniority rights as protected under Chapter 43 of Title 38 of the U. S. Code,

the period of time from the date the Employee was first absent from active work for the Employer because of such military duty to the date the Employee was reemployed.

Plan means the retirement and savings plan of the Employer set forth in this document, including any later amendments to it. The portion of the Plan that consists of the Qualifying Employer Securities Fund is a stock bonus and employee stock ownership plan within the meaning of Code Section 4975(e)(7). The remaining portion of the Plan is a profit sharing plan with a qualified cash or deferred arrangement under Code Section 401(k).

Plan Administrator means the person or persons who administer the Plan.

The Plan Administrator is the Employer.

Plan Fund means the total of the Investment Fund and the guaranteed benefit policy portion of any Annuity Contract and any Unallocated Reserve. The Investment Fund shall be valued as stated in its definition. The guaranteed benefit policy portion of any Annuity Contract shall be determined in accordance with the terms of the Annuity Contract and, to the extent that such Annuity Contract allocates contract values to Participants, allocated to Participants in accordance with its terms. The total value of all amounts held under the Plan Fund, less amounts held in any Unallocated Reserve or reflected in a Forfeiture Account, shall equal the value of the aggregate Participants' Accounts under the Plan.

Plan Year means a period beginning on a Yearly Date and ending on the day before the next Yearly Date.

Predecessor Employer means a firm of which the Employer was once a part (e.g., due to a spinoff or change of corporate status) or a firm absorbed by the Employer because of a merger or acquisition (stock or asset, including a division or an operation of such company).

Primary Employer means Casey's General Stores, Inc..

Qualified Joint and Survivor Annuity means, for a Participant who has a spouse, an immediate survivorship life annuity with installment refund, where the survivorship percentage is 50% and the Contingent Annuitant is the Participant's spouse. A former spouse will be treated as the spouse to the extent provided under a qualified domestic relations order as described in Code Section 414(p).

The amount of benefit payable under the Qualified Joint and Survivor Annuity shall be the amount of benefit which may be provided by the Participant's Vested Account.

Qualified Preretirement Survivor Annuity means a single life annuity with installment refund payable to the surviving spouse of a Participant who dies before his Annuity Starting Date. A former spouse will be treated as the surviving spouse to the extent provided under a qualified domestic relations order as described in Code Section 414(p).

Qualifying Employer Securities means any security which is issued by the Employer or any Controlled Group member and which meets the requirements of Code Section 409(l) and ERISA Section 407(d)(5). This shall also include any securities that satisfied the requirements of the definition when these securities were assigned to the Plan.

Qualifying Employer Securities Fund means that part of the assets of the Trust Fund that are designated to be held primarily or exclusively in Qualifying Employer Securities for the purpose of providing benefits for Participants.

Reemployment Commencement Date means the date an Employee first performs an Hour-of-Service following an Eligibility Break in Service.

Reentry Date means the date a former Active Participant reenters the Plan. See the ACTIVE PARTICIPANT SECTION of Article II.

Retirement Date means the date a retirement benefit will begin and is a Participant's Early, Normal, or Late Retirement Date, as the case may be.

Rollover Contributions means the Rollover Contributions which are made by an Eligible Employee or an Inactive Participant according to the provisions of the ROLLOVER CONTRIBUTIONS SECTION of Article III.

Self-employed Individual means, with respect to any Fiscal Year, an individual who has Earned Income for the Fiscal Year (or who would have Earned Income but for the fact the trade or business for which this Plan is established did not have net profits for such Fiscal Year).

Semi-yearly Date means each Yearly Date and the sixth Monthly Date after each Yearly Date which is within the same Plan Year.

Specified Minimum Employer Contributions means an amount contributed by the Employer to the Trust pursuant to Section 3.01(d) of the Plan.

Totally and Permanently Disabled means that a Participant is disabled, as a result of sickness or injury, to the extent that he is prevented from engaging in any substantial gainful activity, and is eligible for and receives a disability benefit under Title II of the Federal Social Security Act.

Trust Agreement means an agreement of trust between the Primary Employer and Trustee established for the purpose of holding and distributing the Trust Fund under the provisions of the Plan. The Trust Agreement may provide for the investment of all or any portion of the Trust Fund in the Annuity Contract.

Trust Fund means the total funds held under the Trust Agreement.

Trustee means the party or parties named in the Trust Agreement. The term Trustee as it is used in this Plan is deemed to include the plural unless the context clearly indicates the singular is meant.

Unallocated Reserve means the portion of the Trust Fund that consists of the proceeds of an Exempt Loan, the shares of Qualifying Employer Securities that were acquired with the proceeds of an Exempt Loan and that have not yet been allocated to Participant Accounts, the dividends and other investment earnings on the assets held in the Unallocated Reserve, and the proceeds from any sale of shares of Qualifying Employer Securities held in the Unallocated Reserve.

Valuation Date means the date on which the value of the assets of the Investment Fund is determined. The value of each Account which is maintained under this Plan shall be determined on the Valuation Date. In each Plan Year, the Valuation Date shall be the last day of the Plan Year. At the discretion of the Plan Administrator, Trustee, or Insurer (whichever applies), assets of the Investment Fund may be valued more frequently. These dates shall also be Valuation Dates.

Vested Account means the vested part of a Participant's Account. The Participant's Vested Account is determined as follows.

If the Participant's Vesting Percentage is 100%, his Vested Account equals his Account.

If the Participant's Vesting Percentage is less than 100%, his Vested Account equals the sum of (a), (b) and (c) below:

- (a) The part of the Participant's Account that results from Employer Contributions made before a prior Forfeiture Date and all other Contributions which were 100% vested when made.

- (b) The part of the Participant's Account that results from cash dividends paid on shares of Qualifying Employer Securities credited to the source account for ESOP Matching or ESOP Non-Matching Contributions that are initially reinvested in Qualifying Employer Securities at the election of the Participant.
- (c) The balance of the Participant's Account in excess of the amount in (a) above multiplied by his Vesting Percentage.

The Participant's Vested Account is nonforfeitable.

Vesting Break in Service means a Vesting Computation Period in which an Employee is credited with 500 or fewer Hours-of-Service. An Employee incurs a Vesting Break in Service on the last day of a Vesting Computation Period in which he has a Vesting Break in Service.

Vesting Computation Period means a consecutive 12-month period ending on the last day of each Plan Year, including corresponding consecutive 12-month periods before January 1, 1990.

Vesting Percentage means the percentage used to determine the nonforfeitable portion of a Participant's Account attributable to Employer Contributions which were not 100% vested when made.

A Participant's Vesting Percentage for Employer Contributions other than ESOP Non-Matching Contributions is shown in the following schedule opposite the number of whole years of his Vesting Service.

VESTING SERVICE (whole years)	VESTING PERCENTAGE
Less than 1	0
1	10
2	20
3	40
4	60
5	80
6 or more	100

A Participant's Vesting Percentage for ESOP Non-Matching Contributions is shown in the following schedule opposite the number of whole years of his Vesting Service.

VESTING SERVICE (whole years)	VESTING PERCENTAGE
Less than 5	0
5 or more	100

The Vesting Percentage for a Participant who is an Employee on or after the date he reaches Normal Retirement Age or Early Retirement Age shall be 100%. The Vesting Percentage for a Participant who is an Employee on the date he becomes Totally and Permanently Disabled or dies shall be 100%.

If the schedule used to determine a Participant's Vesting Percentage is changed, the new schedule shall not apply to a Participant unless he is credited with an Hour-of-Service on or after the date of the change and the Participant's nonforfeitable percentage on the day before the date of the change is not reduced under this Plan. The amendment provisions of the AMENDMENTS SECTION of Article X regarding changes in the computation of the Vesting Percentage shall apply.

Vesting Service means the sum of (a) and (b) below:

- (a) The total of an Employee's service with the Employer before January 1, 1990. This total is expressed in whole years and fractional parts of a year (counting a partial month as a complete month).
- (b) One year of service for each Vesting Computation Period ending on or after January 1, 1990, in which an Employee is credited with at least 1,000 Hours-of-Service.

However, Vesting Service is modified as follows:

Service before a date excluded:

Service before January 1, 1989, is excluded for Employees of the franchise stores.

Period of Military Duty included:

A Period of Military Duty shall be included as service with the Employer to the extent it has not already been credited. For purposes of crediting Hours-of-Service during the Period of Military Duty, an Hour-of-Service shall be credited (without regard to the 501 Hour-of-Service limitation) for each hour an Employee would normally have been scheduled to work for the Employer during such period.

Controlled Group service included:

An Employee's service with a member firm of a Controlled Group while both that firm and the Employer were members of the Controlled Group shall be included as service with the Employer.

Yearly Date means January 1, 1990, and each following May 1 through May 1, 1999, and each following April 30.

Years of Service means an Employee's Vesting Service disregarding any modifications which exclude service.

## ARTICLE II

### PARTICIPATION

#### SECTION 2.01--ACTIVE PARTICIPANT.

- (a) An Employee shall first become an Active Participant (begin active participation in the Plan) on the earliest Semi-yearly Date on which he is an Eligible Employee and has met both of the eligibility requirements set forth below. This date is his Entry Date.
- (1) He has completed one year of Eligibility Service before his Entry Date.
  - (2) He is age 21 or older.

Each Employee who was an Active Participant under the Plan on April 29, 2003, shall continue to be an Active Participant if he is still an Eligible Employee on April 30, 2003, and his Entry Date shall not change.

If a person has been an Eligible Employee who has met all of the eligibility requirements above, but is not an Eligible Employee on the date which would have been his Entry Date, he shall become an Active Participant on the date he again becomes an Eligible Employee. This date is his Entry Date.

In the event an Employee who is not an Eligible Employee becomes an Eligible Employee, such Eligible Employee shall become an Active Participant immediately if such Eligible Employee has satisfied the eligibility requirements above and would have otherwise previously become an Active Participant had he met the definition of Eligible Employee. This date is his Entry Date.

- (b) An Inactive Participant shall again become an Active Participant (resume active participation in the Plan) on the date he again performs an Hour-of-Service as an Eligible Employee. This date is his Reentry Date.

Upon again becoming an Active Participant, he shall cease to be an Inactive Participant.

- (c) A former Participant shall again become an Active Participant (resume active participation in the Plan) on the date he again performs an Hour-of-Service as an Eligible Employee. This date is his Reentry Date.

There shall be no duplication of benefits for a Participant under this Plan because of more than one period as an Active Participant.

#### SECTION 2.02--INACTIVE PARTICIPANT.

An Active Participant shall become an Inactive Participant (stop accruing benefits under the Plan) on the earlier of the following:

- (a) the date the Participant ceases to be an Eligible Employee, or
- (b) the effective date of complete termination of the Plan under Article VIII.

An Employee or former Employee who was an Inactive Participant under the Plan on April 30, 1997, shall continue to be an Inactive Participant on May 1, 1997. Eligibility for any benefits payable to the Participant or on his behalf and the amount of the benefits shall be determined according to the provisions of the prior document, unless otherwise stated in this document.

#### SECTION 2.03--CESSATION OF PARTICIPATION.

A Participant shall cease to be a Participant on the date he is no longer an Eligible Employee and his Account is zero.

### ARTICLE III

#### CONTRIBUTIONS

##### SECTION 3.01--EMPLOYER CONTRIBUTIONS.

Employer Contributions shall be made without regard to current or accumulated net income, earnings or profits of the Employer. Notwithstanding the foregoing, the Plan shall continue to be designed to qualify as a profit sharing plan for purposes of Code Sections 401(a), 402, 412, and 417; except that, the portion of the Plan that consists of the Qualifying Employer Securities Fund is designed to qualify as a stock bonus plan and employee stock ownership plan under Code Section 4975(e)(7). Employer Contributions shall be equal to the amount described below:

- (a) The amount of each Elective Deferral Contribution for a Participant shall be equal to a portion of Compensation as specified in the elective deferral agreement. An Employee who is eligible to participate in the Plan may file an elective deferral agreement with the Employer. The Participant shall modify or terminate the elective deferral agreement by filing a new elective deferral agreement. The elective deferral agreement may not be made retroactively and shall remain in effect until modified or terminated.

The elective deferral agreement to start or modify Elective Deferral Contributions shall be effective on the first day of the first pay period following the pay period in which the Participant's Entry Date (Reentry Date, if applicable) or any following date occurs. The elective deferral agreement must be entered into on or before the date it is effective.

The elective deferral agreement to stop Elective Deferral Contributions may be entered into on any date. Such elective deferral agreement shall be effective on the first day of the pay period following the pay period in which the elective deferral agreement is entered into.

Elective Deferral Contributions cannot be more than 15% of Compensation for the pay period.

Elective Deferral Contributions are fully (100%) vested and nonforfeitable.

- (b) The Employer shall make Matching Contributions in an amount equal to 100% of Elective Deferral Contributions. Elective Deferral Contributions which are over 4% of Compensation won't be matched.

Matching Contributions are calculated based on Elective Deferral Contributions and Compensation for the pay period. Matching Contributions are made for all persons who were Active Participants at any time during that pay period. Matching Contributions may be made in the form of Qualifying Employer Securities or the Employer may designate that Matching Contributions are to be invested in Qualifying Employer Securities. Such Matching Contributions shall be referred to as ESOP Matching Contributions and shall be part of the ESOP component of the Plan.

Matching Contributions and ESOP Matching Contributions are subject to the Vesting Percentage. However, the separate account maintained to reflect the cash dividends paid on shares of Qualifying Employer Securities attributable to Matching Contributions (and earnings thereon) that are initially reinvested in Qualifying Employer Securities under the Plan at the election of the Participant is fully (100%) vested and nonforfeitable.

- (c) Discretionary Contributions may be made for each Plan Year in an amount determined by the Employer.

Discretionary Contributions are subject to the Vesting Percentage.

- (d) ESOP Non-Matching Contributions will be made for each Plan Year for which a payment is due on an Exempt Loan. The amount of the ESOP Non-Matching Contribution for the Plan Year will be determined at the sole discretion of the Primary Employer, but will not be less than the minimum amount sufficient to

enable the Trustee to make the payment due on the Exempt Loan to the extent that such payment cannot be satisfied from cash dividends paid on shares of Qualifying Employer Securities held in the ESOP Non-Matching Accounts (if the Primary Employer directs that such dividends be applied to the Exempt Loan), or cash dividends paid on shares of Qualifying Employer Securities held in the Unallocated Reserve or other investment earnings of the Unallocated Reserve.

Additional ESOP Non-Matching Contributions may be made for each Plan Year in an amount determined by the Employer.

ESOP Non-Matching Contributions are subject to the Vesting Percentage. However, the separate account maintained to reflect the cash dividends paid on shares of Qualifying Employer Securities attributable to ESOP Non-Matching Contributions (and earnings thereon) that are initially reinvested in Qualifying Employer Securities under the Plan at the election of the Participant is fully (100%) vested and nonforfeitable.

- (e) The Employer, in its sole discretion, may contribute an amount, for any Plan Year, which it designates as a Specified Minimum Employer Contribution. Notwithstanding any provision of the Plan to the contrary, the following provisions shall govern the treatment of Specified Minimum Employer Contributions.
- (1) Frequency. For each Plan Year, the Employer shall make a Specified Minimum Employer Contribution, as described in the following allocation method, on behalf of each individual who is both an Employee and a Participant on the first day of the Plan Year (a "SMEC Participant"). The Specified Minimum Employer Contribution for each Plan Year shall be in an amount determined by the Board of Directors by appropriate resolution on or before the last day of the Employer's taxable year that ends within such Plan Year.
  - (2) Allocation Method. Any Specified Minimum Employer Contribution made by the Employer pursuant to this Section 3.01(e) shall be allocated to the SMEC Participants as follows:
    - (i) The Specified Minimum Employer Contribution shall be allocated to the payment of Elective Deferral Contributions and Matching Contributions to be made to SMEC Participants' accounts pursuant to Section 3.03 of the Plan.
    - (ii) Second, the balance, if any, of the Specified Minimum Employer Contribution remaining after the allocation next above shall be allocated as to the payment of Matching Contribution, if any, on the last day of the Plan Year to the Account of each SMEC

Participant who is not also a Highly Compensated Employee, in the ratio that each such SMEC Participant's Elective Deferral Contributions during the Plan Year bears to the Elective Deferral Contributions of all such SMEC Participants during the Plan Year.

- (3) Notwithstanding anything to the contrary contained herein, the following limitations shall apply to any Specified Minimum Employer Contribution made pursuant to this Section of the Plan:
- (i) The Plan Administrator shall reduce the proportionate allocation of the Specified Minimum Employer Contribution under this section to Highly Compensated Employees to the extent necessary to comply with the provisions of this Plan and the Code, include Code Section 401(a)(4) and the regulations thereunder.
  - (ii) Any payment/allocation of Elective Deferral Contributions to a SMEC Participant's Account shall be made under either Section 3.03 or this Section, as appropriate, but not both sections.
  - (iii) The Specified Minimum Employer Contribution allocated as a Matching Contribution to a SMEC Participant's account pursuant to this Section of the Plan, shall be treated in the same manner as Matching Contributions for all purposes under the Plan.
  - (iv) A Participant's allocation determined under this Section may be subject to an adjustment as may be necessary to prevent Contributions made by or on behalf of a Participant for a Plan Year to exceed the maximum allowable under Code Section 415, or any other provision of the Code or this Plan.
- (4) Timing, Medium and Posting. The employer shall make the Specified Minimum Employer Contribution in cash, in one or more installments without interest, at any time during the Plan Year, and for purposes of deducting such Contribution, not later than the Employer's federal tax filing date, including extensions, for its taxable year that ends within such Plan Year. The Trustee shall post such amount to each Participant's account as Elective Deferral Contributions or Matching Contributions once the allocations under this Section of the Plan as provided above are determined.

The Specified Minimum Employer Contribution shall be held in a suspense account until posted. Such suspense account shall not participate in the allocation of investment gains, losses, income and deductions of the Trust as a whole, but shall be invested separately and all gains, losses, income and deductions attributable to such investment shall be applied to

reduce Plan fees and expenses and, thereafter, to reduce Employer contributions.

- (5) Deduction Limitation. In no event shall the Specified Minimum Employer Contribution, when aggregated with other Employer contributions for the Employer's taxable year that ends within such Plan Year, exceed the amount deductible by the Employer for federal income tax purposes for such taxable year.

No Participant shall be permitted to have Elective Deferral Contributions, as defined in the EXCESS AMOUNTS SECTION of this article, made under this Plan, or any other qualified plan maintained by the Employer, during any taxable year, in excess of the dollar limitation contained in Code Section 402(g) in effect at the beginning of such taxable year.

An elective deferral agreement (or change thereto) must be made in such manner and in accordance with such rules as the Employer may prescribe (including by means of voice response or other electronic system under circumstances the Employer permits) and may not be made retroactively.

Employer Contributions are allocated according to the provisions of the ALLOCATION SECTION of this article.

The Employer may make all or any portion of the Matching Contributions, which are to be invested in Qualifying Employer Securities, to the Trustee in the form of Qualifying Employer Securities.

A portion of the Plan assets resulting from Employer Contributions (but not more than the original amount of those Contributions) may be returned if the Employer Contributions are made because of a mistake of fact or are more than the amount deductible under Code Section 404 (excluding any amount which is not deductible because the Plan is disqualified). The amount involved must be returned to the Employer within one year after the date the Employer Contributions are made by mistake of fact or the date the deduction is disallowed, whichever applies. Except as provided under this paragraph and Article VIII, the assets of the Plan shall never be used for the benefit of the Employer and are held for the exclusive purpose of providing benefits to Participants and their Beneficiaries and for defraying reasonable expenses of administering the Plan.

#### SECTION 3.01A--ROLLOVER CONTRIBUTIONS.

A Rollover Contribution may be made by an Eligible Employee or an Inactive Participant if the following conditions are met:

- (a) The Contribution is of amounts distributed from a plan that satisfies the requirements of Code Section 401(a) or from a "conduit" individual retirement account described in Code Section 408(d)(3)(A). In the case of an Inactive

Participant, the Contribution must be of an amount distributed from another plan of the Employer, or a plan of a Controlled Group member, that satisfies the requirements of Code Section 401(a).

- (b) The Contribution is of amounts that the Code permits to be transferred to a plan that meets the requirements of Code Section 401(a).
- (c) The Contribution is made in the form of a direct rollover under Code Section 401(a)(31) or is a rollover made under 402(c) or 408(d)(3)(A) within 60 days after the Eligible Employee or Inactive Participant receives the distribution.
- (d) The Eligible Employee or Inactive Participant furnishes evidence satisfactory to the Plan Administrator that the proposed rollover meets conditions (a), (b), and (c) above.

A Rollover Contribution shall be allowed in cash only and must be made according to procedures set up by the Plan Administrator.

If the Eligible Employee is not an Active Participant when the Rollover Contribution is made, he shall be deemed to be an Active Participant only for the purpose of investment and distribution of the Rollover Contribution. Employer Contributions shall not be made for or allocated to the Eligible Employee until the time he meets all of the requirements to become an Active Participant.

Rollover Contributions made by an Eligible Employee or an Inactive Participant shall be credited to his Account. The part of the Participant's Account resulting from Rollover Contributions is fully (100%) vested and nonforfeitable at all times. A separate accounting record shall be maintained for that part of his Rollover Contributions consisting of voluntary contributions which were deducted from the Participant's gross income for Federal income tax purposes.

#### SECTION 3.02--FORFEITURES.

The Nonvested Account of a Participant shall be forfeited as of the earlier of the following:

- (a) the date the Participant dies (if prior to such date he had ceased to be an Employee), or
- (b) the Participant's Forfeiture Date.

All or a portion of a Participant's Nonvested Account shall be forfeited before such earlier date if, after he ceases to be an Employee, he receives, or is deemed to receive, a distribution of his entire Vested Account or a distribution of his Vested Account derived from Employer Contributions which were not 100% vested when made, under the RETIREMENT BENEFITS

SECTION of Article V, the VESTED BENEFITS SECTION of Article V, or the SMALL AMOUNTS SECTION of Article X. The forfeiture shall occur as of the date the Participant receives, or is deemed to receive, the distribution. If a Participant receives, or is deemed to receive, his entire Vested Account, his entire Nonvested Account shall be forfeited. If a Participant receives a distribution of his Vested Account from Employer Contributions which were not 100% vested when made, but less than his entire Vested Account from such Contributions, the amount to be forfeited shall be determined by multiplying his Nonvested Account from such Contributions by a fraction. The numerator of the fraction is the amount of the distribution derived from Employer Contributions which were not 100% vested when made and the denominator of the fraction is his entire Vested Account derived from such Contributions on the date of distribution.

A Forfeiture shall also occur as provided in the EXCESS AMOUNTS SECTION of this article.

Forfeitures shall be determined at least once during each Plan Year. Forfeitures may first be used to pay administrative expenses. Forfeitures of Matching Contributions which relate to excess amounts as provided in the EXCESS AMOUNTS SECTION of this article, which have not been used to pay administrative expenses, shall be applied to reduce the earliest Employer Contributions made after the Forfeitures are determined. Any other Forfeitures which have not been used to pay administrative expenses shall be applied to reduce the earliest Employer Contributions made after the Forfeitures are determined. Upon their application to reduce Employer Contributions, Forfeitures shall be deemed to be Employer Contributions.

Forfeitures of Qualifying Employer Securities held in an ESOP Matching or ESOP Non-Matching Account may be used to satisfy any allocation of Qualifying Employer Securities required under the ALLOCATIONS SECTION of this article.

If a Participant again becomes an Eligible Employee after receiving a distribution which caused all or a portion of his Nonvested Account to be forfeited, he shall have the right to repay to the Plan the entire amount of the distribution he received (excluding any amount of such distribution resulting from Contributions which were 100% vested when made). The repayment must be made in a single sum (repayment in installments is not permitted) before the earlier of the date five years after the date he again becomes an Eligible Employee or the end of the first period of five consecutive Vesting Breaks in Service which begin after the date of the distribution.

If the Participant makes the repayment above, the Plan Administrator shall restore to his Account an amount equal to his Nonvested Account which was forfeited on the date of distribution, unadjusted for any investment gains or losses. If no amount is to be repaid because the Participant was deemed to have received a distribution, or only received a distribution of Contributions which were 100% vested when made, and he again performs an Hour-of-Service as an Eligible Employee within the repayment period, the Plan Administrator shall restore the Participant's Account as if he had made a required repayment on the date he performed such Hour-of-Service. Restoration of the Participant's Account shall include restoration of all Code Section 411(d)(6) protected benefits with respect to that restored Account, according to applicable Treasury regulations. Provided, however,

the Plan Administrator shall not restore the Nonvested Account if (i) a Forfeiture Date has occurred after the date of the distribution and on or before the date of repayment and (ii) that Forfeiture Date would result in a complete forfeiture of the amount the Plan Administrator would otherwise restore.

The Plan Administrator shall restore the Participant's Account by the close of the Plan Year following the Plan Year in which repayment is made. Permissible sources for the restoration of the Participant's Account are Forfeitures or special Employer Contributions. Such special Employer Contributions shall be made without regard to profits. The repaid and restored amounts are not included in the Participant's Annual Additions, as defined in the CONTRIBUTION LIMITATION SECTION of this article.

#### SECTION 3.03--ALLOCATION.

A person meets the allocation requirements of this section if he is an Active Participant on the last day of the Plan Year and has at least 1,000 Hours-of-Service during the latest Accrual Computation Period ending on or before that date.

Elective Deferral Contributions shall be allocated to Participants for whom such Contributions are made under the EMPLOYER CONTRIBUTIONS SECTION of this article. Such Contributions shall be allocated when made and credited to the Participant's Account.

Matching Contributions (including ESOP Matching Contributions) shall be allocated to the persons for whom such Contributions are made under the EMPLOYER CONTRIBUTIONS SECTION of this article. Such Contributions shall be allocated when made and credited to the person's Account.

Discretionary Contributions shall be allocated as of the last day of the Plan Year using Annual Compensation for the Plan Year. The amount allocated shall be determined as follows:

STEP ONE: This step one shall only apply in years in which the Plan is a Top-heavy Plan, as defined in the DEFINITIONS SECTION of Article XI, and the minimum contribution under the MODIFICATION OF CONTRIBUTIONS SECTION of Article XI is not being provided by other contributions to this Plan or another plan of the Employer.

The allocation in this step one shall be made to each person meeting the allocation requirements of this section and each person who is entitled to a minimum contribution under the MODIFICATION OF CONTRIBUTIONS SECTION of Article XI. Each such person's allocation shall be an amount equal to the Discretionary Contributions multiplied by the ratio of such person's Annual Compensation to the total Annual Compensation of all such persons. Such amount shall not exceed 3% of such person's Annual Compensation. The allocation for any person who does not meet the allocation requirements of this section shall be limited to the amount necessary to fund the minimum contribution.

STEP TWO: The allocation in this step two shall be made to each person meeting the allocation requirements of this section. Each such person's allocation shall be equal to any amount remaining

after the allocation in step one multiplied by the ratio of such person's Annual Compensation to the total Annual Compensation of all such persons.

This amount shall be credited to the person's Account.

The ESOP Non-Matching Contribution for the Plan Year (if any), together with the cash dividends paid on Qualifying Employer Securities held in the ESOP Non-Matching Contribution Accounts (if the Primary Employer directs that such dividends be applied to the Exempt Loan), cash dividends paid on Qualifying Employer Securities held in the Unallocated Reserve and other investment earnings of the Unallocated Reserve (if any), shall be applied to make the payment due on any Exempt Loan for the Plan Year. The Qualifying Employer Securities released from the Unallocated Reserve as a result of that payment shall be allocated as of the last day of the Plan Year as follows:

STEP ONE: This step one shall apply only if the cash dividends paid on Qualifying Employer Securities held in the ESOP Non-Matching Contribution Accounts are applied to the Exempt Loan.

The allocation in this step one shall be made to each person who received a cash dividend on Qualifying Employer Securities held in his/her ESOP Non-Matching Contribution Account that was applied to the Exempt Loan.

The number of shares of Qualifying Employer Securities allocated under this step one shall equal the number of shares with a value equal to the total cash dividends paid on Qualifying Employer Securities held in the ESOP Non-Matching Contribution Accounts and applied to the Exempt Loan. The number of shares of Qualifying Employer Securities allocated to each such person shall be determined by multiplying the number of shares of Qualifying Employer Securities to be allocated under this step one by a fraction, the numerator of which is the cash dividends paid on Qualifying Employer Securities held in the ESOP Non-Matching Account of such person and applied to the Exempt Loan, and the denominator of which is the total cash dividends paid on Qualifying Employer Securities held in the ESOP Non-Matching Accounts of all such persons and applied to the Exempt Loan.

STEP TWO: The allocation in this step two shall be made among those persons who meet the allocation requirements of this section, but subject to the PROHIBITED ALLOCATION OF QUALIFYING EMPLOYER SECURITIES SECTION of this article.

The number of shares of Qualifying Employer Securities allocated to each such person shall be determined by multiplying the number of shares of Qualifying Employer Securities released from the Unallocated Reserve (and not allocated under step one) by a fraction, the numerator of which is the Annual Compensation of such person for the Plan Year, and the denominator of which is the aggregate Annual Compensation of all such persons for the Plan Year. However, if the aggregate amount of Qualifying Employer Securities that would be allocated under this paragraph to Highly Compensated Employees exceeds one-third of the total Qualifying Employer Securities allocated, then the amount of Qualifying Employer Securities in excess of one-third

shall be reallocated to the Nonhighly Compensated Employees in proportion to each Nonhighly Compensated Employee's Annual Compensation to the total Annual Compensation of all such Nonhighly Compensated Employees.

If the ESOP Non-Matching Contributions exceed the amount needed to make the payment for the Exempt Loan for the Plan Year, or if there is no Exempt Loan for the Plan Year in which the ESOP Non-Matching Contribution is made, the ESOP Non-Matching Contribution shall be allocated in the same manner as Discretionary Contributions.

Specified Minimum Employer Contributions shall be allocated to the Account of the eligible Participants in accordance with subparagraph 3.01(e)(2).

If Leased Employees are Eligible Employees, in determining the amount of Employer Contributions allocated to a person who is a Leased Employee, contributions provided by the leasing organization which are attributable to services such Leased Employee performs for the Employer shall be treated as provided by the Employer. Those contributions shall not be duplicated under this Plan.

#### SECTION 3.04--CONTRIBUTION LIMITATION.

- (a) Definitions. For the purpose of determining the contribution limitation set forth in this section, the following terms are defined.

Annual Additions means the sum of the following amounts credited to a Participant's account for the Limitation Year:

- (1) employer contributions; provided that, ESOP Non-Matching Contributions under this Plan that are applied to pay interest on an Exempt Loan will not be an Annual Addition if no more than one-third (1/3) of the ESOP Non-Matching Contribution that is applied to pay principal or interest on an Exempt Loan for the Plan Year is allocated to Highly Compensated Employees;
- (2) employee contributions; and
- (3) forfeitures.

Annual Additions to a defined contribution plan shall also include the following:

- (4) amounts allocated, after March 31, 1984, to an individual medical account, as defined in Code Section 415(1)(2), which are part of a pension or annuity plan maintained by the Employer,
- (5) amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement

medical benefits, allocated to the separate account of a key employee, as defined in Code Section 419A(d)(3), under a welfare benefit fund, as defined in Code Section 419(e), maintained by the Employer; and

(6) allocations under a simplified employee pension.

For this purpose, any Excess Amount applied under (e) below in the Limitation Year to reduce Employer Contributions shall be considered Annual Additions for such Limitation Year.

Compensation means wages within the meaning of Code Section 3401(a) and all other payments of compensation to an Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under Code Sections 6041(d), 6051(a)(3), and 6052. Compensation must be determined without regard to any rules under Code Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)). The amount reported in the "Wages, Tips and Other Compensation" box on Form W-2 satisfies this definition.

For any Self-employed Individual, Compensation shall mean Earned Income.

For purposes of applying the limitations of this section, Compensation for a Limitation Year is the Compensation actually paid or made available in gross income during such Limitation Year.

For Limitation Years beginning after December 31, 1997, for purposes of applying the limitations of this section, Compensation paid or made available during such Limitation Year shall include any elective deferral (as defined in Code Section 402(g)(3)), and any amount which is contributed or deferred by the Employer at the election of the Employee and which is not includible in the gross income of the Employee by reason of Code Section 125, 132(f)(4), or 457.

Defined Benefit Plan Fraction means a fraction, the numerator of which is the sum of the Participant's Projected Annual Benefits under all the defined benefit plans (whether or not terminated) maintained by the Employer, and the denominator of which is the lesser of (i) 125 percent of the dollar limitation determined for the Limitation Year under Code Sections 415(b)(1)(A) and (d) or (ii) 140 percent of the Highest Average Compensation, including any adjustments under Code Section 415(b)(5).

Notwithstanding the above, if the Participant was a participant as of the first day of the first Limitation Year beginning after December 31, 1986, in one or more defined benefit plans maintained by the Employer which were in existence on May 6, 1986, the denominator of this fraction will not be less than 125 percent of the sum of the annual benefits under such plans which the Participant had accrued as of the close of the last Limitation Year beginning before January 1, 1987, disregarding any changes in the terms and conditions of the plan after May 5, 1986. The preceding sentence applies only if the defined benefit plans individually and in the

aggregate satisfied the requirements of Code Section 415 for all Limitation Years beginning before January 1, 1987.

Defined Contribution Dollar Limitation means, for Limitation Years beginning after December 31, 1994, \$30,000, as adjusted under Code Section 415(d).

Defined Contribution Plan Fraction means a fraction, the numerator of which is the sum of the Annual Additions to the Participant's account under all the defined contribution plans (whether or not terminated) maintained by the Employer for the current and all prior Limitation Years (including the Annual Additions attributable to the Participant's nondeductible employee contributions to all defined benefit plans, whether or not terminated, maintained by the Employer, and the Annual Additions attributable to all welfare benefit funds, individual medical accounts, and simplified employee pensions, maintained by the Employer), and the denominator of which is the sum of the maximum aggregated amounts for the current and all prior Limitation Years of service with the Employer (regardless of whether a defined contribution plan was maintained by the Employer). The maximum aggregate amount in any Limitation Year is the lesser of (i) 125 percent of the dollar limitation under Code Section 415(c)(1)(A) after adjustment under Code Section 415(d) or (ii) 35 percent of the Participant's Compensation for such year.

If the Employee was a participant as of the end of the first day of the first Limitation Year beginning after December 31, 1986, in one or more defined contribution plans maintained by the Employer which were in existence on May 6, 1986, the numerator of this fraction will be adjusted if the sum of this fraction and the Defined Benefit Fraction would otherwise exceed 1.0 under the terms of this Plan. Under the adjustment, an amount equal to the product of (i) the excess of the sum of the fractions over 1.0 times (ii) the denominator of this fraction, will be permanently subtracted from the numerator of this fraction. The adjustment is calculated using the fractions as they would be computed as of the end of the last Limitation Year beginning before January 1, 1987, and disregarding any changes in the terms and conditions of the plan made after May 5, 1986, but using the Code Section 415 limitation applicable to the first Limitation Year beginning on or after January 1, 1987.

The Annual Addition for any Limitation Year beginning before January 1, 1987, shall not be recomputed to treat all employee contributions as Annual Additions.

Employer means the employer that adopts this Plan, and all members of a controlled group of corporations (as defined in Code Section 414(b) as modified by Code Section 415(h)), all commonly controlled trades or businesses (as defined in Code Section 415(c) as modified by Code Section 415(h)) or affiliated service groups (as defined in Code Section 414(m)) of which the adopting employer is a part, and any other entity required to be aggregated with the employer pursuant to regulations under Code Section 414(o).

Excess Amount means the excess of the Participant's Annual Additions for the Limitation Year over the Maximum Permissible Amount.

Highest Average Compensation means the average Compensation for the three consecutive Limitation Years while he was an Employee (actual consecutive Limitation Years while he was an Employee, if employed less than three years) that produces the highest average.

Limitation Year means the consecutive 12-month period ending on the last day of each Plan Year, including corresponding consecutive 12-month periods before January 1, 1990. If the Limitation Year is other than the calendar year, execution of this Plan (or any amendment to this Plan changing the Limitation Year) constitutes the Employer's adoption of a written resolution electing the Limitation Year. If the Limitation Year is amended to a different consecutive 12-month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

Maximum Permissible Amount means the maximum Annual Addition that may be contributed or allocated to a Participant's Account under the Plan for any Limitation Year. This amount shall not exceed the lesser of:

- (1) The Defined Contribution Dollar Limitation, or
- (2) 25 percent of the Participant's Compensation for the Limitation Year.

The compensation limitation referred to in (2) shall not apply to any contribution for medical benefits (within the meaning of Code Section 401(h) or 419A(f)(2)) which is otherwise treated as an Annual Addition under Code Section 415(l)(1) or 419A(d)(2).

If a short Limitation Year is created because of an amendment changing the Limitation Year to a different consecutive 12-month period, the Maximum Permissible Amount will not exceed the Defined Contribution Dollar Limitation multiplied by the following fraction:

$$\frac{\text{Number of months in the short Limitation Year}}{12}$$

Projected Annual Benefit means the annual retirement benefit (adjusted to an actuarially equivalent straight life annuity if such benefit is expressed in a form other than a straight life annuity or qualified joint and survivor annuity) to which the Participant would be entitled under the terms of the plan assuming:

- (1) The Participant will continue employment until normal retirement age under the plan (or current age, if later), and
- (2) the Participant's Compensation for the current Limitation Year and all other relevant factors used to determine benefits under the Plan will remain constant for all future Limitation Years.

- (b) If the Participant does not participate in, and has never participated in, another qualified plan maintained by the Employer or a welfare benefit fund, as defined in Code Section 419(e), maintained by the Employer, or an individual medical account, as defined in Code Section 415(l)(2), maintained by the Employer, or a simplified employee pension, as defined in Code Section 408(k), maintained by the Employer, which provides an Annual Addition, the amount of Annual Additions which may be credited to the Participant's Account for any Limitation Year shall not exceed the lesser of the Maximum Permissible Amount or any other limitation contained in this Plan. If the Employer Contribution that would otherwise be contributed or allocated to the Participant's Account would cause the Annual Additions for the Limitation Year to exceed the Maximum Permissible Amount, the amount contributed or allocated shall be reduced so that the Annual Additions for the Limitation Year will equal the Maximum Permissible Amount.
- (c) Prior to determining the Participant's actual Compensation for the Limitation Year, the Employer may determine the Maximum Permissible Amount for a Participant on the basis of a reasonable estimation of the Participant's Compensation for the Limitation Year, uniformly determined for all Participants similarly situated.
- (d) As soon as is administratively feasible after the end of the Limitation Year, the Maximum Permissible Amount for the Limitation Year will be determined on the basis of the Participant's actual Compensation for the Limitation Year.
- (e) If a reasonable error in estimating a Participant's Compensation for the Limitation Year, a reasonable error in determining the amount of elective deferrals (within the meaning of Code Section 402(g)(3)) that may be made with respect to any individual under the limits of Code Section 415, or under other facts and circumstances allowed by the Internal Revenue Service, there is an Excess Amount, the excess will be disposed of as follows:
  - (1) Any Elective Deferral Contributions that are not the basis for Matching Contributions (plus attributable earnings), to the extent they would reduce the Excess Amount, will be distributed to the Participant.
  - (2) If after the application of (1) above an Excess Amount still exists, any Elective Deferral Contributions that are the basis for Matching Contributions (plus attributable earnings), to the extent they would reduce the Excess Amount, will be distributed to the Participant. Concurrently with the distribution of such Elective Deferral Contributions, any Matching Contributions which relate to any Elective Deferral Contributions distributed in the preceding sentence, to the extent such

application would reduce the Excess Amount, will be applied as provided in (3) or (4) below:

- (3) If after the application of (2) above an Excess Amount still exists, and the Participant is covered by the Plan at the end of the Limitation Year, the Excess Amount in the Participant's Account will be used to reduce Employer Contributions for such Participant in the next Limitation Year, and each succeeding Limitation Year if necessary.
- (4) If after the application of (2) above an Excess Amount still exists, and the Participant is not covered by the Plan at the end of the Limitation Year, the Excess Amount will be held unallocated in a suspense account. The suspense account will be applied to reduce future Employer Contributions for all remaining Participants in the next Limitation Year, and each succeeding Limitation Year if necessary.
- (5) If a suspense account is in existence at any time during a Limitation Year pursuant to this (e), it will participate in the allocation of investment gains or losses. If a suspense account is in existence at any time during a particular Limitation Year, all amounts in the suspense account must be allocated and reallocated to Participant's Accounts before any Employer Contributions may be made to the Plan for that Limitation Year. Excess Amounts held in a suspense account may not be distributed to Participants or former Participants.
- (f) This (f) applies if, in addition to this Plan, the Participant is covered under another qualified defined contribution plan maintained by the Employer, a welfare benefit fund maintained by the Employer, an individual medical account maintained by the Employer, or a simplified employee pension maintained by the Employer which provides an Annual Addition during any Limitation Year. The aggregate Annual Additions under all such qualified defined contribution plans, welfare benefit funds, individual medical accounts, and simplified employee pensions for the Limitation Year will not exceed the Maximum Permissible Amount. Any reduction necessary shall be made first to the profit sharing plans, then to all other such qualified defined contribution plans and welfare benefit funds, individual medical accounts, and simplified employee pensions and, if necessary, by reducing first those that were most recently allocated. Simplified employee pensions shall be deemed to be allocated first, followed by welfare benefit funds and individual medical accounts. However, elective deferral contributions shall be the last contributions reduced before the simplified employee pension, welfare benefit fund, or individual medical account is reduced.
- (g) If the Employer maintains, or at any time maintained, a qualified defined benefit plan covering any Participant in this Plan, the sum of the

Participant's Defined Benefit Plan Fraction and Defined Contribution Plan Fraction will not exceed 1.0 in any Limitation Year. The Projected Annual Benefit shall be limited first. If the Participant's annual benefit(s) equal his Projected Annual Benefit, as limited, then Annual Additions to the defined contribution plan(s) shall be limited to the extent needed to reduce the sum to 1.0 in the same manner in which the Annual Additions are limited to meet the Maximum Permissible Amount. This subparagraph shall cease to apply effective as of the first Limitation Year beginning on or after January 1, 2000.

SECTION 3.05--EXCESS AMOUNTS.

- (a) Definitions. For the purposes of this section, the following terms are defined:

ACP means the average (expressed as a percentage) of the Contribution Percentages of the Eligible Participants in a group.

ADP means the average (expressed as a percentage) of the Deferral Percentages of the Eligible Participants in a group.

Aggregate Limit means the greater of:

- (1) The sum of:
  - (i) 125 percent of the greater of the ADP of the Nonhighly Compensated Employees for the prior Plan Year or the ACP of the Nonhighly Compensated Employees under the plan subject to Code Section 401(m) for the Plan Year beginning with or within the prior Plan Year of the cash or deferred arrangement, and
  - (ii) the lesser of 200 percent or 2 percent plus the lesser of such ADP or ACP.
- (2) The sum of:
  - (i) 125 percent of the lesser of the ADP of the Nonhighly Compensated Employees for the prior Plan Year or the ACP of the Nonhighly Compensated Employees under the plan subject to Code Section 401(m) for the Plan Year beginning with or within the prior Plan Year of the cash or deferred arrangement, and
  - (ii) the lesser of 200 percent or 2 percent plus the greater of such ADP or ACP.

If the Employer has elected to use the current testing method, then, in calculating the Aggregate Limit for a particular Plan Year, the Nonhighly Compensated Employees' ADP and

ACP for that Plan Year, instead of the prior Plan Year, is used.

Contribution Percentage means the ratio (expressed as a percentage) of the Eligible Participant's Contribution Percentage Amounts to the Eligible Participant's Compensation for the Plan Year (whether or not the Eligible Participant was an Eligible Participant for the entire Plan Year). In modification of the foregoing, Compensation shall be limited to the Compensation received while an Eligible Participant. For an Eligible Participant for whom such Contribution Percentage Amounts for the Plan Year are zero, the percentage is zero.

Contribution Percentage Amounts means the sum of the Participant Contributions and Matching Contributions (that are not Qualified Matching Contributions taken into account for purposes of the ADP Test) made under the Plan on behalf of the Eligible Participant for the Plan Year. Such Contribution Percentage Amounts shall not include Matching Contributions that are forfeited either to correct Excess Aggregate Contributions or because the Contributions to which they relate are Excess Elective Deferrals, Excess Contributions, or Excess Aggregate Contributions. Under such rules as the Secretary of the Treasury shall prescribe, in determining the Contribution Percentage the Employer may elect to include Qualified Nonelective Contributions under this Plan which were not used in computing the Deferral Percentage. The Employer may also elect to use Elective Deferral Contributions in computing the Contribution Percentage so long as the ADP Test is met before the Elective Deferral Contributions are used in the ACP Test and continues to be met following the exclusion of those Elective Deferral Contributions that are used to meet the ACP Test.

Deferral Percentage means the ratio (expressed as a percentage) of Elective Deferral Contributions under this Plan on behalf of the Eligible Participant for the Plan Year to the Eligible Participant's Compensation for the Plan Year (whether or not the Eligible Participant was an Eligible Participant for the entire Plan Year). In modification of the foregoing, Compensation shall be limited to the Compensation received while an Eligible Participant. The Elective Deferral Contributions used to determine the Deferral Percentage shall include Excess Elective Deferrals (other than Excess Elective Deferrals of Nonhighly Compensated Employees that arise solely from Elective Deferral Contributions made under this Plan or any other plans of the Employer or a Controlled Group member), but shall exclude Elective Deferral Contributions that are used in computing the Contribution Percentage (provided the ADP Test is satisfied both with and without exclusion of these Elective Deferral Contributions). Under such rules as the Secretary of the Treasury shall prescribe, the Employer may elect to include Qualified Nonelective Contributions and Qualified Matching Contributions under this Plan in computing the Deferral Percentage. For an Eligible Participant for whom such contributions on his behalf for the Plan Year are zero, the percentage is zero.

Elective Deferral Contributions means any employer contributions made to a plan at the election of a participant, in lieu of cash compensation, and shall include contributions made pursuant to a salary reduction agreement or other deferral mechanism. With respect to any taxable year, a participant's Elective Deferral Contributions are the sum of all employer contributions made on behalf of such participant pursuant to an election to defer under any qualified cash or deferred arrangement described in Code Section 401(k), any salary reduction simplified employee pension

plan described in Code Section 408(k)(6), any SIMPLE IRA plan described in Code Section 408(p), any eligible deferred compensation plan under Code Section 457, any plan described under Code Section 501(c)(18), and any employer contributions made on behalf of a participant for the purchase of an annuity contract under Code Section 403(b) pursuant to a salary reduction agreement. Elective Deferral Contributions shall not include any deferrals properly distributed as excess annual additions.

Eligible Participant means, for purposes of determining the Deferral Percentage, any Employee who is otherwise entitled to make Elective Deferral Contributions under the terms of the Plan for the Plan Year. Eligible Participant means, for purposes of determining the Contribution Percentage, any Employee who is eligible (i) to make a Participant Contribution or an Elective Deferral Contribution (if the Employer takes such contributions into account in the calculation of the Contribution Percentage), or (ii) to receive a Matching Contribution (including forfeitures) or a Qualified Matching Contribution. If a Participant Contribution is required as a condition of participation in the Plan, any Employee who would be a Participant in the Plan if such Employee made such a contribution shall be treated as an Eligible Participant on behalf of whom no Participant Contributions are made.

Excess Aggregate Contributions means, with respect to any Plan Year, the excess of:

- (1) The aggregate Contribution Percentage Amounts taken into account in computing the numerator of the Contribution Percentage actually made on behalf of Highly Compensated Employees for such Plan Year, over
- (2) The maximum Contribution Percentage Amounts permitted by the ACP Test (determined by hypothetically reducing contributions made on behalf of Highly Compensated Employees in order of their Contribution Percentages beginning with the highest of such percentages).

Such determination shall be made after first determining Excess Elective Deferrals and then determining Excess Contributions.

Excess Contributions means, with respect to any Plan Year, the excess of:

- (1) The aggregate amount of employer contributions actually taken into account in computing the Deferral Percentage of Highly Compensated Employees for such Plan Year, over
- (2) The maximum amount of such contributions permitted by the ADP Test (determined by hypothetically reducing contributions made on behalf of Highly Compensated Employees in the order of the Deferral Percentages, beginning with the highest of such percentages).

Such determination shall be made after first determining Excess Elective Deferrals.

Excess Elective Deferrals means those Elective Deferral Contributions that are includible in a Participant's gross income under Code Section 402(g) to the extent such Participant's Elective Deferral Contributions for a taxable year exceed the dollar limitation under such Code section. Excess Elective Deferrals shall be treated as Annual Additions, as defined in the CONTRIBUTION LIMITATION SECTION of this article, under the Plan, unless such amounts are distributed no later than the first April 15 following the close of the Participant's taxable year.

Matching Contributions means employer contributions made to this or any other defined contribution plan, or to a contract described in Code Section 403(b), on behalf of a participant on account of a Participant Contribution made by such participant, or on account of a participant's Elective Deferral Contributions, under a plan maintained by the Employer or a Controlled Group member.

Participant Contributions means contributions made to the plan by or on behalf of a participant that are included in the participant's gross income in the year in which made and that are maintained under a separate account to which the earnings and losses are allocated.

Qualified Matching Contributions means Matching Contributions which are subject to the distribution and nonforfeitability requirements under Code Section 401(k) when made.

Qualified Nonelective Contributions means any employer contributions (other than Matching Contributions) which an employee may not elect to have paid to him in cash instead of being contributed to the plan and which are subject to the distribution and nonforfeitability requirements under Code Section 401(k) when made.

- (b) Excess Elective Deferrals. A Participant may assign to this Plan any Excess Elective Deferrals made during a taxable year of the Participant by notifying the Plan Administrator in writing on or before the first following March 1 of the amount of the Excess Elective Deferrals to be assigned to the Plan. A Participant is deemed to notify the Plan Administrator of any Excess Elective Deferrals that arise by taking into account only those Elective Deferral Contributions made to this Plan and any other plan of the Employer or a Controlled Group member. The Participant's claim for Excess Elective Deferrals shall be accompanied by the Participant's written statement that if such amounts are not distributed, such Excess Elective Deferrals will exceed the limit imposed on the Participant by Code Section 402(g) for the year in which the deferral occurred. The Excess Elective Deferrals assigned to this Plan cannot exceed the Elective Deferral Contributions allocated under this Plan for such taxable year.

Notwithstanding any other provisions of the Plan, Elective Deferral Contributions in an amount equal to the Excess Elective Deferrals assigned to this Plan, plus any income and minus any loss allocable thereto, shall be distributed no later than April 15 to any Participant to whose Account Excess Elective Deferrals were assigned for the preceding year and who claims Excess Elective Deferrals for such taxable year.

The Excess Elective Deferrals shall be adjusted for income or loss. The income or loss allocable to such Excess Elective Deferrals shall be equal to the income or loss allocable to the Participant's Elective Deferral Contributions for the taxable year in which the excess occurred multiplied by a fraction. The numerator of the fraction is the Excess Elective Deferrals. The denominator of the fraction is the closing balance without regard to any income or loss occurring during such taxable year (as of the end of such taxable year) of the Participant's Account resulting from Elective Deferral Contributions.

Any Matching Contributions which were based on the Elective Deferral Contributions which are distributed as Excess Elective Deferrals, plus any income and minus any loss allocable thereto, shall be forfeited.

- (c) ADP Test. As of the end of each Plan Year after Excess Elective Deferrals have been determined, the Plan must satisfy the ADP Test. The ADP Test shall be satisfied using the prior year testing method, unless the Employer has elected to use the current year testing method.
- (1) Prior Year Testing Method. The ADP for a Plan Year for Eligible Participants who are Highly Compensated Employees for each Plan Year and the prior year's ADP for Eligible Participants who were Nonhighly Compensated Employees for the prior Plan Year must satisfy one of the following tests:
- (i) The ADP for a Plan Year for Eligible Participants who are Highly Compensated Employees for the Plan Year shall not exceed the prior year's ADP for Eligible Participants who were Nonhighly Compensated Employees for the prior Plan Year multiplied by 1.25; or
  - (ii) The ADP for a Plan Year for Eligible Participants who are Highly Compensated Employees for the Plan Year:
    - A. shall not exceed the prior year's ADP for Eligible Participants who were Nonhighly Compensated Employees for the prior Plan Year multiplied by 2, and
    - B. the difference between such ADPs is not more than 2.

If this is not a successor plan, for the first Plan Year the Plan permits any Participant to make Elective Deferral Contributions, for purposes of the foregoing tests, the prior year's Nonhighly Compensated Employees' ADP shall be 3 percent, unless the Employer has elected to use the Plan Year's ADP for these Eligible Participants.

- (2) Current Year Testing Method. The ADP for a Plan Year for Eligible Participants who are Highly Compensated Employees for each Plan Year and the ADP for Eligible Participants who are Nonhighly Compensated Employees for the Plan Year must satisfy one of the following tests:
- (i) The ADP for a Plan Year for Eligible Participants who are Highly Compensated Employees for the Plan Year shall not exceed the ADP for Eligible Participants who are Nonhighly Compensated Employees for the Plan Year multiplied by 1.25; or
  - (ii) The ADP for a Plan Year for Eligible Participants who are Highly Compensated Employees for the Plan Year:
    - A. shall not exceed the ADP for Eligible Participants who are Nonhighly Compensated Employees for the Plan Year multiplied by 2, and
    - B. the difference between such ADP's is not more than 2.

If the Employer has elected to use the current year testing method, that election cannot be changed unless (i) the Plan has been using the current year testing method for the preceding five Plan Years, or if less, the number of Plan Years the Plan has been in existence; or (ii) the Plan otherwise meets one of the conditions specified in Internal Revenue Service Notice 98-1 (or superseding guidance) for changing from the current year testing method.

A Participant is a Highly Compensated Employee for a particular Plan Year if he meets the definition of a Highly Compensated Employee in effect for that Plan Year. Similarly, a Participant is a Nonhighly Compensated Employee for a particular Plan Year if he does not meet the definition of a Highly Compensated Employee in effect for that Plan Year.

The Deferral Percentage for any Eligible Participant who is a Highly Compensated Employee for the Plan Year and who is eligible to have Elective Deferral Contributions (and Qualified Nonelective Contributions or Qualified Matching Contributions, or both, if treated as Elective Deferral Contributions for purposes of the ADP Test) allocated to his account under two or more arrangements described in Code Section 401(k) that are maintained by the Employer or a Controlled Group member shall be determined as if such Elective Deferral Contributions (and, if applicable, such Qualified Nonelective Contributions or Qualified Matching Contributions, or both) were made under a single arrangement. If a Highly Compensated Employee participates in two or more cash or deferred arrangements that have different plan years, all cash or deferred arrangements ending with or within the same calendar year shall be treated as a single arrangement. The foregoing notwithstanding, certain plans shall be treated as separate if mandatorily

disaggregated under the regulations of Code Section 401(k).

In the event this Plan satisfies the requirements of Code Section 401(k), 401(a)(4), or 410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Code sections only if aggregated with this Plan, then this section shall be applied by determining the Deferral Percentage of Employees as if all such plans were a single plan. Any adjustments to the Nonhighly Compensated Employee ADP for the prior year shall be made in accordance with Internal Revenue Service Notice 98-1 (or superseding guidance), unless the Employer has elected to use the current year testing method. Plans may be aggregated in order to satisfy Code Section 401(k) only if they have the same plan year and use the same testing method for the ADP Test.

For purposes of the ADP Test, Elective Deferral Contributions, Qualified Nonelective Contributions, and Qualified Matching Contributions must be made before the end of the 12-month period immediately following the Plan Year to which the contributions relate.

The Employer shall maintain records sufficient to demonstrate satisfaction of the ADP Test and the amount of Qualified Nonelective Contributions or Qualified Matching Contributions, or both, used in such test.

If the Plan Administrator should determine during the Plan Year that the ADP Test is not being met, the Plan Administrator may limit the amount of future Elective Deferral Contributions of the Highly Compensated Employees.

Notwithstanding any other provisions of this Plan, Excess Contributions, plus any income and minus any loss allocable thereto, shall be distributed no later than the last day of each Plan Year to Participants to whose Accounts such Excess Contributions were allocated for the preceding Plan Year. Excess Contributions are allocated to the Highly Compensated Employees with the largest amounts of employer contributions taken into account in calculating the ADP Test for the year in which the excess arose, beginning with the Highly Compensated Employee with the largest amount of such employer contributions and continuing in descending order until all of the Excess Contributions have been allocated. For purposes of the preceding sentence, the "largest amount" is determined after distribution of any Excess Contributions. If such excess amounts are distributed more than 2 1/2 months after the last day of the Plan Year in which such excess amounts arose, a 10 percent excise tax shall be imposed on the employer maintaining the plan with respect to such amounts.

Excess Contributions shall be treated as Annual Additions, as defined in the CONTRIBUTION LIMITATION SECTION of this article.

The Excess Contributions shall be adjusted for income or loss. The income or loss allocable to such Excess Contributions allocated to each Participant shall be equal to the income or loss allocable to the Participant's Elective Deferral Contributions (and, if applicable, Qualified Nonelective Contributions or Qualified Matching Contributions, or both) for the Plan Year in which the excess occurred multiplied by a fraction. The numerator of the fraction is the Excess Contributions. The denominator of the fraction is the closing balance without regard to any income or loss occurring during such Plan Year (as of the end of such Plan Year) of the Participant's Account resulting from Elective Deferral Contributions (and Qualified Nonelective Contributions or Qualified Matching Contributions, or both, if such contributions are included in the ADP Test).

Excess Contributions allocated to a Participant shall be distributed from the Participant's Account resulting from Elective Deferral Contributions. If such Excess Contributions exceed the balance in the Participant's Account resulting from Elective Deferral Contributions, the balance shall be distributed from the Participant's Account resulting from Qualified Matching Contributions (if applicable) and Qualified Nonelective Contributions, respectively.

Any Matching Contributions which were based on the Elective Deferral Contributions which are distributed as Excess Contributions, plus any income and minus any loss allocable thereto, shall be forfeited.

(d) ACP Test. As of the end of each Plan Year, the Plan must satisfy the ACP Test. The ACP Test shall be satisfied using the prior year testing method, unless the Employer has elected to use the current year testing method.

(1) Prior Year Testing Method. The ACP for a Plan Year for Eligible Participants who are Highly Compensated Employees for each Plan Year and the prior year's ACP for Eligible Participants who were Nonhighly Compensated Employees for the prior Plan Year must satisfy one of the following tests:

(i) The ACP for the Plan Year for Eligible Participants who are Highly Compensated Employees for the Plan Year shall not exceed the prior year's ACP for Eligible Participants who were Nonhighly Compensated Employees for the prior Plan Year multiplied by 1.25; or

(ii) The ACP for a Plan Year for Eligible Participants who are Highly Compensated Employees for the Plan Year:

A. shall not exceed the prior year's ACP for Eligible Participants who were Nonhighly Compensated Employees for the prior Plan Year multiplied by 2, and

B. the difference between such ACPs is not more than 2.

If this is not a successor plan, for the first Plan Year the Plan permits any Participant to make Participant Contributions, provides for Matching Contributions, or both, for purposes of the foregoing tests, the prior year's Nonhighly Compensated Employees' ACP shall be 3 percent, unless the Employer has elected to use the Plan Year's ACP for these Eligible Participants.

(2) Current Year Testing Method. The ACP for a Plan Year for Eligible Participants who are Highly Compensated Employees for each Plan Year and the ACP for Eligible Participants who are Nonhighly Compensated Employees for the Plan Year must satisfy one of the following tests:

(i) The ACP for a Plan Year for Eligible Participants who are Highly Compensated Employees for the Plan Year shall not exceed the ACP for Eligible Participants who are Nonhighly Compensated Employees for the Plan Year multiplied by 1.25; or

(ii) The ACP for a Plan Year for Eligible Participants who are Highly Compensated Employees for the Plan Year:

A. shall not exceed the ACP for Eligible Participants who are Nonhighly Compensated Employees for the Plan Year multiplied by 2, and

B. the difference between such ACPs is not more than 2.

If the Employer has elected to use the current year testing method, that election cannot be changed unless (i) the Plan has been using the current year testing method for the preceding five Plan Years, or if less, the number of Plan Years the Plan has been in existence; or (ii) the Plan otherwise meets one of the conditions specified in Internal Revenue Service Notice 98-1 (or superseding guidance) for changing from the current year testing method.

A Participant is a Highly Compensated Employee for a particular Plan Year if he meets the definition of a Highly Compensated Employee in effect for that Plan Year. Similarly, a Participant is a Nonhighly Compensated Employee for a particular Plan Year if he does not meet the definition of a Highly Compensated Employee in effect for that Plan Year.

Multiple Use. If one or more Highly Compensated Employees participate in both a cash or deferred arrangement and a plan subject to the ACP Test maintained by the Employer or a Controlled Group member, and the sum of the ADP and ACP of those Highly Compensated Employees subject to either or both tests exceeds the

Aggregate Limit, then the Contribution Percentage of those Highly Compensated Employees who also participate in a cash or deferred arrangement will be reduced in the manner described below for allocating Excess Aggregate Contributions so that the limit is not exceeded. The amount by which each Highly Compensated Employee's Contribution Percentage is reduced shall be treated as an Excess Aggregate Contribution. The ADP and ACP of the Highly Compensated Employees are determined after any corrections required to meet the ADP Test and ACP Test and are deemed to be the maximum permitted under such tests for the Plan Year. Multiple use does not occur if either the ADP or ACP of the Highly Compensated Employees does not exceed 1.25 multiplied by the ADP and ACP, respectively, of the Nonhighly Compensated Employees.

The Contribution Percentage for any Eligible Participant who is a Highly Compensated Employee for the Plan Year and who is eligible to have Contribution Percentage Amounts allocated to his account under two or more plans described in Code Section 401(a) or arrangements described in Code Section 401(k) that are maintained by the Employer or a Controlled Group member shall be determined as if the total of such Contribution Percentage Amounts was made under each plan. If a Highly Compensated Employee participates in two or more cash or deferred arrangements that have different plan years, all cash or deferred arrangements ending with or within the same calendar year shall be treated as a single arrangement. The foregoing notwithstanding, certain plans shall be treated as separate if mandatorily disaggregated under the regulations of Code Section 401(m).

In the event this Plan satisfies the requirements of Code Section 401(m), 401(a)(4), or 410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Code sections only if aggregated with this Plan, then this section shall be applied by determining the Contribution Percentage of Employees as if all such plans were a single plan. Any adjustments to the Nonhighly Compensated Employee ACP for the prior year shall be made in accordance with Internal Revenue Service Notice 98-1 (or superseding guidance), unless the Employer has elected to use the current year testing method. Plans may be aggregated in order to satisfy Code Section 401(m) only if they have the same plan year and use the same testing method for the ACP Test.

For purposes of the ACP Test, Participant Contributions are considered to have been made in the Plan Year in which contributed to the Plan. Matching Contributions and Qualified Nonelective Contributions will be considered to have been made for a Plan Year if made no later than the end of the 12-month period beginning on the day after the close of the Plan Year.

The Employer shall maintain records sufficient to demonstrate satisfaction of the ACP Test and the amount of Qualified Nonelective Contributions or Qualified Matching Contributions, or both, used in such test.

Notwithstanding any other provisions of this Plan, Excess Aggregate Contributions, plus any income and minus any loss allocable thereto, shall be forfeited, if not vested, or distributed, if vested, no later than the last day of each Plan Year to Participants to whose Accounts such Excess Aggregate Contributions were allocated for the preceding Plan Year. Excess Aggregate Contributions are allocated to the Highly Compensated Employees with the largest Contribution Percentage Amounts taken into account in calculating the ACP Test for the year in which the excess arose, beginning with the Highly Compensated Employee with the largest amount of such Contribution Percentage Amounts and continuing in descending order until all of the Excess Aggregate Contributions have been allocated. For purposes of the preceding sentence, the "largest amount" is determined after distribution of any Excess Aggregate Contributions. If such Excess Aggregate Contributions are distributed more than 2 1/2 months after the last day of the Plan Year in which such excess amounts arose, a 10 percent excise tax shall be imposed on the employer maintaining the plan with respect to such amounts.

Excess Aggregate Contributions shall be treated as Annual Additions, as defined in the CONTRIBUTION LIMITATION SECTION of this article.

The Excess Aggregate Contributions shall be adjusted for income or loss. The income or loss allocable to such Excess Aggregate Contributions allocated to each Participant shall be equal to the income or loss allocable to the Participant's Contribution Percentage Amounts for the Plan Year in which the excess occurred multiplied by a fraction. The numerator of the fraction is the Excess Aggregate Contributions. The denominator of the fraction is the closing balance without regard to any income or loss occurring during such Plan Year (as of the end of such Plan Year) of the Participant's Account resulting from Contribution Percentage Amounts.

Excess Aggregate Contributions allocated to a Participant shall be distributed from the Participant's Account resulting from Participant Contributions that are not required as a condition of employment or participation or for obtaining additional benefits from Employer Contributions. If such Excess Aggregate Contributions exceed the balance in the Participant's Account resulting from such Participant's Contributions, the balance shall be forfeited, if not vested, or distributed, if vested, on a pro-rata basis from the Participant's Account resulting from Contribution Percentage Amounts.

- (e) Employer Elections. The Employer has not made an election to use the current year testing method.

SECTION 3.06--PROHIBITED ALLOCATIONS OF QUALIFYING EMPLOYER SECURITIES

Notwithstanding any contrary provision of the Plan, Qualifying Employer Securities will not be allocated under the following circumstances.

- (a) Sale under Code Section 1042. Qualifying Employer Securities that have been acquired by the Plan in a sale to which Code Section 1042 applies shall not be allocated during the non-allocation period directly or indirectly under the Plan (or any qualified plan of any Employer) to the Accounts of:
- (1) The individual who makes the election under Code Section 1042.
  - (2) Any individual who is related (within the meaning of Code Section 267(b)) to the individual who makes the election under Code Section 1042. However, this paragraph shall not apply to lineal descendants of the individual who makes the election under Code Section 1042, provided that the aggregate amount allocated to the benefit of such lineal descendants during the non-allocation period does not exceed than five percent (5%) of the Qualifying Employer Securities (or amounts allocated in lieu thereof) held by the Plan which are attributable to a sale to the Plan by any person related to such descendants (within the meaning of Code Section 267(c)(4)) in a transaction subject to Code Section 1042.

The "non-allocation period" is the period for this purpose beginning on the date of the sale of the Qualifying Employer Securities to the Plan and ending on the later of the date which is ten (10) years after the date of sale or the date of the allocation attributable to the final payment of an Exempt Loan incurred in connection with such sale to the Plan.

Further, notwithstanding any contrary provision of the Plan, Qualifying Employer Securities that have been acquired by the Plan in a sale to which Code Section 1042 applies shall not be allocated, during or after the non-allocation period, directly or indirectly under the Plan (or any qualified plan of any Employer) to the Account of any individual who owns (after application of the aggregation rules of Code Section 318(a) applied without regard to the employee trust exception in Code Section 318(a)(2)(B)(i)) more than twenty-five percent (25%) of any class of outstanding stock of any Employer, or the total value of any class of outstanding stock of the Employer.

- (b) S-Corporation Shareholders. For Plan Years beginning after December 31, 2004, if the Plan holds Qualifying Employer Securities of an S Corporation, no allocations of such Qualifying Employer Securities shall be made to disqualified persons during any nonallocation year. The terms "disqualified person" and "nonallocation year" shall have the meaning set forth under Code Section 409(p).

ARTICLE IV

INVESTMENT OF CONTRIBUTIONS

SECTION 4.01--INVESTMENT AND TIMING OF CONTRIBUTIONS.

The handling of Contributions is governed by the provisions of the Trust Agreement, the Annuity Contract, and any other funding arrangement in which the Plan Fund is or may be held or invested. To the extent permitted by the Trust Agreement, Annuity Contract, or other funding arrangement, the parties named below shall direct the Contributions to the guaranteed benefit policy portion of the Annuity Contract, any of the investment options available under the Annuity Contract, or any of the investment vehicles available under the Trust Agreement and may request the transfer of amounts resulting from those Contributions between such investment options and investment vehicles or the transfer of amounts between the guaranteed benefit policy portion of the Annuity Contract and such investment options and investment vehicles.

The Plan, other than the ESOP Matching Contribution Account and the ESOP Non-Matching Contribution Account, is intended to qualify under ERISA Section 404(c). Accordingly, a Participant or Beneficiary (following the death of the Participant) generally shall be allowed to direct the investment of his/her Contributions (other than his/her ESOP Matching and Non-Matching Contributions), and a Participant, Beneficiary or Alternate Payee generally shall be allowed to direct the investment of his/her Account (other than his/her ESOP Matching and Non-Matching Contribution Accounts) among the guaranteed benefit policy portion of the Annuity Contract, any of the investment options available under the Annuity Contract, or any of the investment vehicles available under the Trust Agreement excluding the Qualifying Employer Securities Fund. Any investment direction may be given in such percentage or dollar increments, in such manner and in accordance with such other rules as may be prescribed for this purpose by the Plan Administrator (including by means of a voice response or other electronic system under circumstances so authorized by the Employer). Investment directions will be processed as soon as administratively practicable after proper investment directions are received from the Participant, Beneficiary or Alternate Payee. The Plan provides no guarantee that investment directions will be processed on a daily basis, and provides no guarantee in any respect as to the processing time of an investment direction. Circumstances may arise from time to time where investment direction is not available under the Plan (for example, a "blackout period" may be imposed to facilitate account or fund transitions). The Plan Administrator further reserves the right to delay any investment transaction for any legitimate business reason (including, but not limited to, failure of systems or computer programs, failure of the means of the transmission of data, force majeure, the failure of a record keeper to timely receive values or prices, to correct for its errors or omissions or the errors or omissions of any record keeper or other service provider). With respect to any investment transaction, the processing date of the transaction will be considered the applicable Valuation Date for that transaction and will be binding for all purposes of the Plan. All investment directions will be complete as to the terms of the investment transaction and will remain in effect until a new investment direction is filed by the Participant, Beneficiary or Alternate Payee.

A Participant, Beneficiary or Alternate Payee may not direct the Trustee or Insurer to invest the Participant's Account in collectibles. Collectibles mean any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Secretary of the Treasury. However, for tax years beginning after December 31, 1997, certain coins and bullion as provided in Code Section 408(m)(3) shall not be considered collectibles. To the extent that a Participant who has investment direction fails to give timely direction, the Primary Employer shall direct the investment of his Account. If the Primary Employer has investment direction, such Account shall be invested ratably in the guaranteed benefit policy portion of the Annuity Contract, the investment options available under the Annuity Contract, or the investment vehicles available under the Trust Agreement in the same manner as the Accounts of all other Participants who do not direct their investments. The Primary Employer shall have investment direction for amounts which have not been allocated to Participants. To the extent an investment is no longer available, the Primary Employer may require that amounts currently held in such investment be reinvested in other investments.

At least annually, the Named Fiduciary shall review all pertinent Employee information and Plan data in order to establish the funding policy of the Plan and to determine appropriate methods of carrying out the Plan's objectives. The Named Fiduciary shall inform the Trustee and any Investment Manager of the Plan's short-term and long-term financial needs so the investment policy can be coordinated with the Plan's financial requirements.

- (a) Employer Contributions other than Elective Deferral Contributions, ESOP Matching Contributions and ESOP Non-Matching Contributions: The Participant shall direct the investment of Elective Deferral Contributions and transfer of amounts resulting from those Contributions.
- (b) Elective Deferral Contributions: The Participant shall direct the investment of Elective Deferral Contributions and transfer of amounts resulting from those Contributions.
- (c) Rollover Contributions: The Participant shall direct the investment of Rollover Contributions and transfer of amounts resulting from those Contributions.
- (d) ESOP Matching Contributions and ESOP Non-Matching Contributions: These amounts shall be invested in Qualifying Employer Securities.

However, the Named Fiduciary may delegate to the Investment Manager investment discretion for Contributions and amounts which are not subject to Participant direction.

The Employer shall pay to the Insurer or Trustee, as applicable, the Elective Deferral Contributions for each Plan Year not later than the end of the 12-month period immediately following the Plan Year for which they are deemed to be paid.

All Contributions are forwarded by the Employer be held under the terms of the Custodial Agreement, as applicable. Contributions that are accumulated through payroll deduction shall be

paid to the Trustee or Insurer, as applicable, by the earlier of (i) the date the Contributions can reasonably be segregated from the Employer's assets, or (ii) the 15th business day of the month following the month in which the Contributions would otherwise have been paid in cash to the Participant.

SECTION 4.02--INVESTMENT IN QUALIFYING EMPLOYER SECURITIES.

- (a) ESOP Designation. The portion of the Plan that consists of the ESOP Matching Contribution Accounts, the ESOP Non-Matching Contribution Accounts and the Unallocated Reserve is an employee stock ownership plan (within the meaning of Code Section 4975(e)(7)) and is designed to invest primarily in Qualifying Employer Securities. All shares of Qualifying Employer Securities held under the Plan will be held in the Trust Fund in the name of the Trustee or the nominee of the Trustee.
- (b) Diversification of Employer Stock Investments into Other Investment Options. Except as provided in this subsection and subsection (c), a Participant may not direct the investment of his or her ESOP Matching Contribution Account or ESOP Non-Matching Contribution Account.
  - (1) Diversification Election: Each Participant, Beneficiary and Alternate Payee may make an election at any time during the Plan Year to direct the Trustee in writing as to the investment of 33 and 1/3 percent of the number of shares of Qualifying Employer Securities credited to his/her ESOP Matching and ESOP Non-Matching Accounts as of the last day of the previous Plan Year. If the Participant, Beneficiary or Alternate Payee elects to diversify less than the maximum number of shares of Qualifying Employer Securities eligible to be diversified under this paragraph, the Participant, Beneficiary or Alternate Payee may make a second election during the Plan Year to diversify some or all of the remaining number of shares of Qualifying Employer Securities eligible for diversification under this paragraph.
  - (2) Procedures: The elections under this section must be made in such manner and in accordance with such rules as may be prescribed for this purpose by the Employer. Any amounts in the ESOP Matching and ESOP Non-Matching Account with respect to which a Participant, Beneficiary or Alternate Payee elects to direct investment pursuant to this Section shall be transferred to a Diversification Account and invested as the Participant, Beneficiary or Alternate Payee directs pursuant to Section 4.01.
- (c) Statutory Diversification. Each Qualified Account Holder shall be eligible to make an additional diversification election with respect to the Qualifying

Employer Securities

- (1) Diversification Election: Each Qualified Account Holder may make an election within ninety (90) days after the close of each Plan Year during the Qualified Election Period to direct the Trustee in writing as to the investment of 25 percent of the number of shares of Qualifying Employer Securities that have ever been credited to his or her ESOP Matching and ESOP Non-Matching Accounts, reduced by the number of shares of Qualifying Employer Securities that have previously been diversified pursuant to either subsection (b) or this subsection (c).
- (2) Final Election: For the last Plan Year in the Qualified Election Period, 50 percent shall be substituted for 25 percent in paragraph (1) above.
- (3) Procedures: The elections under this section must be made in such manner and in accordance with such rules as may be prescribed for this purpose by the Employer. If the Qualified Account Holder elects to direct the Trustee as to the investment of his ESOP Matching and ESOP Non-Matching Accounts, such direction shall be effective no later than 180 days after the close of the Plan Year to which such direction applies. Any amounts in the ESOP Matching and ESOP Non-Matching Account with respect to which a Qualified Account Holder elects to direct investment pursuant to this Section shall be transferred to a Diversification Account and invested as the Qualified Account Holder directs pursuant to Section 4.01.
- (4) Definition of Qualified Account Holder: For purposes of this section, "Qualified Account Holder" means a Participant or former Participant who on the last day of the Plan Year has completed at least ten (10) years of participation in the Plan and has attained age 55, or the Beneficiary or Alternate Payee with respect to such Participant or former Participant.
- (5) Definition of Qualified Election Period: For purposes of this section, "Qualified Election Period" means the six Plan Year period beginning with the Plan Year in which the Participant first becomes a Qualified Participant.
- (6) Special Distribution Rule for ESOP Non-Matching Account: To the extent that the diversification election provided under this subsection (c) (without taking into account amounts previously diversified under subsection (b)) allows for the diversification of Qualifying Employer Securities allocated to the ESOP Non-Matching Account

of the Qualified Account holder as of April 30, 2003, the Qualified Account Holder may elect to receive a lump sum distribution of those Qualifying Employer Securities in lieu of having those Qualifying Employer Securities transferred to a Diversification Account.

- (d) Dividends. For purposes of determining dividends, shares of Qualifying Employer Securities shall be deemed to be credited to the ESOP Matching or Non-Matching Contribution Account of a Participant, Beneficiary or Alternate Payee as of the record date of a dividend if they are credited to his/her ESOP Matching or Non-Matching Contribution Account as of the close of the day prior to the ex-date of such dividend (or, if the ex-date is after the record date, as of the close of the day prior to the record date).
- (1) Stock Dividend. In the event of any stock dividend or any stock split, such dividend or split shall be credited to the Accounts based on the number of shares of Qualifying Employer Securities credited to each Account as of the payable date of such dividend or split.
  - (2) Cash Dividend. As determined by the Employer, cash dividends paid on shares of Qualifying Employer Securities credited to an ESOP Matching or Non-Matching Contribution Account of a Participant, Beneficiary or Alternate Payee as of the record date of such dividend will be either (i) applied to repay an Exempt Loan then outstanding (but only if such Qualifying Employer Security is attributable to such Exempt Loan); (ii) made subject to the election procedure described in paragraph (3) below; or (iii) retained in the Trust and treated as net income of the Trust. The Employer shall not direct that dividends paid on shares of Qualifying Employer Securities held in the ESOP Matching or Non-Matching Contribution Accounts be applied to repay an Exempt Loan, unless the shares of Qualifying Employer Securities released from the Unallocated Reserve will have a value at least sufficient to allow for the full allocation required in step one under the allocation of ESOP Non-Matching Contributions provisions of the ALLOCATIONS SECTION of Article 3 (the Employer may make ESOP Non-Matching Contributions necessary to allow for such full allocation).
  - (3) Cash Dividend Election. If the Employer elects, cash dividends paid on shares of Qualifying Employer Securities credited to an ESOP Matching or Non-Matching Account of a Participant, Beneficiary or Alternate Payee as of the record date of such dividend will be:
    - (A) Paid to the Participant, Beneficiary or Alternate Payee if so elected under the procedure outlined below; or

- (B) Otherwise, added to the balance of his/her Account as soon as administratively practicable after such dividends are paid into the Trust Fund.

A Participant, Beneficiary or Alternate Payee may elect to have cash dividends on shares of Qualifying Employer Securities credited to his/her ESOP Matching and ESOP Non-Matching Accounts either paid to him/her in cash or added to the balance of his/her Account and reinvested in Qualifying Employer Securities. Cash dividends that the Participant, Beneficiary or Alternate Payee elects to receive in cash will be paid on or as soon as administratively practicable following the payable date of such dividend. Cash dividends that the Participant, Beneficiary or Alternate Payee elects to have reinvested in Qualifying Employer Securities will be credited to a separate source account that reflects only such cash dividends, and shall be reinvested in additional shares of Qualifying Employer Securities on or as soon as administratively practicable following the payable date of such dividend.

Shares of Qualifying Employer Securities shall be deemed to be credited to the ESOP Matching or ESOP Non-Matching Account of a Participant, Beneficiary or Alternate Payee as of the record date of a dividend if they are credited to his/her ESOP Matching or ESOP Non-Matching Account as of the close of the day prior to the ex-date of such dividend (or, if the ex-date is after the record date, as of the close of the day prior to the record date).

An election hereunder must be made in such manner and in accordance with such rules as may be prescribed for this purpose by the Plan Administrator (including by means of a voice response or other electronic system under circumstances so authorized by the Plan Administrator). In the absence of an affirmative election received by the deadline established for this purpose by the Plan Administrator (which shall be no less than thirty (30) days after notice of the dividend election is provided), a Participant, Beneficiary or Alternate Payee will be deemed to have elected to have cash dividends added to his/her Account and reinvested in Qualifying Employer Securities. To the extent so prescribed by the Plan Administrator, an election hereunder will be "evergreen" - that is, it will continue to apply until changed by the Participant, Beneficiary or Alternate Payee. Under the rules prescribed by the Plan Administrator, a Participant, Beneficiary or Alternate Payee shall be allowed to revise his/her election no less than once a year, and if there is a change in the terms of the Plan governing the manner in which dividends are paid or distributed, a Participant, Beneficiary or Alternate Payee shall be allowed a reasonable opportunity to make a new election.

The Account of a Participant, Beneficiary or Alternate Payee may be charged with the distribution costs (for example, the actual check-writing

fee) of any distribution made at his/her election under this Section.

- (e) Authorization for Exempt Loan. The Employer may direct that the Plan engage in an Exempt Loan that satisfies the following requirements:
- (1) Lender. The Exempt Loan may be made by the Employer or any lender acceptable to the Employer, and may be made or guaranteed by a party in interest (as defined in ERISA Section 3(14)) or a disqualified person (as defined in Code Section 4975).
  - (2) Use of Loan Proceeds. The Exempt Loan must be used within a reasonable time after receipt to acquire shares of Qualifying Employer Securities for the Unallocated Reserve or to repay a prior Exempt Loan (or for any combination of the foregoing purposes).
  - (3) No Recourse Against Trust Fund. The Exempt Loan must be without recourse against the Plan except that:
    - (i) The Qualifying Employer Securities acquired with the proceeds of the Exempt Loan may be pledged or otherwise used to secure repayment of the Exempt Loan, and the Qualifying Employer Securities acquired with the proceeds of a prior Exempt Loan which is repaid with the proceeds of the Exempt Loan may be pledged or otherwise used to secure repayment of the Exempt Loan, and
    - (ii) Any ESOP Non-Matching Contributions that are made for the purpose of satisfying the obligations under the Exempt Loan (and earnings thereon) may be pledged or otherwise used to secure repayment of the Exempt Loan, and
    - (iii) The earnings attributable to shares of Qualifying Employer Securities acquired with the proceeds of an Exempt Loan may be used to repay that Exempt Loan or any renewal or extension thereof, and
    - (iv) The earnings attributable to unallocated shares of Qualifying Employer Securities that were acquired with the proceeds of an Exempt Loan may be pledged or otherwise used as security for another Exempt Loan.
  - (4) Term of Loan. The Exempt Loan must provide for principal and interest to be paid over a specific term, and not payable upon demand except in the event of default.

- (5) Release of Shares from Unallocated Reserve. The number of shares released each Plan Year shall equal "A" multiplied by "B" where:
- "A" = the number of shares held in the Unallocated Reserve immediately before the release;
- "B" = a fraction, the numerator of which is equal to the principal and interest paid on the Exempt Loan for the Plan Year and the denominator of which is equal to the sum of the numerator and the total principal and interest scheduled to be paid on the Exempt Loan for all future Plan Years (without consideration of possible extensions or renewal periods).
- If the interest rate under the Exempt Loan is variable, the amount of interest to be paid in future Plan Years shall be calculated by using the interest rate in effect on the last day of the current Plan Year.
- If an Exempt Loan is repaid as a result of a refinancing by another Exempt Loan, such repayment shall not be considered a repayment under this subsection and the release of shares thereafter shall be determined by aggregating principal and interest on the loan and any refinancing of the loan.
- (6) Interest Rate. The Exempt Loan must bear interest at a fixed or variable rate that is not in excess of a reasonable rate of interest considering all relevant factors (including, but not limited to, the amount and duration of the loan, the security given, the guarantees involved, the credit standing of the Plan, the Employer, and the guarantors, and the generally prevailing rates of interest).
- (7) Default. The Exempt Loan must provide that, in the event of default, the fair market value of Qualifying Employer Securities and other assets which can be transferred in satisfaction of the loan must not exceed the amount of the loan. If the lender is a party in interest or disqualified person, the loan must provide for a transfer of Plan assets upon default only upon and to the extent of the failure of the Plan to satisfy the payment schedule of the Exempt Loan.
- (8) Restrictions. Unless required under Code Section 409(h), no options, puts, call, rights of first refusal or other restrictions on alienability will attach to any shares of Qualifying Employer Securities acquired with the proceeds of an Exempt Loan and held in the Trust Fund or distributed from the Plan, whether or not this Plan continues to be an employee stock ownership plan with the meaning of Code Section 4975(e)(7).

(f) Valuation of Qualifying Employer Securities. For purposes of determining the annual valuation of the Plan, and for reporting to Participants and regulatory authorities, the assets of the Plan shall be valued at least annually on the Valuation Date which corresponds to the last day of the Plan Year. The fair market value of Qualifying Employer Securities shall be determined on such Valuation Date. The prices of Qualifying Employer Securities as of the date of the transaction shall apply for purposes of valuing distributions and other transactions of the Plan to the extent such value is representative of the fair market value of such securities in the opinion of the Plan Administrator. The value of a Participant's Account held in the Qualifying Employer Securities Fund may be expressed in units.

If the Qualifying Employer Securities are not publicly traded, or if an extremely thin market exists for such securities so that reasonable valuation may not be obtained from the market place, then such securities must be valued at least annually by an independent appraiser who is not associated with the Employer, the Plan Administrator, the Trustee, or any person related to any fiduciary under the Plan. The independent appraiser may be associated with a person who is merely a contract administrator with respect to the Plan, but who exercises no discretionary authority and is not a plan fiduciary.

If there is a public market for Qualifying Employer Securities of the type held by the Plan, then the Plan Administrator may use as the value of the securities the price at which such securities trade in such market. If the Qualifying Employer Securities do not trade on the relevant date, or if the market is very thin on such date, then the Plan Administrator may use for the valuation the next preceding trading day on which the trading prices are representative of the fair market value of such securities in the opinion of the Plan Administrator.

(g) Purchases or Sales of Qualifying Employer Securities. The Plan Administrator may direct the Trustee to sell, resell, or otherwise dispose of Qualifying Employer Securities to any person, including the Employer, provided that any such sales to any disqualified person or party-in-interest, including the Employer, will be made at not less than the fair market value and no commission will be charged. Any such sale shall be made in conformance with ERISA Section 408(e). If it is necessary to purchase Qualifying Employer Securities for the Trust Fund, such purchase may be on the open market or from the Employer or any member of the Controlled Group. All purchases of Qualifying Employer Securities shall be made at a price, or prices, which, in the judgement of the Plan Administrator, do not exceed the fair market value of such securities. If shares are purchase from or sold to the Employer or a member of the Controlled Group, the

purchase or sale will be made at the price determined under paragraph (f) above.

In the event that the Trustee acquires Qualifying Employer Securities by purchase from a "disqualified person" as defined in Code Section 4975(e)(2) or from a "party-in-interest" as defined in ERISA Section 3(14), the terms of such purchase shall contain the provision that in the event there is a final determination by the Internal Revenue Service, the Department of Labor, or court of competent jurisdiction that the fair market value of such securities as of the date of purchase was less than the purchase price paid by the Trustee, then the seller shall pay or transfer, as the case may be, to the Trustee an amount of cash or shares of Qualifying Employer Securities equal in value to the difference between the purchase price and such fair market value for all such shares. In the event that cash or shares of Qualifying Employer Securities are paid or transferred to the Trustee under this provision, such securities shall be valued at their fair market value as of the date of such purchase, and interest at a reasonable rate from the date of purchase to the date of payment or transfer shall be paid by the seller on the amount of cash paid.

- (h) Compliance with Securities Laws. The Employer is responsible for compliance with any applicable Federal or state securities law with respect to all aspects of the Plan except for the Trustee's obligation to report its ownership of Qualifying Employer Securities. If the Qualifying Employer Securities or interest in this Plan are required to be registered in order to permit investment in the Qualifying Employer Securities Fund as provided in this section, then such investment will not be effective until the later of the effective date of the Plan or the date such registration or qualification is effective. The Employer, at its own expense, will take or cause to be taken any and all such actions as may be necessary or appropriate to effect such registration or qualification. Further, if the Trustee is directed to dispose of any Qualifying Employer Securities held under the Plan under circumstances which require registration or qualification of the securities under applicable Federal or state securities laws, then the Employer will, at its own expense, take or cause to be taken any and all such action as may be necessary or appropriate to effect such registration or qualification. The Employer is responsible for all compliance requirements under Section 16 of the Securities Act.

ARTICLE V

BENEFITS

SECTION 5.01--RETIREMENT BENEFITS.

On a Participant's Retirement Date, his Vested Account shall be distributed to him according to the distribution of benefits provisions of Article VI and the provisions of the SMALL AMOUNTS SECTION of Article X.

SECTION 5.02--DEATH BENEFITS.

If a Participant dies before his Annuity Starting Date, his Vested Account shall be distributed according to the distribution of benefits provisions of Article VI and the provisions of the SMALL AMOUNTS SECTION of Article X.

SECTION 5.03--VESTED BENEFITS.

If an Inactive Participant's Vested Account is not payable under the SMALL AMOUNTS SECTION of Article X, he may elect, but is not required, to receive a distribution of his Vested Account after he ceases to be an Employee. The Participant's election shall be subject to his spouse's consent as provided in the ELECTION PROCEDURES SECTION of Article VI. A distribution under this paragraph shall be a retirement benefit and shall be distributed to the Participant according to the distribution of benefits provisions of Article VI.

A Participant may not elect to receive a distribution under the provisions of this section after he again becomes an Employee until he subsequently ceases to be an Employee and meets the requirements of this section.

If an Inactive Participant does not receive an earlier distribution, upon his Retirement Date or death, his Vested Account shall be distributed according to the provisions of the RETIREMENT BENEFITS SECTION or the DEATH BENEFITS SECTION of Article V.

The Nonvested Account of an Inactive Participant who has ceased to be an Employee shall remain a part of his Account until it becomes a Forfeiture. However, if he again becomes an Employee so that his Vesting Percentage can increase, the Nonvested Account may become a part of his Vested Account.

SECTION 5.04--WHEN BENEFITS START.

- (a) Unless otherwise elected, benefits shall begin before the 60th day following the close of the Plan Year in which the latest date below occurs:
  - (1) The date the Participant attains age 65 (or Normal Retirement Age, if earlier).

(2) The 10th anniversary of the Participant's Entry Date.

(3) The date the Participant ceases to be an Employee.

Notwithstanding the foregoing, the failure of a Participant and spouse to consent to a distribution while a benefit is immediately distributable, within the meaning of the ELECTION PROCEDURES SECTION of Article VI, shall be deemed to be an election to defer the start of benefits sufficient to satisfy this section.

The Participant may elect to have his benefits begin after the latest date for beginning benefits described above, subject to the following provisions of this section. The Participant shall make the election in writing. Such election must be made before his Normal Retirement Date or the date he ceases to be an Employee, if later. The election must describe the form of distribution and the date benefits will begin. The Participant shall not elect a date for beginning benefits or a form of distribution that would result in a benefit payable when he dies which would be more than incidental within the meaning of governmental regulations.

Benefits shall begin on an earlier date if otherwise provided in the Plan. For example, the Participant's Retirement Date or Required Beginning Date, as defined in the DEFINITIONS SECTION of Article VII.

(b) The Participant's Vested Account which results from Elective Deferral Contributions may not be distributed to a Participant or to his Beneficiary (or Beneficiaries) in accordance with the Participant's or Beneficiary's (or Beneficiaries') election, earlier than separation from service, death, or disability. Such amount may also be distributed upon:

(1) Termination of the Plan, as permitted in Article VIII.

(2) The disposition by the Employer, if the Employer is a corporation, to an unrelated corporation of substantially all of the assets, within the meaning of Code Section 409(d)(2), used in a trade or business of the Employer if the Employer continues to maintain the Plan after the disposition, but only with respect to Employees who continue employment with the corporation acquiring such assets.

(3) The disposition by the Employer, if the Employer is a corporation, to an unrelated entity of the Employer's interest in a subsidiary, within the meaning of Code Section 409(d)(3), if the Employer continues to maintain the Plan, but only with respect to Employees who continue employment with such subsidiary.

(4) The hardship of the Participant as permitted in the WITHDRAWAL BENEFITS SECTION of this article.

All distributions that may be made pursuant to one or more of the foregoing distributable events will be a retirement benefit and shall be distributed to the Participant according to the distribution of benefit provisions of Article VI. In addition, distributions that are triggered by (1), (2) and (3) above must be made in a lump sum. A lump sum shall include a distribution of an annuity contract.

- (c) The Participant's Vested Account which results from ESOP Matching Contributions and ESOP Non-Matching Contributions are subject to the following special distribution rights:
- (1) After a Participant attains age 62, the Participant, until he or she retires, has a continuing right to elect to receive all of his or her Vested ESOP Non-Matching Contribution Account.
  - (2) Unless the Participant elects in writing to have the Trustee apply other distribution provisions of the Plan, or unless other distribution provisions of the Plan require earlier distribution, the Trustee shall distribute the portion of the Participant's ESOP Matching and Non-Matching Contribution Accounts attributable to Qualifying Employer Securities (the "Eligible Portion") no later than the time prescribed below:
    - (A) If the Participant terminated employment by reason of the attainment of Normal Retirement Age, death or disability, the Plan Administrator shall direct the Trustee to distribute the Eligible Portion not later than one year after the close of the Plan Year in which that event occurs.
    - (B) If the Participant terminates employment for any other reason, the Plan Administrator shall direct the Trustee to distribute the Eligible Portion not later than one year after the close of the Plan Year in which the Participant terminated employment. If the Participant resumes employment with an Employer on or before the last day of the fifth Plan Year following the Plan Year of his termination of employment, the distribution of this subparagraph (B) do not apply.

For purposes of this paragraph (2), Qualifying Employer Securities do not include any Qualifying Employer Securities acquired with the proceeds of an Exempt Loan until the close of the Plan Year in which the borrower repays the Exempt Loan in full.

#### SECTION 5.05--WITHDRAWAL BENEFITS.

A Participant may withdraw any part of his Vested Account which results from the following Contributions:

Elective Deferral Contributions

## Rollover Contributions

in the event of hardship due to an immediate and heavy financial need. Withdrawals from the Participant's Account resulting from Elective Deferral Contributions shall be limited to the amount of the Participant's Elective Deferral Contributions. Immediate and heavy financial need shall be limited to: (i) expenses incurred or necessary for medical care, described in Code Section 213(d), of the Participant, the Participant's spouse, or any dependents of the Participant (as defined in Code Section 152); (ii) purchase (excluding mortgage payments) of a principal residence for the Participant; (iii) payment of tuition, related educational fees, and room and board expenses, for the next 12 months of post-secondary education for the Participant, his spouse, children, or dependents; (iv) the need to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence; or (v) any other distribution which is deemed by the Commissioner of Internal Revenue to be made on account of immediate and heavy financial need as provided in Treasury regulations.

No withdrawal shall be allowed which is in excess of the amount required to relieve the financial need or if such need can be satisfied from other resources that are reasonably available to the Participant. The amount of an immediate and heavy financial need may include any amount necessary to pay any Federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution. The Participant's request for a withdrawal shall include his written statement that the amount requested does not exceed the amount needed to meet the financial need. The Participant's request for a withdrawal shall include his written statement that the need cannot be relieved: (i) through reimbursement or compensation by insurance or otherwise; (ii) by reasonable liquidation of the Participant's assets, to the extent such liquidation would not itself cause immediate and heavy financial need; (iii) by cessation of elective contributions or participant contributions under the Plan; or (iv) by other distributions or nontaxable (at the time of the loan) loans currently available from plans maintained by the Employer or any other employer (including currently available cash dividends on Qualifying Employer Securities), or by borrowing from commercial sources on reasonable commercial terms.

A request for withdrawal shall be made in such manner and in accordance with such rules as the Employer will prescribe for this purpose (including by means of voice response or other electronic means under circumstances the Employer permits). Withdrawals shall be a retirement benefit and shall be distributed to the Participant according to the distribution of benefits provisions of Article VI. A forfeiture shall not occur solely as a result of a withdrawal.

## SECTION 5.06--LOANS TO PARTICIPANTS.

Loans shall be made available to all Participants on a reasonably equivalent basis. For purposes of this section, and unless otherwise specified, Participant means any Participant or Beneficiary who is a party-in-interest as defined in ERISA. Loans shall not be made to Highly Compensated Employees in an amount greater than the amount made available to other Participants.

No loans will be made to any shareholder-employee or Owner-employee. For purposes of this requirement, a shareholder-employee means an employee or officer of an electing small business (Subchapter S) corporation who owns (or is considered as owning within the meaning of Code Section 318(a)(1)), on any day during the taxable year of such corporation, more than 5 percent of the outstanding stock of the corporation.

A loan to a Participant shall be a Participant-directed investment of his Account. The loan is a Trust Fund investment but no Account other than the borrowing Participant's Account shall share in the interest paid on the loan or bear any expense or loss incurred because of the loan.

Loans shall be made from a Participant's Vested Account attributable to his Elective Deferral Contributions and Rollover Contributions only.

The number of outstanding loans shall be limited to one. No more than one loan shall be approved for any Participant in any 12-month period. The minimum amount of any loan shall be \$1,000.

Loans must be adequately secured and bear a reasonable rate of interest.

The amount of the loan shall not exceed the maximum amount that may be treated as a loan under Code Section 72(p) (rather than a distribution) to the Participant and shall be equal to the lesser of (a) or (b) below:

- (a) \$50,000, reduced by the highest outstanding loan balance of loans during the one-year period ending on the day before the new loan is made.
- (b) The greater of (1) or (2), reduced by (3) below:
  - (1) One-half of the Participant's Vested Account.
  - (2) \$10,000.
  - (3) Any outstanding loan balance on the date the new loan is made.

For purposes of this maximum, a Participant's Vested Account does not include any accumulated deductible employee contributions, as defined in Code Section 72(o)(5)(B), and all qualified employer plans, as defined in Code Section 72(p)(4), of the Employer and any Controlled Group member shall be treated as one plan.

The foregoing notwithstanding, the amount of such loan shall not exceed 50 percent of the amount of the Participant's Vested Account. For purposes of this maximum, a Participant's Vested Account does not include any accumulated deductible employee contributions, as defined in Code Section 72(o)(5)(B). No collateral other than a portion of the Participant's Vested Account (as limited above) shall be accepted. The Loan Administrator shall determine if the collateral is adequate for the amount of the loan requested.

A Participant must obtain the consent of his spouse, if any, to the use of the Vested Account as security for the loan. Spousal consent shall be obtained no earlier than the beginning of the 90-day period that ends on the date on which the loan to be so secured is made. The consent must be in writing, must acknowledge the effect of the loan, and must be witnessed by a plan representative or a notary public. Such consent shall thereafter be binding with respect to the consenting spouse or any subsequent spouse with respect to that loan. A new consent shall be required if the Vested Account is used for collateral upon renegotiation, extension, renewal, or other revision of the loan. No consent shall be required if subparagraph (d) of the ELECTION PROCEDURES SECTION of Article VI applies.

If a valid spousal consent has been obtained in accordance with the above, or spousal consent is not required, then, notwithstanding any other provision of this Plan, the portion of the Participant's Vested Account used as a security interest held by the Plan by reason of a loan outstanding to the Participant shall be taken into account for purposes of determining the amount of the Vested Account payable at the time of the death or distribution, but only if the reduction is used as repayment of the loan. If spousal consent is required and less than 100 percent of the Participant's Vested Account (determined without regard to the preceding sentence) is payable to the surviving spouse, then the Vested Account shall be adjusted by first reducing the Vested Account by the amount of the security used as repayment of the loan, and then determining the benefit payable to the surviving spouse.

Each loan shall bear a reasonable fixed rate of interest to be determined by the Loan Administrator. In determining the interest rate, the Loan Administrator shall take into consideration fixed interest rates currently being charged by commercial lenders for loans of comparable risk on similar terms and for similar durations, so that the interest will provide for a return commensurate with rates currently charged by commercial lenders for loans made under similar circumstances. The Loan Administrator shall not discriminate among Participants in the matter of interest rates; but loans granted at different times may bear different interest rates in accordance with the current appropriate standards.

The loan shall by its terms require that repayment (principal and interest) be amortized in level payments, not less frequently than quarterly, over a period not extending beyond five years from the date of the loan. The period of repayment for any loan shall be arrived at by mutual agreement between the Loan Administrator and the Participant.

The Participant shall make an application for a loan in such manner and in accordance with such rules as the Employer shall prescribe for this purpose (including by means of voice response or other electronic means under circumstances the Employer permits). The application must specify the amount and duration requested.

Information contained in the application for the loan concerning the income, liabilities, and assets of the Participant will be evaluated to determine whether there is a reasonable expectation that the Participant will be able to satisfy payments on the loan as due. Additionally, the Loan Administrator will pursue any appropriate further investigations concerning the creditworthiness and credit history of the Participant to determine whether a loan should be approved.

Each loan shall be fully documented in the form of a promissory note signed by the Participant for the face amount of the loan, together with interest determined as specified above.

There will be an assignment of collateral to the Plan executed at the time the loan is made.

In those cases where repayment through payroll deduction is available, installments are so payable, and a payroll deduction agreement shall be executed by the Participant at the time the loan is made. Loan repayments that are accumulated through payroll deduction shall be paid to the Trustee by the earlier of (i) the date the loan repayments can reasonably be segregated from the Employer's assets, or (ii) the 15th business day of the month following the month in which such amounts would otherwise have been paid in cash to the Participant.

Where payroll deduction is not available, payments in cash are to be timely made. Any payment that is not by payroll deduction shall be made payable to the Employer or the Trustee, as specified in the promissory note, and delivered to the Loan Administrator, including prepayments, service fees and penalties, if any, and other amounts due under the note. The Loan Administrator shall deposit such amounts into the Plan as soon as administratively practicable after they are received, but in no event later than the 15th business day of the month after they are received.

The promissory note may provide for reasonable late payment penalties and service fees. Any penalties or service fees shall be applied to all Participants in a nondiscriminatory manner. If the promissory note so provides, such amounts may be assessed and collected from the Account of the Participant as part of the loan balance.

Each loan may be paid prior to maturity, in part or in full, without penalty or service fee, except as may be set out in the promissory note.

The Plan shall suspend loan payments for a period not exceeding one year during which an approved unpaid leave of absence occurs other than a military leave of absence. The Loan Administrator shall provide the Participant a written explanation of the effect of the suspension of payments upon his loan.

If a Participant separates from service (or takes a leave of absence) from the Employer because of service in the military and does not receive a distribution of his Vested Account, the Plan shall suspend loan payments until the Participant's completion of military service or until the Participant's fifth anniversary of commencement of military service, if earlier, as permitted under Code Section 414(u). The Loan Administrator shall provide the Participant a written explanation of the effect of his military service upon his loan.

If any payment of principal and interest, or any portion thereof, remains unpaid for more than 90 days after due, the loan shall be in default. For purposes of Code Section 72(p), the Participant shall then be treated as having received a deemed distribution regardless of whether or not a distributable event has occurred.

Upon default, the Plan has the right to pursue any remedy available by law to satisfy the amount due, along with accrued interest, including the right to enforce its claim against the security pledged and execute upon the collateral as allowed by law. The entire principal balance whether or not otherwise then due, along with accrued interest, shall become immediately due and payable without demand or notice, and subject to collection or satisfaction by any lawful means, including specifically, but not limited to, the right to enforce the claim against the security pledged and to execute upon the collateral as allowed by law.

In the event of default, foreclosure on the note and attachment of security or use of amounts pledged to satisfy the amount then due shall not occur until a distributable event occurs in accordance with the Plan, and shall not occur to an extent greater than the amount then available upon any distributable event which has occurred under the Plan.

All reasonable costs and expenses, including but not limited to attorney's fees, incurred by the Plan in connection with any default or in any proceeding to enforce any provision of a promissory note or instrument by which a promissory note for a Participant loan is secured, shall be assessed and collected from the Account of the Participant as part of the loan balance.

If payroll deduction is being utilized, in the event that a Participant's available payroll deduction amounts in any given month are insufficient to satisfy the total amount due, there will be an increase in the amount taken subsequently, sufficient to make up the amount that is then due. If any amount remains past due more than 90 days, the entire principal amount, whether or not otherwise then due, along with interest then accrued, shall become due and payable, as above.

If no distributable event has occurred under the Plan at the time that the Participant's Vested Account would otherwise be used under this provision to pay any amount due under the outstanding loan, this will not occur until the time, or in excess of the extent to which, a distributable event occurs under the Plan. An outstanding loan will become due and payable in full 60 days after a Participant ceases to be an Employee and a party-in-interest as defined in ERISA or after complete termination of the Plan.

#### SECTION 5.07--DISTRIBUTIONS UNDER QUALIFIED DOMESTIC RELATIONS ORDERS.

The Plan specifically permits distributions to an Alternate Payee under a qualified domestic relations order as defined in Code Section 414(p), at any time, irrespective of whether the Participant has attained his earliest retirement age, as defined in Code Section 414(p), under the Plan. A distribution to an Alternate Payee before the Participant has attained his earliest retirement age is available only if the order specifies that distribution shall be made prior to the earliest retirement age or allows the Alternate Payee to elect a distribution prior to the earliest retirement age.

Nothing in this section shall permit a Participant to receive a distribution at a time otherwise not permitted under the Plan nor shall it permit the Alternate Payee to receive a form of payment not permitted under the Plan.

The benefit payable to an Alternate Payee shall be subject to the provisions of the SMALL AMOUNTS SECTION of Article X if the value of the benefit does not exceed \$5,000 (\$3,500 for Plan Years beginning before August 6, 1997).

The Plan Administrator shall establish reasonable procedures to determine the qualified status of a domestic relations order. Upon receiving a domestic relations order, the Plan Administrator shall promptly notify the Participant and the Alternate Payee named in the order, in writing, of the receipt of the order and the Plan's procedures for determining the qualified status of the order. Within a reasonable period of time after receiving the domestic relations order, the Plan Administrator shall determine the qualified status of the order and shall notify the Participant and each Alternate Payee, in writing, of its determination. The Plan Administrator shall provide notice under this paragraph by mailing to the individual's address specified in the domestic relations order, or in a manner consistent with Department of Labor regulations. The Plan Administrator may treat as qualified any domestic relations order entered into before January 1, 1985, irrespective of whether it satisfies all the requirements described in Code Section 414(p).

If any portion of the Participant's Vested Account is payable during the period the Plan Administrator is making its determination of the qualified status of the domestic relations order, a separate accounting shall be made of the amount payable. If the Plan Administrator determines the order is a qualified domestic relations order within 18 months of the date amounts are first payable following receipt of the order, the payable amounts shall be distributed in accordance with the order. If the Plan Administrator does not make its determination of the qualified status of the order within the 18-month determination period, the payable amounts shall be distributed in the manner the Plan would distribute if the order did not exist and the order shall apply prospectively if the Plan Administrator later determines the order is a qualified domestic relations order.

If a domestic relations order divides an Account that is invested in the Qualifying Employer Securities Fund, and a cash dividend on Qualifying Employer Securities becomes payable during the period the Plan Administrator is making its determination of the qualified status of the domestic relations order then the following will apply:

- (a) If the division date specified in the order is prior to the ex-date of such dividend, then so much of the dividend that is attributable to the Alternate Payee's share of the investment in the Qualifying Employer Security Fund shall be deemed to be earnings on the Alternate Payee share. If the Participant has elected to receive the dividend in cash, the Alternate Payee's portion of the dividend shall be drawn from the remaining portion of the Account after payment of the dividend to the Participant.
- (b) If the division date specified in the order is on or after the ex-date of such dividend, then no portion of the dividend shall be attributed to the Alternate Payee.

The Plan shall make payments or distributions required under this section by separate benefit checks or other separate distribution to the Alternate Payee(s).

ARTICLE VI

DISTRIBUTION OF BENEFITS

SECTION 6.01--AUTOMATIC FORMS OF DISTRIBUTION.

Unless an optional form of benefit is selected pursuant to a qualified election within the election period (see the ELECTION PROCEDURES SECTION of this article), the automatic form of benefit payable to or on behalf of a Participant is determined as follows:

- (a) Retirement Benefits. The automatic form of retirement benefit for a Participant who does not die before his Annuity Starting Date shall be:
  - (1) The Qualified Joint and Survivor Annuity for a Participant who has a spouse.
  - (2) The Normal Form for a Participant who does not have a spouse.
- (b) Death Benefits. The automatic form of death benefit for a Participant who dies before his Annuity Starting Date shall be:
  - (1) A Qualified Preretirement Survivor Annuity for a Participant who has a spouse to whom he has been continuously married throughout the one-year period ending on the date of his death. The spouse may elect to start receiving the death benefit on any first day of the month on or after the Participant dies and by the date the Participant would have been age 70 1/2. If the spouse dies before benefits start, the Participant's Vested Account, determined as of the date of the spouse's death, shall be paid to the spouse's Beneficiary.
  - (2) A single-sum payment to the Participant's Beneficiary for a Participant who does not have a spouse who is entitled to a Qualified Preretirement Survivor Annuity.

Before a death benefit will be paid on account of the death of a Participant who does not have a spouse who is entitled to a Qualified Preretirement Survivor Annuity, it must be established to the satisfaction of a plan representative that the Participant does not have such a spouse.

SECTION 6.02--OPTIONAL FORMS OF DISTRIBUTION.

- (a) Retirement Benefits. The optional forms of retirement benefit shall be the following: (i) a straight life annuity; (ii) single life annuities with certain periods of 5, 10 or 15 years; (iii) a single life annuity with installment refund; (iv) survivorship

life annuities with installment refund and survivorship percentages of 50%, 66 2/3% or 100%; (v) fixed period annuities for any period of whole months which is not less than 60 and does not exceed the Life Expectancy, as defined in Article VII, of the Participant where the Life Expectancy is not recalculated; and (vi) a full flexibility option. A single sum payment is also available.

The full flexibility option is an optional form of benefit under which the Participant receives a distribution each calendar year, beginning with the calendar year in which his Annuity Starting Date occurs. The Participant may elect the amount to be distributed each year (not less than \$1,000). The amount payable in his first Distribution Calendar Year, as defined in Article VII, must satisfy the minimum distribution requirements of Article VII for such year. Distributions for later Distribution Calendar Years, as defined in Article VII, must satisfy the minimum distribution requirements of Article VII for such years. If the Participant's Annuity Starting Date does not occur until his second Distribution Calendar Year, as defined in Article VII, the amount payable for such year must satisfy the minimum distribution requirements of Article VII for both the first and second Distribution Calendar Years, as defined in Article VII.

If the Plan is amended to eliminate or restrict an optional form of distribution and the Plan provides a single sum distribution form that is otherwise identical to the optional form of distribution eliminated or restricted, the amendment shall not apply to any distribution with an Annuity Starting Date earlier than the first day of the second Plan Year following the Plan Year in which the amendment is adopted.

Election of an optional form is subject to the qualified election provisions of the ELECTION PROCEDURES SECTION of this article and the distribution requirements of Article VII.

Any annuity contract distributed shall be nontransferable. The terms of any annuity contract purchased and distributed by the Plan to a Participant or spouse shall comply with the requirements of this Plan.

- (b) Death Benefits. The optional forms of death benefit are a single-sum payment and any annuity that is an optional form of retirement benefit. However, the full flexibility option shall not be available if the Beneficiary is not the spouse of the deceased Participant.

Election of an optional form is subject to the qualified election provisions of the ELECTION PROCEDURES SECTION of this article and the distribution requirements of Article VII.

#### SECTION 6.03--ELECTION PROCEDURES.

The Participant, Beneficiary, or spouse shall make any election under this section in

writing. The Plan Administrator may require such individual to complete and sign any necessary documents as to the provisions to be made. Any election permitted under (a) and (b) below shall be subject to the qualified election provisions of (c) below.

- (a) Retirement Benefits. A Participant may elect his Beneficiary or Contingent Annuitant and may elect to have retirement benefits distributed under any of the optional forms of retirement benefit available in the OPTIONAL FORMS OF DISTRIBUTION SECTION of this article.
- (b) Death Benefits. A Participant may elect his Beneficiary and may elect to have death benefits distributed under any of the optional forms of death benefit available in the OPTIONAL FORMS OF DISTRIBUTION SECTION of this article.

If the Participant has not elected an optional form of distribution for the death benefit payable to his Beneficiary, the Beneficiary may, for his own benefit, elect the form of distribution, in like manner as a Participant.

The Participant may waive the Qualified Preretirement Survivor Annuity by naming someone other than his spouse as Beneficiary.

In lieu of the Qualified Preretirement Survivor Annuity described in the AUTOMATIC FORMS OF DISTRIBUTION SECTION of this article, the spouse may, for his own benefit, waive the Qualified Preretirement Survivor Annuity by electing to have the benefit distributed under any of the optional forms of death benefit available in the OPTIONAL FORMS OF DISTRIBUTION SECTION of this article.

- (c) Qualified Election. The Participant, Beneficiary or spouse may make an election at any time during the election period. The Participant, Beneficiary, or spouse may revoke the election made (or make a new election) at any time and any number of times during the election period. An election is effective only if it meets the consent requirements below.

- (1) Election Period for Retirement Benefits. The election period as to retirement benefits is the 90-day period ending on the Annuity Starting Date. An election to waive the Qualified Joint and Survivor Annuity may not be made before the date the Participant is provided with the notice of the ability to waive the Qualified Joint and Survivor Annuity. If the Participant elects a full flexibility option, he may revoke his election at any time before his first Distribution Calendar Year, as defined in Article VII. When he elects to have benefits begin again, he shall have a new Annuity Starting Date. His election period for this election is the 90-day period ending on the Annuity Starting Date for the optional form of retirement benefit elected.
- (2) Election Period for Death Benefits. A Participant may make an election as

to death benefits at any time before he dies. The spouse's election period begins on the date the Participant dies and ends on the date benefits begin. The Beneficiary's election period begins on the date the Participant dies and ends on the date benefits begin.

An election to waive the Qualified Preretirement Survivor Annuity may not be made by the Participant before the date he is provided with the notice of the ability to waive the Qualified Preretirement Survivor Annuity. A Participant's election to waive the Qualified Preretirement Survivor Annuity which is made before the first day of the Plan Year in which he reaches age 35 shall become invalid on such date. An election made by a Participant after he ceases to be an Employee will not become invalid on the first day of the Plan Year in which he reaches age 35 with respect to death benefits from that part of his Account resulting from Contributions made before he ceased to be an Employee.

- (3) Consent to Election. If the Participant's Vested Account exceeds \$5,000 (\$3,500 for Plan Years beginning before August 6, 1997), any benefit which is (i) immediately distributable or (ii) payable in a form other than a Qualified Joint and Survivor Annuity or a Qualified Preretirement Survivor Annuity, requires the consent of the Participant and the Participant's spouse (or where either the Participant or the spouse has died, the survivor). Such consent shall also be required if the Participant's Vested Account at the time of any prior distribution exceeded \$5,000 (\$3,500 for Plan Years beginning before August 6, 1997). The rule in the preceding sentence shall not apply effective October 17, 2000. However, consent will still be required if the Participant had previously had an Annuity Starting Date with respect to any portion of such Vested Account.

The consent of the Participant or spouse to a benefit which is immediately distributable must not be made before the date the Participant or spouse is provided with the notice of the ability to defer the distribution. Such consent shall be made in writing.

The consent shall not be made more than 90 days before the Annuity Starting Date. Spousal consent is not required for a benefit which is immediately distributable in a Qualified Joint and Survivor Annuity. Furthermore, if spousal consent is not required because the Participant is electing an optional form of retirement benefit that is not a life annuity pursuant to (d) below, only the Participant need consent to the distribution of a benefit payable in a form that is not a life annuity and which is immediately distributable. Neither the consent of the Participant nor the Participant's spouse shall be required to the extent that a distribution is required to satisfy Code Section 401(a)(9) or Code Section 415.

In addition, upon termination of this Plan, if the Plan does not offer an annuity option (purchased from a commercial provider), and if the Employer (or any entity within the same Controlled Group) does not maintain another defined contribution plan (other than an employee stock ownership plan as defined in Code Section 4975(e)(7)), the Participant's Account balance will, without the Participant's consent, be distributed to the Participant. However, if any entity within the same Controlled Group maintains another defined contribution plan (other than an employee stock ownership plan as defined in Code Section 4975(e)(7)) then the Participant's Account will be transferred, without the Participant's consent, to the other plan if the Participant does not consent to an immediate distribution.

A benefit is immediately distributable if any part of the benefit could be distributed to the Participant (or surviving spouse) before the Participant attains (or would have attained if not deceased) the older of Normal Retirement Age or age 62.

If the Qualified Joint and Survivor Annuity is waived, the spouse has the right to limit consent only to a specific Beneficiary or a specific form of benefit. The spouse can relinquish one or both such rights. Such consent shall be made in writing. The consent shall not be made more than 90 days before the Annuity Starting Date. If the Qualified Preretirement Survivor Annuity is waived, the spouse has the right to limit consent only to a specific Beneficiary. Such consent shall be in writing. The spouse's consent shall be witnessed by a plan representative or notary public. The spouse's consent must acknowledge the effect of the election, including that the spouse had the right to limit consent only to a specific Beneficiary or a specific form of benefit, if applicable, and that the relinquishment of one or both such rights was voluntary. Unless the consent of the spouse expressly permits designations by the Participant without a requirement of further consent by the spouse, the spouse's consent must be limited to the form of benefit, if applicable, and the Beneficiary (including any Contingent Annuitant), class of Beneficiaries, or contingent Beneficiary named in the election.

Spousal consent is not required, however, if the Participant establishes to the satisfaction of the plan representative that the consent of the spouse cannot be obtained because there is no spouse or the spouse cannot be located. A spouse's consent under this paragraph shall not be valid with respect to any other spouse. A Participant may revoke a prior election without the consent of the spouse. Any new election will require a new spousal consent, unless the consent of the spouse expressly permits such election by the Participant without further consent by the spouse. A spouse's consent may be revoked at any time within the Participant's election period.

(d) Special Rule for Profit Sharing Plans. This subparagraph (d) applies if the Plan is

not a direct or indirect transferee after December 31, 1984, of a defined benefit plan, money purchase plan, target benefit plan, stock bonus plan, or profit sharing plan which is subject to the survivor annuity requirements of Code Sections 401(a)(11) and 417. If the above condition is met, spousal consent is not required for electing an optional form of retirement benefit that is not a life annuity. If such condition is not met, such consent requirements shall be operative.

- (e) Dividend Distributions. Cash dividends that are available to a Participant, Beneficiary or Alternate Payee shall not be subject to the distribution form and notice requirements of this Article. If a Participant, Beneficiary or Alternate Payee elects to receive such dividends, such dividends shall be payable in a lump-sum (and only a lump-sum) in cash, and are payable without regard to any notice and consent otherwise required under the Plan.

#### SECTION 6.04--NOTICE REQUIREMENTS.

- (a) Optional Forms of Retirement Benefit and Right to Defer. The Plan Administrator shall furnish to the Participant and the Participant's spouse a written explanation of the optional forms of retirement benefit in the OPTIONAL FORMS OF DISTRIBUTION SECTION of this article, including the material features and relative values of these options, in a manner that would satisfy the notice requirements of Code Section 417(a)(3) and the right of the Participant and the Participant's spouse to defer distribution until the benefit is no longer immediately distributable.

The Plan Administrator shall furnish the written explanation by a method reasonably calculated to reach the attention of the Participant and the Participant's spouse no less than 30 days, and no more than 90 days, before the Annuity Starting Date.

The Participant (and spouse, if applicable) may waive the 30-day election period if the distribution of the elected form of retirement benefit begins more than 7 days after the Plan Administrator provides the Participant (and spouse, if applicable) the written explanation provided that: (i) the Participant has been provided with information that clearly indicates that the Participant has at least 30 days to consider the decision of whether or not to elect a distribution and a particular distribution option, (ii) the Participant is permitted to revoke any affirmative distribution election at least until the Annuity Starting Date or, if later, at any time prior to the expiration of the 7-day period that begins the day after the explanation is provided to the Participant, and (iii) the Annuity Starting Date is a date after the date that the written explanation was provided to the Participant.

- (b) Qualified Joint and Survivor Annuity. The Plan Administrator shall furnish to the Participant a written explanation of the following: the terms and conditions of the Qualified Joint and Survivor Annuity; the Participant's right to make, and the effect

of, an election to waive the Qualified Joint and Survivor Annuity; the rights of the Participant's spouse; and the right to revoke an election and the effect of such a revocation.

The Plan Administrator shall furnish the written explanation by a method reasonably calculated to reach the attention of the Participant no less than 30 days, and no more than 90 days, before the Annuity Starting Date.

The Participant (and spouse, if applicable) may waive the 30-day election period if the distribution of the elected form of retirement benefit begins more than 7 days after the Plan Administrator provides the Participant (and spouse, if applicable) the written explanation provided that: (i) the Participant has been provided with information that clearly indicates that the Participant has at least 30 days to consider whether to waive the Qualified Joint and Survivor Annuity and elect (with spousal consent, if applicable) a form of distribution other than a Qualified Joint and Survivor Annuity, (ii) the Participant is permitted to revoke any affirmative distribution election at least until the Annuity Starting Date or, if later, at any time prior to the expiration of the 7-day period that begins the day after the explanation of the Qualified Joint and Survivor Annuity is provided to the Participant, and (iii) the Annuity Starting Date is a date after the date that the written explanation was provided to the Participant.

After the written explanation is given, a Participant or spouse may make a written request for additional information. The written explanation must be personally delivered or mailed (first class mail, postage prepaid) to the Participant or spouse within 30 days from the date of the written request. The Plan Administrator does not need to comply with more than one such request by a Participant or spouse.

The Plan Administrator's explanation shall be written in nontechnical language and will explain the terms and conditions of the Qualified Joint and Survivor Annuity and the financial effect upon the Participant's benefit (in terms of dollars per benefit payment) of electing not to have benefits distributed in accordance with the Qualified Joint and Survivor Annuity.

- (c) Qualified Preretirement Survivor Annuity. The Plan Administrator shall furnish to the Participant a written explanation of the following: the terms and conditions of the Qualified Preretirement Survivor Annuity; the Participant's right to make, and the effect of, an election to waive the Qualified Preretirement Survivor Annuity; the rights of the Participant's spouse; and the right to revoke an election and the effect of such a revocation.

The Plan Administrator shall furnish the written explanation by a method reasonably calculated to reach the attention of the Participant within the applicable period. The applicable period for a Participant is whichever of the following periods ends last:

- (1) the period beginning one year before the date the individual becomes a Participant and ending one year after such date; or
- (2) the period beginning one year before the date the Participant's spouse is first entitled to a Qualified Preretirement Survivor Annuity and ending one year after such date.

If such notice is given before the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35, an additional notice shall be given within such period. If a Participant ceases to be an Employee before attaining age 35, an additional notice shall be given within the period beginning one year before the date he ceases to be an Employee and ending one year after such date.

After the written explanation is given, a Participant or spouse may make a written request for additional information. The written explanation must be personally delivered or mailed (first class mail, postage prepaid) to the Participant or spouse within 30 days from the date of the written request. The Plan Administrator does not need to comply with more than one such request by a Participant or spouse.

The Plan Administrator's explanation shall be written in nontechnical language and will explain the terms and conditions of the Qualified Preretirement Survivor Annuity and the financial effect upon the spouse's benefit (in terms of dollars per benefit payment) of electing not to have benefits distributed in accordance with the Qualified Preretirement Survivor Annuity.

#### SECTION 6.05--FORM OF DISTRIBUTION FROM ESOP MATCHING AND NON-MATCHING CONTRIBUTION ACCOUNTS.

Notwithstanding any provision of this Article VI to the contrary, distributions from a Participant's ESOP Matching and Non-Matching Contribution Accounts shall be governed by this Section 6.05 and Section 6.06.

- (a) Distribution in Cash. The part of a Participant's Vested ESOP Matching, Non-Matching and Diversification Accounts will be distributed in cash unless the Participant affirmatively elects under paragraph (b) below to receive the distribution in the form of Qualifying Employer Securities with cash in lieu of fractional shares. The cash value of Qualifying Employer Securities shall be equal to the fair market value of such stock determined as of the last Valuation Date prior to the date of distribution.
- (b) Distribution in Qualifying Employer Securities. Unless subsection (c) applies, a Participant may elect to have the Participant's Vested ESOP Matching and Non-Matching Contribution Accounts distributed in the form of Qualifying Employer

Securities with cash in lieu of fractional shares. Any cash or other property in the Participant's Vested ESOP Matching or Non-Matching Contribution Account ("non-stock assets") shall be used to acquire Qualifying Employer Securities for distribution but only if such Participant further elects and only if such Qualifying Employer Securities are available for purchase on the open market.

- (c) Distribution in Qualifying Employer Securities Prohibited. If the Employer's corporate charter or by-law provisions restrict ownership of substantially all outstanding Qualifying Employer Securities to Employees or to a plan or trust described in Code Section 401(a), then any distribution of a Participant's ESOP Matching and ESOP Non-Matching Accounts shall only be in cash.

SECTION 6.06--PUT OPTION.

If shares of Qualifying Employer Securities are distributed from the Fund, and if such shares are not publicly traded when distributed or are subject to a trading limitation when distributed, then such shares shall be subject to an initial and second put option as follows:

- (a) The put option shall be exercisable by the distributee (whether the Participant or a Beneficiary), any person to whom shares of Qualifying Employer Securities have passed by gift from the distributee, or any person (including an estate or the distributee from an estate) to whom the shares of Qualifying Employer Securities passed upon the death of the distributee (hereinafter referred to as the "holder").
- (b) The initial put option must be exercised during the 60-day period which begins on the date the shares of Qualifying Employer Securities are distributed from the Fund. If not exercised during that period, the initial put option shall lapse.
- (c) As soon as is reasonably practicable following the last day of the Plan Year in which the initial 60-day period expires, the Employer shall notify all of the non-electing holders of the valuation of such Qualifying Employer Securities as of the most recent Valuation Date. During the 60-day period following the receipt of such valuation notice, any such non-electing holder shall have a second put option.
- (d) The period during which the put option is exercisable shall not include any time when a holder is unable to exercise the put option because the Employer is prohibited from honoring the put option by federal or state law. If the shares of Qualifying Employer Securities are publicly traded without restriction when distributed but cease to be traded within either of the 60-day periods described herein after distribution, the Employer must notify each holder in writing on or before the tenth day after the date the shares cease to be so traded that for the remainder of the applicable 60-day period the shares are subject to a put option. The number of days between such tenth day and the date on which notice is actually given, if later than the tenth day, must be added to the duration of the put option. The notice must inform the holders of the terms of the put option.

- (e) The put option may be exercised by written notice of exercise to the Employer or its designee made on such form and in accordance with such rules as may be prescribed for this purpose by the Plan Administrator.
- (f) Upon receipt of such notice, the Employer shall tender to the holder the fair market value of the Qualifying Employer Securities (as determined under Sections 4.02(e) and (f)) for such shares.
  - (i) If the Qualifying Employer Securities were distributed in a total distribution then the Employer may pay either in a lump sum or substantially equal installments (bearing a reasonable rate of interest and providing adequate security to the holder) over a period beginning within 30 days following the date the put option is exercised and ending not more than five years after the date the put option is exercised.
  - (ii) If the Qualifying Employer Securities were not distributed in a total distribution then the Employer must pay the holder in a single lump sum payment.
  - (iii) If payment is made in installments, the Employer shall, within 30 days of the date the holder exercises the put option, give the holder a promissory note for the full unpaid balance of the options price. Such note shall, at a minimum, provide adequate security, state a rate of interest reasonable under the circumstances (but at least equal to the imputed compound rate in effect as of the exercise date pursuant to the regulations promulgated under Code Sections 483 or 1274, whichever shall be applicable) and provide that the full amount of such note shall accelerate and become due immediately in the event that the Employer defaults in the payment of a scheduled payment.
- (g) The Plan Fund is not bound to purchase shares of Qualifying Employer Securities pursuant to the put option, but the Employer may direct the Trustee to cause the Plan Fund to assume the Employer's rights and obligations to acquire shares of Qualifying Employer Securities under the put option.
- (h) A "trading limitation" for this purpose means a restriction under any federal or state securities law or under any agreement affecting the shares that would make the shares not as freely tradable as shares not subject to such restriction.
- (i) A "total distribution" for this purpose means a distribution to a Participant or Beneficiary within one taxable year of such recipient to the entire balance to the credit of the Participant.

ARTICLE VII

DISTRIBUTION REQUIREMENTS

SECTION 7.01--APPLICATION.

The optional forms of distribution are only those provided in Article VI. An optional form of distribution shall not be permitted unless it meets the requirements of this article. The timing of any distribution must meet the requirements of this article.

SECTION 7.02--DEFINITIONS.

For purposes of this article, the following terms are defined:

Applicable Life Expectancy means Life Expectancy (or Joint and Last Survivor Expectancy) calculated using the attained age of the Participant (or Designated Beneficiary) as of the Participant's (or Designated Beneficiary's) birthday in the applicable calendar year reduced by one for each calendar year which has elapsed since the date Life Expectancy was first calculated. If Life Expectancy is being recalculated, the Applicable Life Expectancy shall be the Life Expectancy so recalculated. The applicable calendar year shall be the first Distribution Calendar Year, and if Life Expectancy is being recalculated, such succeeding calendar year.

Designated Beneficiary means the individual who is designated as the beneficiary under the Plan in accordance with Code Section 401(a)(9) and the regulations thereunder.

Distribution Calendar Year means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin pursuant to (e) of the DISTRIBUTION REQUIREMENTS SECTION of this article.

5-percent Owner means a 5-percent owner as defined in Code Section 416. A Participant is treated as a 5-percent Owner for purposes of this article if such Participant is a 5-percent Owner at any time during the Plan Year ending with or within the calendar year in which such owner attains age 70 1/2.

In addition, a Participant is treated as a 5-percent Owner for purposes of this article if such Participant becomes a 5-percent Owner in a later Plan Year. Such Participant's Required Beginning Date shall not be later than the April 1 of the calendar year following the calendar year in which such later Plan Year ends.

Once distributions have begun to a 5-percent Owner under this article, they must continue to be distributed, even if the Participant ceases to be a 5-percent Owner in a subsequent year.

Joint and Last Survivor Expectancy means joint and last survivor expectancy computed using the expected return multiples in Table VI of section 1.72-9 of the Income Tax Regulations.

Unless otherwise elected by the Participant by the time distributions are required to begin, life expectancies shall be recalculated annually. Such election shall be irrevocable as to the Participant and shall apply to all subsequent years. The life expectancy of a nonspouse Beneficiary may not be recalculated.

Life Expectancy means life expectancy computed using the expected return multiples in Table V of section 1.72-9 of the Income Tax Regulations.

Unless otherwise elected by the Participant (or spouse, in the case of distributions described in (e)(2)(ii) of the DISTRIBUTION REQUIREMENTS SECTION of this article) by the time distributions are required to begin, life expectancy shall be recalculated annually. Such election shall be irrevocable as to the Participant (or spouse) and shall apply to all subsequent years. The life expectancy of a nonspouse Beneficiary may not be recalculated.

Participant's Benefit means:

- (a) The Account balance as of the last Valuation Date in the calendar year immediately preceding the Distribution Calendar Year (valuation calendar year) increased by the amount of any contributions or forfeitures allocated to the Account balance as of the dates in the valuation calendar year after the Valuation Date and decreased by distributions made in the valuation calendar year after the Valuation Date.
- (b) Exception for Second Distribution Calendar Year. For purposes of (a) above, if any portion of the minimum distribution for the first Distribution Calendar Year is made in the second Distribution Calendar Year on or before the Required Beginning Date, the amount of the minimum distribution made in the second Distribution Calendar Year shall be treated as if it had been made in the immediately preceding Distribution Calendar Year.

Required Beginning Date means, for a Participant who is a 5-percent Owner, the April 1 of the calendar year following the calendar year in which he attains age 70 1/2.

Required Beginning Date means, for any Participant who is not a 5-percent Owner, the April 1 of the calendar year following the later of the calendar year in which he attains age 70 1/2 or the calendar year in which he retires.

The pre-retirement age 70 1/2 distribution option is only eliminated with respect to Participants who reach age 70 1/2 in or after a calendar year that begins after the later of December 31, 1998, or the adoption date of the amendment which eliminated such option. The pre-retirement age 70 1/2 distribution is an optional form of benefit under which benefits payable in a particular distribution form (including any modifications that may be elected after benefits begin) begin at a time during the period that begins on or after January 1 of the calendar year in which the

Participant attains age 70 1/2 and ends April 1 of the immediately following calendar year.

The options available for Participants who are not 5-percent Owners and attained age 70 1/2 in calendar years before the calendar year that begins after the later of December 31, 1998, or the adoption date of the amendment which eliminated the preretirement age 70 1/2 distribution shall be the following. Any such Participant attaining age 70 1/2 in years after 1995 may elect by April 1 of the calendar year following the calendar year in which he attained age 70 1/2 (or by December 31, 1997 in the case of a Participant attaining age 70 1/2 in 1996) to defer distributions until the calendar year following the calendar year in which he retires. Any such Participant attaining age 70 1/2 in years prior to 1997 may elect to stop distributions which are not purchased annuities and recommence by the April 1 of the calendar year following the year in which he retires. There shall be a new Annuity Starting Date upon recommencement.

SECTION 7.03--DISTRIBUTION REQUIREMENTS.

(a) General Rules.

- (1) Subject to the AUTOMATIC FORMS OF DISTRIBUTION SECTION of Article VI, joint and survivor annuity requirements, the requirements of this article shall apply to any distribution of a Participant's interest and shall take precedence over any inconsistent provisions of this Plan. Unless otherwise specified, the provisions of this article apply to calendar years beginning after December 31, 1984.
- (2) All distributions required under this article shall be determined and made in accordance with the proposed regulations under Code Section 401(a)(9), including the minimum distribution incidental benefit requirement of section 1.401(a)(9)-2 of the proposed regulations.
- (3) With respect to distributions under the Plan made on or after June 14, 2001, for calendar years beginning on or after January 1, 2001, the Plan will apply the minimum distribution requirements of Code Section 401(a)(9) in accordance with the regulations under Code Section 401(a)(9) that were proposed on January 17, 2001 (the 2001 Proposed Regulations), notwithstanding any provision of the Plan to the contrary. If the total amount of required minimum distributions made to a Participant for 2001 prior to June 14, 2001, are equal to or greater than the amount of required minimum distributions determined under the 2001 Proposed Regulations, then no additional distributions are required for such Participant for 2001 on or after such date. If the total amount of required minimum distributions made to a Participant for 2001 prior to June 14, 2001, are less than the amount determined under the 2001 Proposed Regulations, then the amount of required minimum distributions for 2001 on or after such date will be determined so that the total amount of required minimum distributions for 2001 is the amount determined under the 2001 Proposed Regulations.

These provisions shall continue in effect until the last calendar year beginning before the effective date of final regulations under Code Section 401(a)(9) or such other date as may be published by the Internal Revenue Service.

- (b) Required Beginning Date. The entire interest of a Participant must be distributed or begin to be distributed no later than the Participant's Required Beginning Date.
- (c) Limits on Distribution Periods. As of the first Distribution Calendar Year, distributions, if not made in a single sum, may only be made over one of the following periods (or combination thereof):
  - (1) the life of the Participant,
  - (2) the life of the Participant and a Designated Beneficiary,
  - (3) a period certain not extending beyond the Life Expectancy of the Participant, or
  - (4) a period certain not extending beyond the Joint and Last Survivor Expectancy of the Participant and a Designated Beneficiary.
- (d) Determination of Amount to be Distributed Each Year. If the Participant's interest is to be distributed in other than a single sum, the following minimum distribution rules shall apply on or after the Required Beginning Date:
  - (1) Individual Account.
    - (i) If a Participant's Benefit is to be distributed over
      - A. a period not extending beyond the Life Expectancy of the Participant or the Joint Life and Last Survivor Expectancy of the Participant and the Participant's Designated Beneficiary, or
      - B. a period not extending beyond the Life Expectancy of the Designated Beneficiary,

the amount required to be distributed for each calendar year beginning with the distributions for the first Distribution Calendar Year, must be at least equal to the quotient obtained by dividing the Participant's Benefit by the Applicable Life Expectancy.
    - (ii) For calendar years beginning before January 1, 1989, if the Participant's spouse is not the Designated Beneficiary, the method of distribution selected must assure that at least 50 percent of the

present value of the amount available for distribution is paid within the Life Expectancy of the Participant.

- (iii) For calendar years beginning after December 31, 1988, the amount to be distributed each year, beginning with distributions for the first Distribution Calendar Year shall not be less than the quotient obtained by dividing the Participant's Benefit by the lesser of:
  - A. the Applicable Life Expectancy, or
  - B. if the Participant's spouse is not the Designated Beneficiary, the applicable divisor determined from the table set forth in Q&A-4 of section 1.401(a)(9)-2 of the proposed regulations.

Distributions after the death of the Participant shall be distributed using the Applicable Life Expectancy in (1)(i) above as the relevant divisor without regard to section 1.401(a)(9)-2 of the proposed regulations.

- (iv) The minimum distribution required for the Participant's first Distribution Calendar Year must be made on or before the Participant's Required Beginning Date. The minimum distribution for other calendar years, including the minimum distribution for the Distribution Calendar Year in which the Participant's Required Beginning Date occurs, must be made on or before December 31 of that Distribution Calendar Year.

- (2) Other Forms. If the Participant's Benefit is distributed in the form of an annuity purchased from an insurance company, distributions thereunder shall be made in accordance with the requirements of Code Section 401(a)(9) and the proposed regulations thereunder.

(e) Death Distribution Provisions.

- (1) Distribution Beginning Before Death. If the Participant dies after distribution of his interest has begun, the remaining portion of such interest will continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's death.
- (2) Distribution Beginning After Death.
  - (i) If the Participant dies before distribution of his interest begins, distribution of the Participant's entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death except to the extent that an election is made to

receive distributions in accordance with A or B below:

A. if any portion of the Participant's interest is payable to a Designated Beneficiary, distributions may be made over the life or over a period certain not greater than the Life Expectancy of the Designated Beneficiary beginning on or before December 31 of the calendar year immediately following the calendar year in which the Participant died;

B. if the Designated Beneficiary is the Participant's surviving spouse, the date distributions are required to begin in accordance with A above shall not be earlier than the later of:

1. December 31 of the calendar year immediately following the calendar year in which the Participant died, or

2. December 31 of the calendar year in which the Participant would have attained age 70 1/2.

(ii) If the Participant has not made an election pursuant to this (e)(2) by the time of his death, the Participant's Designated Beneficiary must elect the method of distribution no later than the earlier of:

A. December 31 of the calendar year in which distributions would be required to begin under this subparagraph, or

B. December 31 of the calendar year which contains the fifth anniversary of the date of death of the Participant.

(iii) If the Participant has no Designated Beneficiary, or if the Designated Beneficiary does not elect a method of distribution, distribution of the Participant's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(3) For purposes of (e)(2) above, if the surviving spouse dies after the Participant, but before payments to such spouse begin, the provisions of (e)(2) above, with the exception of (e)(2)(i)(B) therein, shall be applied as if the surviving spouse were the Participant.

(4) For purposes of this (e), distribution of a Participant's interest is considered to begin on the Participant's Required Beginning Date (or if (e)(3) above is applicable, the date distribution is required to begin to the surviving spouse pursuant to (e)(2) above). If distribution in the form of an annuity

irrevocably begins to the Participant before the Required Beginning Date, the date distribution is considered to begin is the date distribution actually begins.

#### ARTICLE VIII

##### TERMINATION OF THE PLAN

The Employer expects to continue the Plan indefinitely but reserves the right to terminate the Plan in whole or in part at any time upon giving written notice to all parties concerned. Complete discontinuance of Contributions constitutes complete termination of the Plan.

The Account of each Participant shall be fully (100%) vested and nonforfeitable as of the effective date of complete termination of the Plan. The Account of each Participant who is included in the group of Participants deemed to be affected by the partial termination of the Plan shall be fully (100%) vested and nonforfeitable as of the effective date of the partial termination of the Plan. The Participant's Account shall continue to participate in the earnings credited, expenses charged, and any appreciation or depreciation of the Investment Fund until his Vested Account is distributed.

A Participant's Account which does not result from the Contributions listed below may be distributed to the Participant after the effective date of the complete termination of the Plan:

##### Elective Deferral Contributions

A Participant's Account resulting from such Contributions may be distributed upon complete termination of the Plan, but only if neither the Employer nor any Controlled Group member maintain or establish a successor defined contribution plan (other than an employer stock ownership plan as defined in Code Section 4975(e)(7), a simplified employee pension plan as defined in Code Section 408(k) or a SIMPLE IRA plan as defined in Code Section 408(p)) and such distribution is made in a lump sum. A distribution under this article shall be a retirement benefit and shall be distributed to the Participant according to the provisions of Article VI.

The Participant's entire Vested Account shall be paid in a single sum to the Participant as of the effective date of complete termination of the Plan if (i) the requirements for distribution of Elective Deferral Contributions in the above paragraph are met and (ii) consent of the Participant is not required in the ELECTION PROCEDURES SECTION of Article VI to distribute a benefit which is immediately distributable. This is a small amounts payment. The small amounts payment is in full settlement of all benefits otherwise payable.

Upon complete termination of the Plan, no more Employees shall become Participants and no more Contributions shall be made.

The assets of this Plan shall not be paid to the Employer at any time, except that, after the satisfaction of all liabilities under the Plan, any assets remaining may be paid to the Employer. The payment may not be made if it would contravene any provision of law.

#### ARTICLE IX

##### ADMINISTRATION OF THE PLAN

###### SECTION 9.01--ADMINISTRATION.

Subject to the provisions of this article, the Plan Administrator has complete control of the administration of the Plan. The Plan Administrator has all the powers necessary for it to properly carry out its administrative duties. Not in limitation, but in amplification of the foregoing, the Plan Administrator has complete discretion to construe or interpret the provisions of the Plan, including ambiguous provisions, if any, and to determine all questions that may arise under the Plan, including all questions relating to the eligibility of Employees to participate in the Plan and the amount of benefit to which any Participant, Beneficiary, spouse or Contingent Annuitant may become entitled. The Plan Administrator's decisions upon all matters within the scope of its authority shall be final.

Unless otherwise set out in the Plan or Annuity Contract, the Plan Administrator may delegate recordkeeping and other duties which are necessary for the administration of the Plan to any person or firm which agrees to accept such duties. The Plan Administrator shall be entitled to rely upon all tables, valuations, certificates and reports furnished by the consultant or actuary appointed by the Plan Administrator and upon all opinions given by any counsel selected or approved by the Plan Administrator.

The Plan Administrator shall receive all claims for benefits by Participants, former Participants, Beneficiaries, spouses, and Contingent Annuitants. The Plan Administrator shall determine all facts necessary to establish the right of any Claimant to benefits and the amount of those benefits under the provisions of the Plan. The Plan Administrator may establish rules and procedures to be followed by Claimants in filing claims for benefits, in furnishing and verifying proofs necessary to determine age, and in any other matters required to administer the Plan.

###### SECTION 9.02--EXPENSES.

Expenses of the Plan, to the extent that the Employer does not pay such expenses, may be paid out of the assets of the Plan provided that such payment is consistent with ERISA. Such expenses include, but are not limited to, expenses for bonding required by ERISA; expenses for recordkeeping and other administrative services; fees and expenses of the Trustee or Annuity Contract; expenses for investment education service; and direct costs that the Employer incurs with respect to the Plan.

SECTION 9.03--RECORDS.

All acts and determinations of the Plan Administrator shall be duly recorded. All these records, together with other documents necessary for the administration of the Plan, shall be preserved in the Plan Administrator's custody.

Writing (handwriting, typing, printing), photostating, photographing, microfilming, magnetic impulse, mechanical or electrical recording, or other forms of data compilation shall be acceptable means of keeping records.

SECTION 9.04--INFORMATION AVAILABLE.

Any Participant in the Plan or any Beneficiary may examine copies of the Plan description, latest annual report, any bargaining agreement, this Plan, the Annuity Contract or any other instrument under which the Plan was established or is operated. The Plan Administrator shall maintain all of the items listed in this section in its office, or in such other place or places as it may designate in order to comply with governmental regulations. These items may be examined during reasonable business hours. Upon the written request of a Participant or Beneficiary receiving benefits under the Plan, the Plan Administrator shall furnish him with a copy of any of these items. The Plan Administrator may make a reasonable charge to the requesting person for the copy.

SECTION 9.05--CLAIM AND APPEAL PROCEDURES.

A Claimant must submit any required forms and pertinent information when making a claim for benefits under the Plan.

If a claim for benefits under the Plan is denied, the Plan Administrator shall provide adequate written notice to the Claimant whose claim for benefits under the Plan has been denied. The notice must be furnished within 90 days of the date that the claim is received by the Plan Administrator. The Claimant shall be notified in writing within this initial 90-day period if special circumstances require an extension of time needed to process the claim and the date by which the Plan Administrator's decision is expected to be rendered. The written notice shall be furnished no later than 180 days after the date the claim was received by the Plan Administrator.

The Plan Administrator's notice to the Claimant shall specify the reason for the denial; specify references to pertinent Plan provisions on which denial is based; describe any additional material and information needed for the Claimant to perfect his claim for benefits; explain why the material and information is needed; inform the Claimant that any appeal he wishes to make must be in writing to the Plan Administrator within 60 days after receipt of the Plan Administrator's notice of denial of benefits and that failure to make the written appeal within such 60-day period renders the Plan Administrator's determination of such denial final, binding and conclusive.

If the Claimant appeals to the Plan Administrator, the Claimant (or his authorized representative) may submit in writing whatever issues and comments the Claimant (or his authorized representative) feels are pertinent. The Claimant (or his authorized representative) may review pertinent Plan documents. The Plan Administrator shall reexamine all facts related to the appeal and make a final determination as to whether the denial of benefits is justified under the circumstances. The Plan Administrator shall advise the Claimant of its decision within 60 days of his written request for review, unless special circumstances (such as a hearing) would make rendering a decision within the 60-day limit unfeasible. The Claimant must be notified within the 60-day limit if an extension is necessary. The Plan Administrator shall render a decision on a claim for benefits no later than 120 days after the request for review is received.

SECTION 9.06--DELEGATION OF AUTHORITY.

All or any part of the administrative duties and responsibilities under this article may be delegated by the Plan Administrator to a retirement committee. The duties and responsibilities of the retirement committee shall be set out in a separate written agreement.

SECTION 9.07--EXERCISE OF DISCRETIONARY AUTHORITY.

The Employer, Plan Administrator, and any other person or entity who has authority with respect to the management, administration, or investment of the Plan may exercise that authority in its/his full discretion, subject only to the duties imposed under ERISA. This discretionary authority includes, but is not limited to, the authority to make any and all factual determinations and interpret all terms and provisions of the Plan documents relevant to the issue under consideration. The exercise of authority will be binding upon all persons; will be given deference in all courts of law; and will not be overturned or set aside by any court of law unless found to be arbitrary and capricious or made in bad faith.

SECTION 9.08--VOTING AND TENDER OF QUALIFYING EMPLOYER SECURITIES.

(a) Tenders For Employer Securities.

- (1) Notwithstanding any other provision of this Plan to the contrary, if any, but subject to the provisions of paragraphs (2), (3), (4), (5) and (6) of this subsection (a), in the event an offer shall be received by the Trustee (including but not limited to a tender offer or exchange offer within the meaning of the Securities Exchange Act of 1934, as from time to time amended and in effect) to acquire any shares of Qualifying Employer Securities held by the Trustee in the Trust, whether or not allocated to the Account of any Participant (hereinafter referred to as an "Offer"), the Trustee shall have no discretion or authority to sell, exchange or transfer any of such shares pursuant to such Offer except to the extent, and only to the extent, that the Trustee is timely directed to do so in writing (i) with respect to any Qualifying Employer Securities held by the Trustee subject to such Offer and allocated to the Account of any Participant, by each

Participant to whose Account any of such shares are allocated, as a named fiduciary, within the meaning of Section 403(a)(1) of ERISA (referred to in this Section 9.08 as "named fiduciary") and (ii) with respect to any Qualifying Employer Securities held by the Trustee subject to such Offer and not allocated to the Account of any Participant, by each Participant who has Qualifying Employer Securities allocated to his or her Account, as named fiduciary, with respect to an amount of such unallocated Qualifying Employer Securities equal to the total amount of unallocated Qualifying Employer Securities, multiplied by a fraction the numerator of which is the amount of Qualifying Employer Securities allocated to the Participant's Account under the Plan and the denominator of which is the total amount of Qualifying Employers Securities allocated to the Accounts of all Participants under the Plan.

Upon timely receipt of such instructions, the Trustee shall, subject to the provisions of paragraphs (3), (4) and (6) of this subsection (a), sell, exchange or transfer pursuant to such Offer, only such shares as to which such instructions were given. The Trustee shall use its best efforts to communicate or cause to be communicated to each Participant the consequences of any failure to provide timely instructions to the Trustee.

In the event, under the terms of an Offer or otherwise, any shares of Qualifying Employer Securities tendered for sale, exchange or transfer pursuant to such Offer may be withdrawn from such Offer, the Trustee shall follow such instructions respecting the withdrawal of such securities from such Offer in the same manner and the same proportion as shall be timely received by the Trustee from the Participants as named fiduciaries entitled under this paragraph to give instructions as to the sale, exchange or transfer of securities pursuant to such Offer.

- (2) In the event that an Offer for fewer than all of the shares of Qualifying Employer Securities held by the Trustee in the Trust shall be received by the Trustee, each Participant who has been allocated any of such Qualifying Employer Securities subject to such Offer shall be entitled to direct the Trustee as to the acceptance or rejection of such Offer (as provided by paragraph (1) of this subsection (a)) with respect to the largest portion of such Qualifying Employer Securities as may be possible given the total number or amount of shares of Qualifying Employer Securities the Plan may sell, exchange or transfer pursuant to the Offer based upon the instructions received by the Trustee from all other Participants who shall timely instruct the Trustee pursuant to this paragraph to sell, exchange or transfer such shares pursuant to such Offer, each on a pro rata basis in accordance with the number or amount of such shares allocated to their respective Accounts.

- (3) Notwithstanding the provisions of paragraphs (1) and (2) of this subsection to the contrary, in the event that an Offer for fewer than 10 percent of all Qualifying Employer Securities held by the Trustee subject to such Offer held by the Trustee in the Trust shall be received by the Trustee, the Trustee shall determine, in its sole discretion, whether to sell, exchange or transfer any Qualifying Employer Securities pursuant to such Offer, taking into consideration items set forth in paragraph (6) of this subsection (a); provided, however, if there are multiple Offers within any twelve month period (each Offer being for fewer than 10 percent of the Qualifying Employer Securities held by the Trustee), the Trustee shall be required to solicit directions from Participants, as named fiduciaries, pursuant to the provisions of this Section 9.08 with respect to each outstanding Offer that, after taking into account all Qualifying Employer Securities sold, exchanged or transferred in accordance with any other Offer within the preceding 12 months and all outstanding Offers for Qualifying Employer Securities, would result in the sale, exchange or transfer within such 12-month period, in the aggregate with all other outstanding Offers, of more than 10 percent of the Qualifying Employer Securities held by the Trustee if all outstanding Offers were accepted by the Trustee.
- (4) In the event an Offer shall be received by the Trustee and instructions shall be solicited from Participants in the Plan pursuant to paragraph (1) of this subsection (a) regarding such Offer, and prior to termination of such Offer, another Offer is received by the Trustee for the Qualifying Employer Securities subject to the first Offer, the Trustee shall use its best efforts under the circumstances to solicit instructions from the Participants to the Trustee (i) with respect to Qualifying Employer Securities tendered for sale, exchange or transfer pursuant to the first Offer, whether to withdraw such tender, if possible, and, if withdrawn, whether to tender any Qualifying Employer Securities so withdrawn for sale, exchange or transfer pursuant to the second Offer and (ii) with respect to Qualifying Employer Securities not tendered for sale, exchange or transfer pursuant to the first Offer, whether to tender or not to tender such Qualifying Employer Securities for sale, exchange or transfer pursuant to the second Offer. The Trustee shall follow all such instructions received in a timely manner from Participants in the same manner and in the same proportion as provided in subparagraph (a) of this subsection (a). With respect to any further Offer for any Qualifying Employer Securities received by the Trustee and subject to any earlier Offer (including successive Offers from one or more existing offerors), the Trustee shall act in the same manner as described above.
- (5) In the event an Offer for any Qualifying Employer Securities held by the Trustee in the Trust shall be received by the Trustee and the Participants shall be entitled to determine to accept, reject or withdraw an acceptance

of such Offer pursuant to paragraphs (1) through (4) of this subsection (a), (i) the Employer and the Trustee shall not interfere in any manner with the decision of any Participant regarding the action of the Participant with respect to such Offer (hereinafter referred to as an "Investment Decision"), and the Trustee shall arrange for such Investment Decision to be made on a confidential basis; (ii) the Trustee shall use its best efforts to communicate or cause to be communicated to all Participants the provisions of the Plan and Trust Agreement relating to the right of Participants to direct the Trustee with respect to Qualifying Employer Securities subject to such Offer, including unallocated Qualifying Employer Securities, and of the obligation of the Trustee to follow such directions; (iii) the Trustee shall use its best efforts to distribute or cause to be distributed to Participants all communications directed generally to the owners of the Qualifying Employer Securities to whom such Offer is made or is available; and (iv) the Trustee shall use its best efforts to distribute or cause to be distributed to Participants all communications that the Trustee may receive, if any, from the persons making the Offer or any other interested party (including the Employer) relating to the Offer. The Employer and the Plan Administrator shall provide the Trustee with such information and assistance as the Trustee may reasonably request in connection with any communications or distributions to Participants. In no event shall the communications to Participants by the offeror, the Employer or other interested parties or public communications directed generally to the owners of the Qualifying Employer Securities which are the subject of an Offer be deemed to be interference in the making of an Investment Decision by any Participant; provided, however, that ERISA Section 510 shall apply to any communication which threatens or intimates that actions which would violate ERISA Section 510 will or might be taken with respect to any Participant who does not make an Investment Decision in accord with the wishes of the Employer.

- (6) In the event a court of competent jurisdiction shall issue to the Plan, the Employer or the Trustee an opinion or order, which shall, in the opinion of counsel to the Employer or the Trustee, invalidate under ERISA, in all circumstances or in any particular circumstances, any provision or provisions of this subsection (a) regarding the determination to be made as to whether or not Qualifying Employer Securities held by the Trustee shall be tendered pursuant to an Offer or cause any such provision or provisions to conflict with ERISA, then, upon notice thereof to the Employer or the Trustee, as the case may be, such invalid or conflicting provisions of this subsection (a) shall be given no further force or effect. In such circumstances the Trustee shall have no discretion to tender or not to tender Qualifying Employer Securities held in the Trust unless required under such order or opinion, but shall follow instructions received from Participants, to the extent such instructions have not been invalidated by

such order or opinion. To the extent required to exercise any residual fiduciary responsibility with respect to such sale, exchange or transfer, the Trustee shall take into account in exercising its fiduciary judgment, unless it is clearly imprudent to do so, directions timely received from Participants, as such directions are most indicative of what action is in the best interests of Participants. Further, the Trustee, in addition to taking into consideration any relevant financial factors bearing on any such decision, shall take into consideration any relevant non-financial factors, including but not limited to, the continuing job security of Participants as employees of the Employer or any of its subsidiaries, conditions of employment, employment opportunities and other similar matters, and the prospect of the Participants and prospective Participants for future benefits under the Plan (including any subsequent release and allocation of Qualifying Employer Securities held in the Unallocated Reserve).

- (7) Notwithstanding anything elsewhere in this Plan or Trust Agreement to the contrary, any proceeds received by the Trustee as a result of the sale, exchange or transfer of Qualifying Employer Securities pursuant to an Offer shall be reinvested in Qualifying Employer Securities by the Trustee, if such securities are available for purchase and if not, to the extent attributable to unallocated stock in the Unallocated Reserve, shall be used to pay down the Exempt Loan. The balance of the proceeds, if any, and the proceeds attributable to allocated Qualifying Employer Securities shall be invested in short-term, fixed income investments selected by the Trustee and having a maturity of not more than two years from the time such investment is made until the Trustee is otherwise directed by the Plan Administrator or until the Participants to whose accounts such investments are allocated shall be entitled to make investment elections with respect to such accounts in accordance with the Plan.

(b) Voting Employer Securities; Options and Other Rights.

- (1) Notwithstanding any other provision of this Plan to the contrary, if any, the Trustee shall have no discretion or authority to vote Qualifying Employer Securities held in the Trust by the Trustee on any matter presented for a vote by the stockholders of the Employer except in accordance with timely directions received by the Trustee from Participants who have Qualifying Employer Securities allocated to their Accounts under the Plan. Such directions shall be given by Participants acting in their capacity as named fiduciaries with respect to both allocated and unallocated Qualifying Employer Securities and, upon timely receipt of such instructions, the Trustee shall vote the Qualifying Employer Securities held in the Trust pursuant to the directions of Participants giving instructions to the Trustee as set forth below.

- (i) Qualifying Employer Securities in Accounts. Each Participant who has Qualifying Employer Securities allocated to his or her Account shall provide directions to the Trustee on any matter to be presented for a vote by the stockholders of the Employer with respect to Qualifying Employer Securities allocated to the Account of the Participant under the Plan and the Trustee shall follow such directions.

With respect to Qualifying Employer Securities in any Account for which no instructions were timely received by the Trustee, the Trustee shall vote such Qualifying Employer Securities in accordance with the directions of the Participants who gave timely instructions to the Trustee, in the same manner and in the same proportion to the voting of Participants on such Qualifying Employer Securities with respect to which timely instructions were given.

- (ii) Qualifying Employer Securities in the Unallocated Reserve and other Unallocated Qualifying Employer Securities. Each Participant who has been allocated Qualifying Employer Securities to his or her Account shall, as named fiduciary, direct the Trustee with respect to the vote of Qualifying Employer Securities held by the Trustee in the Unallocated Reserve and all other unallocated Qualifying Employer Securities, and the Trustee shall follow the directions of those Participants who provide timely instructions to the Trustee. Each Participant who has been allocated Qualifying Employer Securities to his or her Account entitled to vote on any matter presented for a vote by the stockholders shall separately direct the Trustee with respect to the vote of a portion of the shares of Qualifying Employer Securities that are not allocated to the Account of any Participant or for which no instructions were timely received by the Trustee, whether or not allocated to the Account of any Participant. Such direction shall be with respect to such number of votes equal to the total number of votes attributable to Qualifying Employer Securities not allocated or with respect to which no responses were received multiplied by a fraction the numerator of which is the number of votes attributable to such Qualifying Employer Securities allocated to the Participant's Account and the denominator of which is the total number of votes attributable to such Qualifying Employer Securities allocated to the Account of all such Participants who have provided directions to the Trustee under this subparagraph.
- (iii) The Trustee shall use its best efforts to communicate or cause to be communicated to all Participants the provisions of this Plan and the

Trust Agreement relating to the right of Participants to direct the Trustee with respect to the voting of Qualifying Employer Securities allocated to their Accounts under the Plan and of Qualifying Employer Securities not allocated to the Account of any Participant. The Trustee shall use its best efforts to distribute or cause to be distributed to Participants all communications directed generally to the owners of Qualifying Employer Securities entitled to vote, and the Trustee shall use its best efforts to distribute or cause to be distributed to Participants all communications that the Trustee may receive, if any, from any person soliciting proxies or any other interested party (including the Employer) relating to the matters being presented for a vote by the stockholders of the Employer. The Employer and the Plan Administrator shall provide the Trustee with such information and assistance as the Trustee may reasonably request in connection with any communications or distributions to Participants. In no event shall the communications to Participants with respect to matters being presented for a vote at a meeting of the stockholders of the Employer by the Employer or other interested parties or public communications directed generally to the stockholders of the Employer be deemed to be interference in the making of a decision by any Participant as to the voting of Qualifying Employer Securities; provided, however, that ERISA Section 510 shall apply to any communication which threatens or intimates that actions which would violate ERISA Section 510 will or might be taken with respect to any Participant who does not issue directions to the Trustee in accord with the wishes of the Employer.

- (iv) In the event a court of competent jurisdiction shall issue an opinion or order to the Plan, the Employer or the Trustee which shall, in the opinion of counsel to the Employer or the Trustee, invalidate under ERISA, in all circumstances or in any particular circumstances, any provision or provisions of this subsection (b) regarding the manner in which Qualifying Employer Securities held in the Trust shall be voted or cause any such provision or provisions to conflict with ERISA, then, upon notice thereof to the Employer or the Trustee, as the case may be, such invalid or conflicting provision of this subsection (b) shall be given no further force or effect. In such circumstances the Trustee shall nevertheless have no discretion to vote Qualifying Employer Securities held in the Trust unless required under such order or opinion but shall follow instructions received from Participants, to the extent such instructions have not been invalidated. To the extent required to exercise any residual fiduciary responsibility with respect to voting, the Trustee shall take into account in exercising its fiduciary judgment, unless it is

clearly imprudent to do so, directions timely received from Participants, as such directions are most indicative of what is in the best interests of Participants. Further, the Trustee, in addition to taking into consideration any relevant financial factors bearing on any such decision, shall take into consideration any relevant non-financial factors, including but not limited to, the continuing job security of Participants as employees of the Employer or any of its subsidiaries, conditions of employment, employment opportunities and other similar matters, and the prospect of the Participants and prospective Participants for future benefits under the Plan (including any subsequent release and allocation of Qualifying Employer Securities held in the Unallocated Reserve).

- (2) In the event that any option, right, warrant or similar property derived from or attributable to the ownership of Qualifying Employer Securities shall be granted, distributed or otherwise issued which is and shall become exercisable, each Participant shall be entitled, subject to the provisions set forth below, to direct the Trustee to sell, exercise, distribute or retain any such option, right, warrant or similar property. For such purpose there shall be furnished to each Participant, on a timely and confidential basis, a form to be returned to the Trustee on which he or she may set forth his or her direction whether to sell, exercise, distribute or retain part or all of such option, right, warrant or similar property. Upon timely receipt of such form or other appropriate written direction, the Trustee shall follow such direction to sell, exercise, distribute or retain part or all of any such options, rights, warrants or similar property and, if such direction is to retain the same, the Trustee shall follow any later appropriate written directions to sell, exercise or distribute such options, rights, warrants or similar property upon receipt thereof. If a Participant shall direct the Trustee to exercise part or all of such options, rights, warrants or similar property, the Trustee shall accumulate the amount equal to the consideration necessary to exercise, from among the following sources by obtaining appropriate written direction and authorization from the Participant respecting one or more of (i) if and to the extent necessary, the transfer and use, as he or she may designate, of the balance of his or her Account that is not invested in Qualifying Employer Securities; and (ii) if and to the extent necessary, the sale of part of his or her options, rights, warrants or similar property, and use of the proceeds thereof to exercise the remaining options, rights, warrants or similar property which he or she has directed to be exercised. The securities acquired by the Trustee upon such exercise shall be held in a special account or accounts established in the Trust at that time. If a Participant shall direct the Trustee to distribute to him or her any such options, rights, warrants or similar property, the Trustee shall distribute such options, rights, warrants or similar property provided, as certified by the Plan Administrator, (a) the Participant is age

65 or more or has five or more years of Vesting Service and (b) such distribution will not adversely affect the continued qualified status of the Plan or continued exempt status of the Trust under the Code. If a Participant fails or refuses to file, with the Plan Administrator, an election not to withhold any Federal taxes upon such distribution, the Trustee shall be deemed to be authorized, to the extent necessary, as instructed by the Plan Administrator, to sell part of such options, rights, warrants, or similar property and use the proceeds therefrom to pay all applicable Federal withholding taxes due in connection with such distribution. Upon any such distribution, the Trustee shall report the same to the Plan Administrator to permit compliance with the applicable reporting provisions of the Code. For all Plan purposes, all options, rights, warrants or similar property described in this paragraph (2) of subsection (b) hereof, shall be treated as income added to the appropriate Accounts of Participants. If, within a reasonable period of time after the form soliciting direction from a Participant has been sent, no written direction shall have been received by the Trustee from him or her, the Trustee shall, in its sole discretion, sell, exercise or retain and keep unproductive of income such option, right, warrant or similar property for which no response has been received from such Participant and also for options, rights, warrants or similar property derived from, or attributable to, the ownership of Qualifying Employer Securities not yet allocated to any Participant's Account.

In addition the Trustee shall, in its sole discretion, sell, exercise or retain and keep unproductive of income such option, right, warrant or similar property attributable to unallocated Qualifying Employer Securities held in the Unallocated Reserve or other Account. In the event of a discretionary decision by the Trustee to exercise, the Trustee shall be deemed to be authorized to accumulate the amount equal to the consideration necessary to exercise from any of the sources specified herein and to hold such acquired securities in the Trust as specified herein. In connection with any discretionary decisions by the Trustee to sell, exercise or retain and keep unproductive of income any such option, right, warrant or similar property, the Trustee shall consider, in addition to any relevant financial factors, such as those set out in subparagraph (b)(1)(iv), all as evidenced by the proportion of the directions received from Participants to either sell, exercise or retain such options, rights, warrants or similar property, and shall also consider such other factors as the Trustee may deem relevant.

- (c) Beneficiaries and Alternate Payees. For purposes of this section, references to a Participant include a Beneficiary of a deceased Participant and an Alternate Payee under a qualified domestic relations order.

ARTICLE X  
GENERAL PROVISIONS

SECTION 10.01--AMENDMENTS.

The Employer may amend this Plan at any time, including any remedial retroactive changes (within the time specified by Internal Revenue Service regulations), to comply with any law or regulation issued by any governmental agency to which the Plan is subject.

An amendment may not diminish or adversely affect any accrued interest or benefit of Participants or their Beneficiaries nor allow reversion or diversion of Plan assets to the Employer at any time, except as may be required to comply with any law or regulation issued by any governmental agency to which the Plan is subject.

No amendment to this Plan shall be effective to the extent that it has the effect of decreasing a Participant's accrued benefit. However, a Participant's Account may be reduced to the extent permitted under Code Section 412(c)(8). For purposes of this paragraph, a Plan amendment which has the effect of decreasing a Participant's Account with respect to benefits attributable to service before the amendment shall be treated as reducing an accrued benefit. Furthermore, if the vesting schedule of the Plan is amended, in the case of an Employee who is a Participant as of the later of the date such amendment is adopted or the date it becomes effective, the nonforfeitable percentage (determined as of such date) of such Employee's right to his employer-derived accrued benefit shall not be less than his percentage computed under the Plan without regard to such amendment.

No amendment to the Plan shall be effective to eliminate or restrict an optional form of benefit with respect to benefits attributable to service before the amendment except as provided in the MERGERS AND DIRECT TRANSFERS SECTION of this article and below:

- (a) The Plan is amended to eliminate or restrict the ability of a Participant to receive payment of his Account balance under a particular optional form of benefit and the amendment satisfies the condition in (1) and the Plan satisfies the condition in (2) below:
  - (1) The amendment provides a single sum distribution form that is otherwise identical to the optional form of benefit eliminated or restricted. For purposes of this condition (1), a single sum distribution form is otherwise identical only if it is identical in all respects to the eliminated or restricted optional form of benefit (or would be identical except that it provides greater rights to the Participant) except with respect to the timing of payments after commencement.
  - (2) The Plan provides that the amendment shall not apply to any distribution with an Annuity Starting Date earlier than the earlier of:

- (i) the 90th day after the date the Participant receiving the distribution has been furnished a summary that reflects the amendment and that satisfies the ERISA requirements at 29 CFR 2520.104b-3 relating to a summary of material modifications, or
- (ii) the first day of the second Plan Year following the Plan Year in which the amendment is adopted.

- (b) The Plan is amended to eliminate or restrict in-kind distributions and the conditions in Q&A 2(b)(2)(iii) in section 1.411(d)-4 of the regulations are met.

If, as a result of an amendment, an Employer Contribution is removed that is not 100% immediately vested when made, the applicable vesting schedule shall remain in effect after the date of such amendment. The Participant shall not become immediately 100% vested in such Contributions as a result of the elimination of such Contribution except as otherwise specifically provided in the Plan.

An amendment shall not decrease a Participant's vested interest in the Plan. If an amendment to the Plan, or a deemed amendment in the case of a change in top-heavy status of the Plan as provided in the MODIFICATION OF VESTING REQUIREMENTS SECTION of Article XI, changes the computation of the percentage used to determine that portion of a Participant's Account attributable to Employer Contributions which is nonforfeitable (whether directly or indirectly), each Participant or former Participant

- (c) who has completed at least three Years of Service on the date the election period described below ends (five Years of Service if the Participant does not have at least one Hour-of-Service in a Plan Year beginning after December 31, 1988) and
- (d) whose nonforfeitable percentage will be determined on any date after the date of the change

may elect, during the election period, to have the nonforfeitable percentage of his Account that results from Employer Contributions determined without regard to the amendment. This election may not be revoked. If after the Plan is changed, the Participant's nonforfeitable percentage will at all times be as great as it would have been if the change had not been made, no election needs to be provided. The election period shall begin no later than the date the Plan amendment is adopted, or deemed adopted in the case of a change in the top-heavy status of the Plan, and end no earlier than the 60th day after the latest of the date the amendment is adopted (deemed adopted) or becomes effective, or the date the Participant is issued written notice of the amendment (deemed amendment) by the Employer or the Plan Administrator.

#### SECTION 10.02--DIRECT ROLLOVERS.

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this section, a Distributee may elect, at the time and in the manner

prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

Any distributions made under the SMALL AMOUNTS SECTION of this article (or which are small amounts payments made under Article VIII at complete termination of the Plan) which are Eligible Rollover Distributions and for which the Distributee has not elected to either have such distribution paid to him or to an Eligible Retirement Plan shall be paid to the Distributee.

#### SECTION 10.03--MERGERS AND DIRECT TRANSFERS.

The Plan may not be merged or consolidated with, nor have its assets or liabilities transferred to, any other retirement plan, unless each Participant in the plan would (if the plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit the Participant would have been entitled to receive immediately before the merger, consolidation, or transfer (if this Plan had then terminated). The Employer may enter into merger agreements or direct transfer of assets agreements with the employers under other retirement plans which are qualifiable under Code Section 401(a), including an elective transfer, and may accept the direct transfer of plan assets, or may transfer plan assets, as a party to any such agreement. The Employer shall not consent to, or be a party to a merger, consolidation, or transfer of assets with a defined benefit plan if such action would result in a defined benefit feature being maintained under this Plan.

Notwithstanding any provision of the Plan to the contrary, to the extent any optional form of benefit under the Plan permits a distribution prior to the Employee's retirement, death, disability, or severance from employment, and prior to plan termination, the optional form of benefit is not available with respect to benefits attributable to assets (including the post-transfer earnings thereon) and liabilities that are transferred, within the meaning of Code Section 414(l), to this Plan from a money purchase pension plan qualified under Code Section 401(a) (other than any portion of those assets and liabilities attributable to voluntary employee contributions).

The Plan may accept a direct transfer of plan assets on behalf of an Eligible Employee. If the Eligible Employee is not an Active Participant when the transfer is made, the Eligible Employee shall be deemed to be an Active Participant only for the purpose of investment and distribution of the transferred assets. Employer Contributions shall not be made for or allocated to the Eligible Employee, until the time he meets all of the requirements to become an Active Participant.

The Plan shall hold, administer, and distribute the transferred assets as a part of the Plan. The Plan shall maintain a separate account for the benefit of the Employee on whose behalf the Plan accepted the transfer in order to reflect the value of the transferred assets.

Unless a transfer of assets to the Plan is an elective transfer as described below, the Plan shall apply the optional forms of benefit protections described in the AMENDMENTS SECTION of this article to all transferred assets.

A Participant's protected benefits may be eliminated upon transfer between qualified defined

contribution plans if the conditions in Q&A 3(b)(1) in section 1.411(d)-4 of the regulations are met. The transfer must meet all of the other applicable qualification requirements.

A Participant's protected benefits may be eliminated upon transfer between qualified plans (both defined benefit and defined contribution) if the conditions in Q&A 3(c)(1) in section 1.411(d)-4 of the regulations are met. Beginning January 1, 2002, if the Participant is eligible to receive an immediate distribution of his entire nonforfeitable accrued benefit in a single sum distribution that would consist entirely of an eligible rollover distribution under Code Section 401(a)(31), such transfer will be accomplished as a direct rollover under Code Section 401(a)(31). The rules applicable to distributions under the plan would apply to the transfer, but the transfer would not be treated as a distribution for purposes of the minimum distribution requirements of Code Section 401(a)(9).

#### SECTION 10.04--PROVISIONS RELATING TO THE INSURER AND OTHER PARTIES.

The obligations of an Insurer shall be governed solely by the provisions of the Annuity Contract. The Insurer shall not be required to perform any act not provided in or contrary to the provisions of the Annuity Contract. Each Annuity Contract when purchased shall comply with the Plan. See the CONSTRUCTION SECTION of this article.

Any issuer or distributor of investment contracts or securities is governed solely by the terms of its policies, written investment contract, prospectuses, security instruments, and any other written agreements entered into with the Trustee with regard to such investment contracts or securities.

Such Insurer, issuer or distributor is not a party to the Plan, nor bound in any way by the Plan provisions. Such parties shall not be required to look to the terms of this Plan, nor to determine whether the Employer, the Plan Administrator, the Trustee, or the Named Fiduciary have the authority to act in any particular manner or to make any contract or agreement.

Until notice of any amendment or termination of this Plan or a change in Trustee has been received by the Insurer at its home office or an issuer or distributor at their principal address, they are and shall be fully protected in assuming that the Plan has not been amended or terminated and in dealing with any party acting as Trustee according to the latest information which they have received at their home office or principal address.

#### SECTION 10.05--EMPLOYMENT STATUS.

Nothing contained in this Plan gives an Employee the right to be retained in the Employer's employ or to interfere with the Employer's right to discharge any Employee.

#### SECTION 10.06--RIGHTS TO PLAN ASSETS.

An Employee shall not have any right to or interest in any assets of the Plan upon termination of employment or otherwise except as specifically provided under this Plan, and then only to the extent of the benefits payable to such Employee according to the Plan provisions.

Any final payment or distribution to a Participant or his legal representative or to any Beneficiaries, spouse or Contingent Annuitant of such Participant under the Plan provisions shall be in full satisfaction of all claims against the Plan, the Named Fiduciary, the Plan Administrator, the Insurer, the Trustee, and the Employer arising under or by virtue of the Plan.

SECTION 10.07--BENEFICIARY.

Each Participant may name a Beneficiary to receive any death benefit (other than any income payable to a Contingent Annuitant) that may arise out of his participation in the Plan. The Participant may change his Beneficiary from time to time. Unless a qualified election has been made, for purposes of distributing any death benefits before the Participant's Retirement Date, the Beneficiary of a Participant who has a spouse who is entitled to a Qualified Preretirement Survivor Annuity shall be the Participant's spouse. The Participant's Beneficiary designation and any change of Beneficiary shall be subject to the provisions of the ELECTION PROCEDURES SECTION of Article VI. It is the responsibility of the Participant to give written notice to the Insurer of the name of the Beneficiary on a form furnished for that purpose.

With the Employer's consent, the Plan Administrator may maintain records of Beneficiary designations for Participants before their Retirement Dates. In that event, the written designations made by Participants shall be filed with the Plan Administrator. If a Participant dies before his Retirement Date, the Plan Administrator shall certify to the Insurer the Beneficiary designation on its records for the Participant.

If there is no Beneficiary named or surviving when a Participant dies, the Participant's Beneficiary shall be the Participant's surviving spouse, or where there is no surviving spouse, the executor or administrator of the Participant's estate.

SECTION 10.08--NONALIENATION OF BENEFITS.

Benefits payable under the Plan are not subject to the claims of any creditor of any Participant, Beneficiary, spouse or Contingent Annuitant. A Participant, Beneficiary, spouse or Contingent Annuitant does not have any rights to alienate, anticipate, commute, pledge, encumber, or assign any of such benefits, except in the case of a loan as provided in the LOANS TO PARTICIPANTS SECTION of Article V. The preceding sentences shall also apply to the creation, assignment, or recognition of a right to any benefit payable with respect to a Participant according to a domestic relations order, unless such order is determined by the Plan Administrator to be a qualified domestic relations order, as defined in Code Section 414(p), or any domestic relations order entered before January 1, 1985. The preceding sentences shall not apply to any offset of a Participant's benefits provided under the Plan against an amount the Participant is required to pay the Plan with respect to a judgement, order, or decree issued, or a settlement entered into, on or after August 5, 1997, which meets the requirements of Code Sections 401(a)(13)(C) or (D).

SECTION 10.09--CONSTRUCTION.

The validity of the Plan or any of its provisions is determined under and construed according

to Federal law and, to the extent permissible, according to the laws of the state in which the Employer has its principal office. In case any provision of this Plan is held illegal or invalid for any reason, such determination shall not affect the remaining provisions of this Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had never been included.

In the event of any conflict between the provisions of the Plan and the terms of any Annuity Contract or Insurance Policy issued hereunder, the provisions of the Plan control.

#### SECTION 10.10--LEGAL ACTIONS.

No person employed by the Employer; no Participant, former Participant, or their Beneficiaries; nor any other person having or claiming to have an interest in the Plan is entitled to any notice of process. A final judgment entered in any such action or proceeding shall be binding and conclusive on all persons having or claiming to have an interest in the Plan.

#### SECTION 10.11--SMALL AMOUNTS.

If consent of the Participant is not required for a benefit which is immediately distributable in the ELECTION PROCEDURES SECTION of Article VI, a Participant's entire Vested Account shall be paid in a single sum as of the earliest of his Retirement Date, the date he dies, or the date he ceases to be an Employee for any other reason (the date the Employer provides notice to the record keeper of the Plan of such event, if later). For purposes of this section, if the Participant's Vested Account is zero, the Participant shall be deemed to have received a distribution of such Vested Account. If a Participant would have received a distribution under the first sentence of this paragraph but for the fact that the Participant's consent was needed to distribute a benefit which is immediately distributable, and if at a later time consent would not be needed to distribute a benefit which is immediately distributable and such Participant has not again become an Employee, such Vested Account shall be paid in a single sum. This is a small amounts payment.

If a small amounts payment is made as of the date the Participant dies, the small amounts payment shall be made to the Participant's Beneficiary (spouse if the death benefit is payable to the spouse). If a small amounts payment is made while the Participant is living, the small amounts payment shall be made to the Participant. The small amounts payment is in full settlement of benefits otherwise payable.

No other small amounts payments shall be made.

#### SECTION 10.12--WORD USAGE.

The masculine gender, where used in this Plan, shall include the feminine gender and the singular words, as used in this Plan, may include the plural, unless the context indicates otherwise.

The words "in writing" and "written," where used in this Plan, shall include any other forms, such as voice response or other electronic system, as permitted by any governmental agency to which the Plan is subject.

SECTION 10.13--CHANGE IN SERVICE METHOD.

- (a) Change of Service Method Under This Plan. If this Plan is amended to change the method of crediting service from the elapsed time method to the hours method for any purpose under this Plan, the Employee's service shall be equal to the sum of (1), (2), and (3) below:
- (1) The number of whole years of service credited to the Employee under the Plan as of the date the change is effective.
  - (2) One year of service for the applicable computation period in which the change is effective if he is credited with the required number of Hours-of-Service. If the Employer does not have sufficient records to determine the Employee's actual Hours-of-Service in that part of the service period before the effective date of the change, the Hours-of-Service shall be determined using an equivalency. For any month in which he would be required to be credited with one Hour-of-Service, the Employee shall be deemed for purposes of this section to be credited with 190 Hours-of-Service.
  - (3) The Employee's service determined under this Plan using the hours method after the end of the computation period in which the change in service method was effective.

If this Plan is amended to change the method of crediting service from the hours method to the elapsed time method for any purpose under this Plan, the Employee's service shall be equal to the sum of (4), (5), and (6) below:

- (4) The number of whole years of service credited to the Employee under the Plan as of the beginning of the computation period in which the change in service method is effective.
  - (5) the greater of (i) the service that would be credited to the Employee for that entire computation period using the elapsed time method or (ii) the service credited to him under the Plan as of the date the change is effective.
  - (6) The Employee's service determined under this Plan using the elapsed time method after the end of the applicable computation period in which the change in service method was effective.
- (b) Transfers Between Plans with Different Service Methods. If an Employee has been a participant in another plan of the Employer which credited service under the elapsed time method for any purpose which under this Plan is determined using the hours method, then the Employee's service shall be equal to the sum of (1), (2), and (3) below:

- (1) The number of whole years of service credited to the Employee under the plan as of the date he became an Eligible Employee under this Plan.
- (2) One year of service for the applicable computation period in which he became an Eligible Employee if he is credited with the required number of Hours-of-Service. If the Employer does not have sufficient records to determine the Employee's actual Hours-of-Service in that part of the service period before the date he became an Eligible Employee, the Hours-of-Service shall be determined using an equivalency. For any month in which he would be required to be credited with one Hour-of-Service, the Employee shall be deemed for purposes of this section to be credited with 190 Hours-of-Service.
- (3) The Employee's service determined under this Plan using the hours method after the end of the computation period in which he became an Eligible Employee.

If an Employee has been a participant in another plan of the Employer which credited service under the hours method for any purpose which under this Plan is determined using the elapsed time method, then the Employee's service shall be equal to the sum of (4), (5), and (6) below:

- (4) The number of whole years of service credited to the Employee under the other plan as of the beginning of the computation period under that plan in which he became an Eligible Employee under this Plan.
- (5) The greater of (i) the service that would be credited to the Employee for that entire computation period using the elapsed time method or (ii) the service credited to him under the other plan as of the date he became an Eligible Employee under this Plan.
- (6) The Employee's service determined under this Plan using the elapsed time method after the end of the applicable computation period under the other plan in which he became an Eligible Employee.

If an Employee has been a participant in a Controlled Group member's plan which credited service under a different method than is used in this Plan, in order to determine entry and vesting, the provisions in (b) above shall apply as though the Controlled Group member's plan were a plan of the Employer.

Any modification of service contained in this Plan shall be applicable to the service determined pursuant to this section.

#### SECTION 10.14--MILITARY SERVICE.

Notwithstanding any provision of this Plan to the contrary, the Plan shall provide contributions,

benefits, and service credit with respect to qualified military service in accordance with Code Section 414(u). Loan repayments shall be suspended under this Plan as permitted under Code Section 414(u).

## ARTICLE XI

### TOP-HEAVY PLAN REQUIREMENTS

#### SECTION 11.01--APPLICATION.

The provisions of this article shall supersede all other provisions in the Plan to the contrary.

For the purpose of applying the Top-heavy Plan requirements of this article, all members of the Controlled Group shall be treated as one Employer. The term Employer, as used in this article, shall be deemed to include all members of the Controlled Group, unless the term as used clearly indicates only the Employer is meant.

The accrued benefit or account of a participant which results from deductible employee contributions shall not be included for any purpose under this article.

The minimum vesting and contribution provisions of the MODIFICATION OF VESTING REQUIREMENTS and MODIFICATION OF CONTRIBUTIONS SECTIONS of this article shall not apply to any Employee who is included in a group of Employees covered by a collective bargaining agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and one or more employers, including the Employer, if there is evidence that retirement benefits were the subject of good faith bargaining between such representatives. For this purpose, the term "employee representatives" does not include any organization more than half of whose members are employees who are owners, officers, or executives.

#### SECTION 11.02--DEFINITIONS.

For purposes of this article the following terms are defined:

Aggregation Group means:

- (a) each of the Employer's qualified plans in which a Key Employee is a participant during the Plan Year containing the Determination Date (regardless of whether the plan was terminated) or one of the four preceding Plan Years,
- (b) each of the Employer's other qualified plans which allows the plan(s) described in (a) above to meet the nondiscrimination requirement of Code Section 401(a)(4) or the minimum coverage requirement of Code Section 410, and
- (c) any of the Employer's other qualified plans not included in (a) or (b) above which the Employer desires to include as part of the Aggregation Group. Such a qualified plan shall be included only if the Aggregation Group would continue to satisfy the

requirements of Code Section 401(a)(4) and Code Section 410.

The plans in (a) and (b) above constitute the "required" Aggregation Group. The plans in (a), (b), and (c) above constitute the "permissive" Aggregation Group.

Compensation means compensation as defined in the CONTRIBUTION LIMITATION SECTION of Article III. For purposes of determining who is a Key Employee in years beginning before January 1, 1998, Compensation shall include, in addition to compensation as defined in the CONTRIBUTION LIMITATION SECTION of Article III, elective contributions. Elective contributions are amounts excludible from the gross income of the Employee under Code Sections 125, 402(e)(3), 402(h)(1)(B), or 403(b), and contributed by the Employer, at the Employee's election, to a Code Section 401(k) arrangement, a simplified employee pension, cafeteria plan, or tax-sheltered annuity. Elective contributions also include amounts deferred under a Code Section 457 plan maintained by the Employer.

Determination Date means as to any plan, for any plan year subsequent to the first plan year, the last day of the preceding plan year. For the first plan year of the plan, the last day of that year.

Key Employee means any Employee or former Employee (and the Beneficiaries of such Employee) who at any time during the determination period was:

- (a) an officer of the Employer if such individual's annual Compensation exceeds 50 percent of the dollar limitation under Code Section 415(b)(1)(A),
- (b) an owner (or considered an owner under Code Section 318) of one of the ten largest interests in the Employer if such individual's annual Compensation exceeds 100 percent of the dollar limitation under Code Section 415(c)(1)(A),
- (c) a 5-percent owner of the Employer, or
- (d) a 1-percent owner of the Employer who has annual Compensation of more than \$150,000.

The determination period is the Plan Year containing the Determination Date and the four preceding Plan Years.

The determination of who is a Key Employee shall be made according to Code Section 416(i)(1) and the regulations thereunder.

Non-key Employee means any Employee who is not a Key Employee.

Present Value means the present value of a participant's accrued benefit under a defined benefit plan. For purposes of establishing Present Value to compute the Top-heavy Ratio, any benefit shall be discounted only for 7.5% interest and mortality according to the 1971 Group Annuity Table (Male) without the 7% margin but with projection by Scale E from 1971 to the later of (a) 1974, or (b) the year

determined by adding the age to 1920, and wherein for females the male age six years younger is used.

Top-heavy Plan means a plan which is top-heavy for any plan year beginning after December 31, 1983. This Plan shall be top-heavy if any of the following conditions exist:

- (a) The Top-heavy Ratio for this Plan exceeds 60 percent and this Plan is not part of any required Aggregation Group or permissive Aggregation Group.
- (b) This Plan is a part of a required Aggregation Group, but not part of a permissive Aggregation Group, and the Top-heavy Ratio for the required Aggregation Group exceeds 60 percent.
- (c) This Plan is a part of a required Aggregation Group and part of a permissive Aggregation Group and the Top-heavy Ratio for the permissive Aggregation Group exceeds 60 percent.

Top-heavy Ratio means:

- (a) If the Employer maintains one or more defined contribution plans (including any simplified employee pension plan) and the Employer has not maintained any defined benefit plan which during the five-year period ending on the Determination Date(s) has or has had accrued benefits, the Top-heavy Ratio for this Plan alone or for the required or permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of the account balances of all Key Employees as of the Determination Date(s) (including any part of any account balance distributed in the five-year period ending on the Determination Date(s)), and the denominator of which is the sum of all account balances (including any part of any account balance distributed in the five-year period ending on the Distribution Date(s)), both computed in accordance with Code Section 416 and the regulations thereunder. Both the numerator and denominator of the Top-heavy Ratio are increased to reflect any contribution not actually made as of the Determination Date, but which is required to be taken into account on that date under Code Section 416 and the regulations thereunder.
- (b) If the Employer maintains one or more defined contribution plans (including any simplified employee pension plan) and the Employer maintains or has maintained one or more defined benefit plans which during the five-year period ending on the Determination Date(s) has or has had accrued benefits, the Top-heavy Ratio for any required or permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of the account balances under the aggregated defined contribution plan or plans of all Key Employees determined in accordance with (a) above, and the Present

Value of accrued benefits under the aggregated defined benefit plan or plans for all Key Employees as of the Determination Date(s), and the denominator of which is the sum of the account balances under the aggregated defined contribution plan or plans for all participants, determined in accordance with (a) above, and the Present Value of accrued benefits under the defined benefit plan or plans for all participants as of the Determination Date(s), all determined in accordance with Code Section 416 and the regulations thereunder. The accrued benefits under a defined benefit plan in both the numerator and denominator of the Top-heavy Ratio are increased for any distribution of an accrued benefit made in the five-year period ending on the Determination Date.

- (c) For purposes of (a) and (b) above, the value of account balances and the Present Value of accrued benefits will be determined as of the most recent Valuation Date that falls within or ends with the 12-month period ending on the Determination Date, except as provided in Code Section 416 and the regulations thereunder for the first and second plan years of a defined benefit plan. The account balances and accrued benefits of a participant (i) who is not a Key Employee but who was a Key Employee in a prior year or (ii) who has not been credited with at least an hour of service with any employer maintaining the plan at any time during the five-year period ending on the Determination Date will be disregarded. The calculation of the Top-heavy Ratio and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Code Section 416 and the regulations thereunder. Deductible employee contributions will not be taken into account for purposes of computing the Top-heavy Ratio. When aggregating plans, the value of account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

The accrued benefit of a participant other than a Key Employee shall be determined under (i) the method, if any, that uniformly applies for accrual purposes under all defined benefit plans maintained by the Employer, or (ii) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Code Section 411(b)(1)(C).

SECTION 11.03--MODIFICATION OF VESTING REQUIREMENTS.

If a Participant's Vesting Percentage determined under Article I is not at least as great as his Vesting Percentage would be if it were determined under a schedule permitted in Code Section 416, the following shall apply. During any Plan Year in which the Plan is a Top-heavy Plan, the Participant's Vesting Percentage for Employer Contributions other than ESOP Non-Matching Contributions shall be the greater of the Vesting Percentage determined under Article I or the schedule below.

VESTING SERVICE (whole years)	NONFORFEITABLE PERCENTAGE
Less than 2	0
2	20
3	40
4	60
5	80
6 or more	100

During any Plan Year in which the Plan is a Top-heavy Plan, the Participant's Vesting Percentage for ESOP Non-Matching Contributions shall be the greater of the Vesting Percentage determined under Article I or the schedule below.

VESTING SERVICE (whole years)	NONFORFEITABLE PERCENTAGE
Less than 2	0
2	20
3	40
4	60
5 or more	100

The schedules above shall not apply to Participants who are not credited with an Hour-of-Service after the Plan first becomes a Top-heavy Plan. The Vesting Percentages determined above apply to the portion of the Participant's Account which is multiplied by a Vesting Percentage to determine his Vested Account, including benefits accrued before the effective date of Code Section 416 and benefits accrued before this Plan became a Top-heavy Plan.

If, in a later Plan Year, this Plan is not a Top-heavy Plan, a Participant's Vesting Percentages shall be determined under Article I. A Participant's Vesting Percentages determined under either Article I or the schedule above shall never be reduced and the election procedures of the AMENDMENTS SECTION of Article X shall apply when changing to or from the schedule as though the automatic change were the result of an amendment.

The part of the Participant's Vested Account resulting from the minimum contributions required pursuant to the MODIFICATION OF CONTRIBUTIONS SECTION of this article (to the extent required to be nonforfeitable under Code Section 416(b)) may not be forfeited under Code Section 411(a)(3)(B) or (D).

#### SECTION 11.04--MODIFICATION OF CONTRIBUTIONS.

During any Plan Year in which this Plan is a Top-heavy Plan, the Employer shall make a minimum contribution as of the last day of the Plan Year for each Non-key Employee who is an Employee on the last day of the Plan Year and who was an Active Participant at any time during the Plan Year. A Non-key Employee is not required to have a minimum number of Hours-of-Service or minimum amount of Compensation in order to be entitled to this minimum. A Non-key Employee who fails to be an Active Participant merely because his Compensation is less than a stated amount or merely because of a failure to make mandatory participant contributions or, in the case of a cash or deferred arrangement, elective contributions shall be treated as if he were an Active Participant. The minimum is the lesser of (a) or (b) below:

- (a) 3 percent of such person's Compensation for such Plan Year.
- (b) The "highest percentage" of Compensation for such Plan Year at which the Employer's contributions are made for or allocated to any Key Employee. The highest percentage shall be determined by dividing the Employer Contributions made for or allocated to each Key Employee during the Plan Year by the amount of his Compensation for such Plan Year, and selecting the greatest quotient (expressed as a percentage). To determine the highest percentage, all of the Employer's defined contribution plans within the Aggregation Group shall be treated as one plan. The minimum shall be the amount in (a) above if this Plan and a defined benefit plan of the Employer are required to be included in the Aggregation Group and this Plan enables the defined benefit plan to meet the requirements of Code Section 401(a)(4) or 410.

For purposes of (a) and (b) above, Compensation shall be limited by Code Section 401(a)(17).

If the Employer's contributions and allocations otherwise required under the defined contribution plan(s) are at least equal to the minimum above, no additional contribution shall be required. If the Employer's total contributions and allocations are less than the minimum above, the Employer shall contribute the difference for the Plan Year.

The minimum contribution applies to all of the Employer's defined contribution plans in the aggregate which are Top-heavy Plans. A minimum contribution under a profit sharing plan shall be made without regard to whether or not the Employer has profits.

If a person who is otherwise entitled to a minimum contribution above is also covered under another defined contribution plan of the Employer's which is a Top-heavy Plan during that same Plan Year, any additional contribution required to meet the minimum above shall be provided in this Plan.

If a person who is otherwise entitled to a minimum contribution above is also covered under a defined benefit plan of the Employer's which is a Top-heavy Plan during that same Plan Year, the minimum benefits for him shall not be duplicated. The defined benefit plan shall provide an annual benefit for him on, or adjusted to, a straight life basis equal to the lesser of:

- (c) 2 percent of his average compensation multiplied by his years of service, or
- (d) 20 percent of his average compensation.

Average compensation and years of service shall have the meaning set forth in such defined benefit plan for this purpose.

For purposes of this section, any employer contribution made according to a salary reduction or similar arrangement and employer contributions which are matching contributions, as defined in Code Section 401(m), shall not apply in determining if the minimum contribution requirement has been met, but shall apply in determining the minimum contribution required.

The requirements of this section shall be met without regard to any Social Security contribution.

SECTION 11.05--MODIFICATION OF CONTRIBUTION LIMITATION.

If the provisions of subparagraph (g) of the CONTRIBUTION LIMITATION SECTION of Article III are applicable for any Limitation Year during which this Plan is a Top-heavy Plan, the contribution limitations shall be modified. The definitions of Defined Benefit Plan Fraction and Defined Contribution Plan Fraction in the CONTRIBUTION LIMITATION SECTION of Article III shall be modified by substituting "100 percent" in lieu of "125 percent." In addition, an adjustment shall be made to the numerator of the Defined Contribution Plan Fraction. The adjustment is a reduction of that numerator similar to the modification of the Defined Contribution Plan Fraction described in the CONTRIBUTION LIMITATION SECTION of Article III, and shall be made with respect to the last Plan Year beginning before January 1, 1984.

The modifications in the paragraph above shall not apply with respect to a Participant so long as employer contributions, forfeitures, or nondeductible employee contributions are not credited to his account under this or any of the Employer's other defined contribution plans and benefits do not accrue for such Participant under the Employer's defined benefit plan(s), until the sum of his Defined Contribution and Defined Benefit Plan Fractions is less than 1.0.

This section shall cease to apply effective as of the first Limitation Year beginning on or after January 1, 2000.

By executing this Plan, the Primary Employer acknowledges having counseled to the extent necessary with selected legal and tax advisors regarding the Plan's legal and tax implications.

Executed this 28th day of April, 2003.

CASEY'S GENERAL STORES, INC.

By: /s/ William J. Walljasper  
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Title: Vice President Human Resources

Defined Contribution Plan 8.0

TRUSTAR/sm/ DIRECTED TRUST AGREEMENT

This Agreement is made by and between the undersigned Employer and Delaware Charter Guarantee & Trust Company, a Delaware corporation conducting business under the trade name of Trustar Retirement Services. The Employer has adopted the Plan (as defined in Section .01 hereof) for the benefit of its employees. Any change to the name of the Plan shall not affect this Agreement.

The Employer and the Trustee mutually agree as follows:

SECTION .01 - DEFINITIONS.

For the purposes of this Agreement, capitalized terms in this Agreement shall have the meaning set out in this Section unless otherwise clearly required by context.

"81-100 trust" shall mean the group trust that meets the requirements of Revenue Ruling 81-100.

"Account" shall mean, with regard to each Member, the portion of the Trust Fund that is attributable to that Member.

"Annuity Contract" shall mean an individual or group annuity contract issued by an insurer to the Trustee for the purpose of funding annuity benefits under the Plan.

"Beneficiary" shall mean the person or persons named by a Member to receive any benefits under the Plan when the Member dies.

"Contributions" shall mean (i) the amounts described in the Plan Documents allowable as contributions to the Plan (ii) that are forwarded to the Trustee to be held and invested in the Trust as set forth herein.

"Employer" shall mean the employer identified in Exhibit A attached to this Trust.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, or the corresponding provisions of any successor law.

"IRC" shall mean the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any successor law.

"Insurer" shall mean an insurance company that issues a policy or contract with regard to the Plan and which policy or contract is held in the Trust in the event that any such policy or contract is issued.

"Investment Manager" shall mean an investment manager, as defined in Section 3(38) of ERISA, that has been retained to provide investment advice or management with regard to the Plan. The employer shall give the Trustee notice of the identity of each Investment Manager and of any new or terminating Investment Managers.

"Member" shall mean a participant in the Plan with respect to whom there is an Account, as defined in this Agreement. For the purposes of the operation of this Trust only, the term Member shall also include a person who has an interest in the Trust as the result of an assignment under a Qualified Domestic Relations Order (as defined ERISA Section206(d) and IRC Section414(p)).

"Named Fiduciary" shall mean the person or other entity designated as such in the Plan Documents. The Employer shall give the Trustee notice of the identity of each Named Fiduciary and of any new or terminating Named Fiduciaries. The Trustee shall not be designated as a Named Fiduciary and any attempt to do so shall be void and of no effect.

"Plan" shall mean the employee pension benefit plan (as defined in ERISA Section3(2)(A)) identified in Exhibit A.

"Plan Administrator" shall mean the person or other entity designated as such in the Plan Documents. The Employer shall give the Trustee notice of the identity of the Plan Administrator and of any replacement of the Plan Administrator. The Trustee shall not be designated as Plan Administrator and any attempt to do so shall be void and of no effect.

"Plan Documents" shall mean the documents under which the Plan is established and maintained.

"Plan Year" shall mean the plan year defined in the Plan Documents. The Employer shall give the Trustee Notice of such definition and any changes to it.

"Successor Trustee" shall mean a trustee appointed by the Employer under Section.03 of this Agreement to succeed the Trustee.

"Trust" shall mean the directed trust established as set forth in this document.

"Trust Fund" shall mean the Trust Fund described in Section.02.

"Trustee" shall mean Delaware Charter Guarantee & Trust Company, a Delaware corporation conducting business under the trade name of Trustar/sm/ Retirement Services.

#### SECTION .02 - THE TRUST AND TRUST FUND.

By signing this Agreement, the Employer establishes the Trust to hold and distribute the Trust Fund in accordance with the provisions of the Plan Documents. Except to the extent that ERISA applies, the laws of the State of Delaware shall govern, control, and determine all questions arising with respect to

a Trustee acting pursuant to the provisions of this Agreement, including the validity of its provisions. This Agreement shall be interpreted in a manner consistent with the intent to satisfy the relevant provisions of IRC Section 401(a) and such other provisions of the IRC that apply to the Plan.

The Trust Fund consists of the assets held at any time, and from time to time, by the Trustee under the Trust (including assets held by an 81-100 trust which may be maintained or administered by an Investment Manager, or assets held by a custodian, transfer agent, broker/dealer, or other entity subject to a proper arrangement with the Trustee) and shall consist of contributions received by the Trustee and all manner of investments, and the proceeds thereof, attributable to those contributions. The Trust Fund shall include only those assets that the Trustee accepts and which are actually received by the Trustee. The Trust Fund shall be valued at current fair market value as of the last day of the Plan Year and, at the discretion of the Trustee, may be valued more frequently. The valuation shall take into consideration investment earnings credited, expenses charged, payments made, and changes in the values of the assets held in the Trust Fund. The Account of a Member shall be credited with its share of the gains and losses of the Trust Fund. That part of a Member's Account invested in a funding arrangement or other investment vehicle which establishes an account or accounts for such Member thereunder shall be credited with the gains or losses from such account or accounts. That part of a Member's Account, which is invested in other funding arrangements or other investment vehicles shall be credited with a proportionate share of the gains or losses of such investments. The share shall be determined by multiplying the gain or loss of the investment by the ratio of (i) the part of the Member's Account invested in such funding arrangement or other investment vehicle to (ii) the total of the Trust Fund invested in such funding arrangement or other investment vehicle.

The corpus or income of the Trust Fund shall not be used for, or diverted to, purposes other than for the exclusive benefit of the Members, retired Members, or their Beneficiaries.

#### SECTION .03 - THE TRUSTEE.

The Trustee accepts this appointment by executing this Agreement. The Trustee represents and warrants that it is duly qualified to act in a fiduciary capacity, as Trustee, in accordance with the terms and conditions of this Trust.

The Employer may remove the Trustee upon thirty (30) days prior notice. The Trustee may resign at any time upon thirty (30) days notice to the Employer, or, with the consent of the Employer, the Trustee may resign with less than thirty (30) days prior notice. Upon such removal or resignation of the Trustee, the Employer shall appoint a Successor Trustee who shall have the same powers and duties as those conferred upon the Trustee hereunder. The Successor Trustee must accept such appointment in writing for the appointment to become valid, at which point only will the Trustee's appointment as such be considered to have terminated and the Successor Trustee shall become the Trustee under this Agreement.

If the Successor Trustee fails to accept the appointment, or if the Employer fails to appoint a Successor Trustee within thirty (30) days of the resignation or removal of the Trustee, then the Employer shall

appoint the President, or such other officer of the Employer who is eligible, Successor Trustee and such person shall be deemed to have filed his or her acceptance of appointment as the Successor Trustee.

When appointment has been accepted, or deemed accepted, by a Successor Trustee, the removed or resigning Trustee must assign, transfer, pay over, and deliver to the Successor Trustee all of the Trust Fund, less any unpaid fees or expenses, and such relevant records as the Trustee may possess. No Successor Trustee shall be obliged to examine the accounts, records, and acts of any previous Trustee or Trustees, and such Successor Trustee in no way or manner shall be responsible for any action or omission to act on the part of any previous Trustee.

The Employer shall notify the Insurer of any change of Trustee.

#### SECTION .04 - DUTIES OF THE TRUSTEE.

The Trustee shall accept Contributions forwarded to the Trustee to be held in the Trust and shall hold the Trust Fund and administer it according to the provisions of this Agreement. The Trustee has no duty to demand or require that Contributions be made to the Trust, nor shall the Trustee be liable to determine the amount of any Contributions to the Trust or the adequacy of such Contributions to meet or discharge any liabilities of the Employer or the Plan.

The Plan Administrator administers the Plan. The Trustee is not responsible for any aspect of its administration. A Named Fiduciary may appoint an Investment Manager to manage, including the power to acquire and dispose of, any assets of the Plan. The Trustee is not responsible for any aspect of an Investments Manager's advice, control or management. The Trustee is not required to look into any action taken by the Employer, the Plan Administrator, a Named Fiduciary, a Member, or an Investment Manager, and will be fully protected in taking, permitting, or omitting any action on the basis of their instructions or direction. Any instructions, notice, or direction by the Employer, the Plan Administrator, a Named Fiduciary, a Member, or an Investment Manager, given in accordance with the provisions of the Plan Documents shall be given or made as described in this Agreement; any attempted instruction, direction, or notice made in any other format shall be void and of no effect and the Trustee shall not act on such. The Employer will indemnify the Trustee by satisfying any liabilities the Trustee may incur in acting according to the Trust provisions upon written instruction, direction, or notice from the Employer, the Plan Administrator, a Named Fiduciary, Member, or an Investment Manager.

#### SECTION .05 - DIRECTED POWERS OF THE TRUSTEE.

The Trustee shall have the following powers with respect to the Trust Fund as appropriate under this Agreement and subject to written direction, notice or instruction by the Plan Administrator, Named Fiduciary, Investment Manager, or Member, as appropriate under the Plan Documents. In no event shall the Trustee be required to review such directions or instructions, and the Employer shall indemnify and protect the Trustee from any claims resulting from following such directions. The Trustee shall have the power:

- a) to receive and hold Contributions forwarded to it under this Agreement and to invest the Trust Fund in one or more of the following as directed by the Plan Administrator, a Named Fiduciary, a Member, or an Investment Manager:
- 1) 81-100 trust; provided, however, that as long as the Trustee holds any units in an 81-100 trust hereunder, the instruments establishing and or amending any such 81-100 trust shall be adopted and made part of this Trust as though fully set forth herein;
  - 2) Custodial arrangements;
  - 3) Loans to Members, provided such loans are duly authorized by the Plan Documents and that such authorization meets the requirements of both ERISA and the IRC;
  - 4) Cash or other short-term investments including money market funds;
  - 5) Common or preferred stock of the Employer or an affiliate of the Employer, provided the securities are qualifying employer securities, as defined in ERISA Section 407, and are regularly traded on a national securities exchange ("Qualifying Employer Securities");
  - 6) Annuity Contracts with the Insurer which provide for either guaranteed benefits or the investment of Plan assets in one or more separate accounts maintained by the Insurer, or both;
  - 7) Exchange traded debt and equity securities, mutual fund shares; and
  - 8) Such assets, securities, or investment options as may be necessary to effectuate the purpose of this Trust.
- b) to sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by private contract or at public auction;
- c) to vote on all matters as directed by the Employer or the Member pertaining to all securities and mutual fund shares held in the Trust Fund (other than Qualifying Employer Securities). The Trustee shall vote any securities and mutual fund shares that may be held by it solely as directed by the Employer or the Member in accordance with this Trust Agreement. If the Trustee receives timely directions on how to vote securities or mutual fund shares with regard to fewer than all of the securities or mutual fund shares subject to the vote, the Trustee shall vote such undirected securities or mutual fund shares in the same proportion as those for which it has received timely direction. The Trustee shall be under no duty to investigate any matter relating to a vote and shall have no power or authority to vote other than as set forth in this agreement;
1. if any securities and mutual fund shares are held in an alternate arrangement (other than a self-directed brokerage account), including an 81-100 trust, a sub-trust, ancillary trust

or in a custodial arrangement, to inform the trustee or custodian of such alternate arrangement of the voting directions the Trustee has received with regard to securities or mutual fund shares held in such alternate arrangement and to identify the securities or mutual fund shares with respect to which the Trustee has received partial or no direction or instruction. Those securities shall then be voted in accordance with the documents governing the 81-100 trust, sub-trust, ancillary trust or custodial arrangement. Nothing in this agreement shall be held as changing or affecting such other trusts or agreements. The Trustee shall have no power or authority to act otherwise than as set out in this paragraph with regard to votes on the securities and mutual fund shares described in this paragraph;

2. to vote and tender Qualifying Employer Securities held hereunder in the manner described in the Plan, or if Qualifying Employer Securities are held in a sub-trust or ancillary trust to inform the trustee of the voting directions the Trustee has received and to identify the Qualifying Employer Securities with respect to which the Trustee has received no direction or instruction;
3. to vote and tender securities and mutual fund shares held in a self-directed brokerage account in the manner described in the Plan and any applicable brokerage account agreements;

g) to open such brokerage accounts with a broker/dealer on behalf of the Trust, as may be necessary to effect transactions in securities held in the Trust Fund.

#### SECTION .06 - COMPLEMENTARY POWERS OF THE TRUSTEE.

In exercising its powers under Section 05 of this Agreement and discharging its duties generally under this Agreement, the Trustee shall have the following powers with respect to the Trust Fund:

- a) to employ, and pay reasonable compensation to, agents, brokers, broker/dealers, attorneys, accountants, custodians, sub-trustees, ancillary trustees, or other persons, whose advice or services the Trustee may deem necessary in carrying out its duties and powers under this Agreement;
- b) to make, execute, acknowledge, and deliver any instruments that may be necessary to carry out the powers granted it including, custodial, 81-100 trust, sub-trust or ancillary trust agreements;
- c) to consult with legal counsel, including the Employer's counsel, with respect to the meaning or construction of, or the Trustee's obligations or duties under, the Plan Documents, and Trust, or with respect to any action or proceeding or any question of law. The Trustee shall be fully protected with respect to any action it takes in good faith pursuant to the advice of such counsel;

- d) to enforce any right, obligation, or claim and, in its absolute discretion, to protect in any way the interest of the Trust Fund and, if the Trustee considers such action for the best interests of the Trust Fund, to abstain from the enforcement of any right, obligation, or claim and to abandon any property which it has held;
- e) to institute, maintain, or defend any litigation necessary in connection with the administration of the Trust, provided the Trustee shall be under no duty or obligation to do so unless it shall be indemnified to its satisfaction against all expenses and liabilities which it may sustain or be paid reasonable compensation for its own extraordinary services in connection therewith;
- f) to hold assets in the Trustee's name or in the name of a nominee and to cause assets to be held by such custodian, 81-100 trust, sub-trustee or ancillary trustee, transfer agent, broker/dealer, or other party as appropriate to carrying out the Trustee's duties under this Agreement;
- g) to do all things necessary, in the Trustee's judgement, for the proper performance of the Trustee's duties under this Agreement;
- h) to assume, until advised to the contrary, that the Trust is qualified under IRC Sections 401(a);
- i) to terminate the Plan's participation in an 81-100 trust, sub-trust or ancillary trust, or custodial arrangement if such trust or arrangement limits participation to qualified plans and the Trustee learns of a determination by the Internal Revenue Service or a court of competent jurisdiction that the Plan is no longer qualified or that continued participation in the 81-100 trust, sub-trust or ancillary trust or custodial arrangement would have adverse tax consequences for the Plan; and
- j) to make appropriate custodial arrangements with a benefits paying agent for the payment of benefits under the Plan.

SECTION .07 - EXPENSES.

The Trustee shall be reimbursed by the Employer for all expenses incurred by the Trustee in exercising its powers and carrying out its duties under this Agreement and for such reasonable compensation for the Trustee as may be agreed upon in writing from time to time by the Employer and the Trustee. If, and to the extent, the Employer does not timely pay such expenses and compensation, they shall be paid from the Trust Fund, either as directed by the Employer, Plan Administrator, a Named Fiduciary, or Investment Manager, as appropriate in accordance with the Plan Documents or pro rata with respect to each of the investments of each Member's Account and, within the Member's Account, pro rata with regard to the securities, Mutual fund shares or other investments attributable to that Member's Account including investments in 81-100 trusts, sub-trusts or ancillary trusts, or custodial arrangements. The Trustee may also pay other expenses of the Plan, as directed by the Plan Administrator, a Named Fiduciary, or Investment Manager, as appropriate in accordance with the Plan, from the Trust fund in the same manner as described above. The Trustee is hereby authorized to collect expenses and

compensation as described above.

SECTION .08 - ACCOUNTING.

The Trustee or its designee shall maintain true and accurate records and accounts reflecting all receipts and disbursements of the Trust Fund and containing a description of all Trust Fund assets held hereunder. These records will be open, at the Trustee's regular place of business, to inspection and audit by the Employer, the Plan Administrator, Investment Manager, and a Named Fiduciary at all reasonable times.

Writing (handwriting, typing, printing), photostating, photographing, microfilming, magnetic impulse, mechanical or electrical recording, or other forms of data compilation shall be acceptable means of keeping records.

The Trustee or its designee shall file all reports, returns, and information required to be filed by Trustees under ERISA and the IRC and regulations and rulings issued under ERISA and the IRC.

The Trustee or its designee shall file with the Employer an accounting of its transactions as soon as practical after the first day of each Plan Year or any other date specified. Any such report or accounting is open to inspection by a Member for a period of sixty (60) days following the date it is filed. At the end of the sixty-day period, the Trustee is released and discharged as to any matters set forth in the report or account, except with respect to any act or omission as to which a Member, the Employer, the Plan Administrator, or the Named Fiduciary has filed a written objection within the sixty-day period.

In preparing its reports, the Trustee shall be permitted to rely upon, and deem accurate without the need for independent verification, reports furnished to the Employer, Plan Administrator, or Trustee by the Insurer, any Investment Manager, and any investment fund or custodian.

SECTION .09 - AMENDMENT.

The Employer and the Trustee jointly reserve the right to amend this Agreement by written instrument executed by both parties at any time upon terms mutually acceptable, and effective as agreed by the Employer and the Trustee.

The Trustee may amend this Agreement (including any Exhibits) at any time by written instrument, provided that such amendment is, in the Trustee's opinion, required by applicable law or regulations. Copies of the amended Agreement shall be sent to the Employer by the Trustee or its designee no less than 60 days prior to the effective date of such change set out in the amended Agreement (which shall be effective irrespective of when or whether such copy is received by the Employer).

No amendment described in this Section 09 shall permit any part of the corpus or income of the Trust Fund to be used for, or diverted to, purposes other than for the exclusive benefit of Members, retired Members or their Beneficiaries.

SECTION .10 - TERMINATION.

The Employer reserves the right to terminate this Agreement by a written instrument delivered to the Trustee. This Agreement shall automatically terminate upon the dissolution or liquidation of the Employer unless a successor corporation or business organization agrees in writing to assume the obligations of the Plan and this Trust.

Any Annuity Contract held in the Trust Fund at the time this Trust is terminated shall be transferred to the Employer and the remainder of the assets of the Trust Fund shall be transferred to the person or institution authorized in writing by the Employer to receive such assets.

If the Employer does not direct the transfer of the remainder of the assets of the Trust Fund to a person or institution authorized in writing by the Employer to receive such assets or the Trustee is not informed of the identity of any such person, the Trustee shall seek appointment of an appropriate recipient. The Trustee shall be paid all expenses incurred in doing so.

In the event of the termination of the Trust on account of termination of the Plan, the assets of the Trust Fund shall be applied to provide the benefits specified in the Plan upon termination of the Plan.

SECTION .11 - INSURER.

With regard to any portion of the assets of the Trust Fund consisting of Annuity Contracts issued by an Insurer, such Insurer shall in no event be deemed to be a party to this Trust or to be responsible for its validity. The obligations and responsibilities of the Insurer shall be measured and determined solely by the terms of the Annuity Contract and it shall not be required to do any act not provided in, or any act contrary to, the provisions of such Annuity Contract.

The Insurer shall not be required to look into the terms of this Agreement or question any action of the Trustee, nor shall it be responsible to see that any action of the Trustee is authorized. The Insurer shall act only upon the direction of the Trustee and shall be fully discharged from any and all liability for any amount paid to the Trustee or paid in accordance with the direction of the Trustee or for any change made, or action taken, upon such direction and shall not be obligated to see that any money paid by it to the Trustee or to any person shall be properly distributed or applied. Any instrument executed by the Trustee may be treated as conclusive. The Insurer shall be without liability in taking, permitting, or omitting any action on the faith of any such instrument and shall incur no liability or responsibility for doing so.

Notices, proposed contract amendments, rate or fee changes, or other communications regarding any Annuity Contracts that may be held hereunder will be sent directly to either the Employer or the Trustee. The Trustee shall not take any action with respect to any such notice, proposed amendment, change, or other communication unless the Trustee receives appropriate written direction from the

Employer. Any rights of a contractholder under any such Annuity Contract, including rights to discontinue, amend, or otherwise modify the Annuity Contract shall be exercised only upon the specific written direction of the Employer.

SECTION .12 - LIMITATION ON RIGHTS AND REMEDIES.

In any action or proceeding involving the Trust Fund, or the administration of the Trust Fund, only the Trustee and the Employer shall be the necessary parties. Unless otherwise ordered by the court entertaining jurisdiction thereover, no other person having or claiming to have an interest in the Trust Fund shall be entitled to any notice or service of process. Any final judgment entered in such an action or proceeding shall be conclusive upon all persons claiming under this Agreement.

SECTION .13 - LIMITATION OF TRUSTEE'S LIABILITY.

- a) Any direction, instruction, or notice by the Trustee or to the Trustee by a Member, the Employer, the Plan Administrator, the Investment Manager, a Named Fiduciary, the Insurer, or other person pursuant to any of the provisions of this Plan and Trust shall be in writing and delivered by regular mail, and shall be effective only upon actual receipt. The Employer and the Trustee may agree in writing that any such direction, instruction, or notice may be given by alternative methods, including facsimile transmission, telephone, or electronic transmission to any e-mail address or fax or telephone number and shall, with regard to such alternate means of giving any such direction, instruction, or notice, provide for the use of identifying numbers or procedures that must be followed with regard to the giving of any such direction, instruction, or notice. The Employer shall inform the Plan Administrator, Named Fiduciary, Members, and any Investment Manager of such agreed upon alternative methods. The Trustee shall not be under any duty or obligation to act on any notice, instruction, or direction received in a form other than those agreed upon between the Employer and the Trustee. The Trustee may absolutely rely upon any and all such directions, instructions, or notices reasonably believed by it to be genuine and shall be fully protected in acting in accordance therewith. The Employer agrees to indemnify and hold the Trustee harmless against any loss, cost, claim damage, expense, and liability (including attorney's fees) and other costs it may incur in acting upon such notice, instructions, or directions. Except for the Trustee's own negligence, the Trustee shall incur no liability for any act or failure to act pursuant to this Agreement, unless a higher standard of care is imposed by ERISA.
- b) The Trustee is not liable for the acts or omissions of any Investment Manager, the Employer, the Plan Administrator, or the Insurer, nor is the Trustee under any obligation to invest or otherwise manage any asset of the Plan which is subject to the management of a properly appointed Investment Manager. The Employer, the Plan Administrator, the Trustee, and any properly appointed Investment Manager may execute a letter of agreement as a part of this Plan delineating the duties, responsibilities, fee structure, and liabilities of the Investment Manager with respect to any part of the Trust Fund under the control of the Investment Manager.

- c) The Trustee may assume that the Employer, the Plan Administrator, the Investment Manager, and the Insurer are appropriately discharging their duties under the Plan Documents and this Agreement unless and until it is notified to the contrary in writing by any person known to the Trustee to be a Member in the Plan, the Employer, or a governmental agency with jurisdiction. In the event the Trustee receives said written notice, then the Trustee shall take any actions it deems appropriate, including, if the Trustee so desires, applying to a court of competent jurisdiction and/or Federal regulatory authorities for guidance with respect to disposition of the Trust Fund.
- d) The Trustee shall have no authority or discretion for the management and control of the Trust Fund beyond implementation of instructions, notice, or directions received by the Trustee in accordance with this Agreement, it being contemplated that all Plan assets will be under the control or direction of the Insurer or a properly appointed Investment Manager, or subject to Member, Employer, Plan Administrator, or Named Fiduciary direction. The Trustee shall not be responsible for reviewing reports provided by the Insurer or any Investment Manager. The Trustee will be under no duty of inquiry or review with regard to any direction, instruction, or notice that it may receive in accordance with this Agreement.
- e) The duties and responsibilities of the Trustee shall be limited to those set forth in this Agreement and nothing contained in this Agreement shall be deemed, either expressly or by implication, to impose any additional duties, powers, or responsibilities on the Trustee.

SECTION .14 - SECTION 404(c) COMPLIANCE.

The Trustee shall have no duty or responsibility to review any aspect of the Plan or its administration relating to compliance with ERISA Section 404(c).

SECTION .15 - MISCELLANEOUS.

- a) Third Parties Dealing with Trustee. To the extent permitted by law, no person shall be obliged to see to the application of any money paid or property delivered to the Trustee, nor shall any such person be required to take cognizance of the provisions of this Agreement. In general, each person dealing with the Trustee may act upon any advice, request, or representation in writing by the Trustee, or the Trustee's duly authorized agent, and shall not be liable to any person in so doing.
- b) Certificate of Authority from Third Parties. The Trustee may require delivery to it of a copy of any certificate, notice, or other instrument or information believed by it to be necessary to perform its duties hereunder and may rely and act upon the basis of any such certificate, notice, instrument, or other information furnished to the Trustee which it believes to be reliable and to have been signed, made, or presented by the proper party or parties.

- c) No Liability for Actions of Employer and Plan Administrator. To the extent permitted by law, the Trustee shall not be responsible for any act or omission of the Employer, the Plan Administrator, the Investment Manager, or the Named Fiduciary. The Trustee shall be under no duty to inquire into any rule, regulation, instruction, direction, or order purporting to have been issued by the Employer, the Plan Administrator, the Investment Manager, or Named Fiduciary.
- d) Other. Notwithstanding anything else in this Agreement, the Trustee has the right, but not the obligation, to seek guidance from a court of competent jurisdiction or Federal regulatory authorities with respect to the handling and disposition of the Trust Fund.
- e) Assignment or Alienation. No interest under this Trust may be alienated, anticipated, encumbered or assigned, voluntarily or involuntarily and any such attempted assignment, alienation, anticipation, or encumbrance shall be void and of no effect. Nothing in this Agreement, however, shall prevent an assignment or alienation that the Plan Administrator advises the Trustee is necessary to fulfil the requirements of a Qualified Domestic Relations Order, as defined in ERISA Section206(d) and IRC Section414(p).
- f) No Reversion. Except as may be specifically permitted by the Plan Documents, under no circumstances shall any asset held in the Trust Fund or any Contributions made to the Trust ever revert to or be used or enjoyed by, the Employer or used for any other purpose than the funding or provision of benefits to eligible Members or their Beneficiaries or the satisfaction of other lawful obligations of the Plan prior to the satisfaction of all liabilities under the Plan. The Trustee shall be under no obligation to return any asset of the Trust Fund to the Employer, unless the Trustee has received written certification from the Employer that all Plan liabilities have been satisfied and that the Plan has been terminated or written certification that the amount requested by the Employer is the result of a bona fide mistake of fact described in IRC Section401(a)(2) and is in accord with the provisions of the Plan Documents. The Trustee may rely completely on such written certification.
- g) Construction. This Agreement shall be interpreted in a manner consistent with the requirements of IRC Section401(a), so that the Trust remains tax exempt under IRC Section501. If the terms of this Agreement conflict with relevant terms of ERISA, the IRC, or Delaware law, the requirements of those laws shall be deemed to be part of this Agreement and shall supersede any other provision in this Trust Document that is to the contrary. This Agreement shall be construed as though jointly drafted by the Trustee and the Employer and according to the fair intent of the language as a whole and not for or against anyone. The term "including" shall be construed providing examples only and as being without limitation.
- h) Authority of Individuals. Each individual signing this Agreement represents and warrants that she or he has, individually or in concert with the other persons signing this Agreement on behalf of the same entity, the authority to sign this Agreement and thereby bind that entity to the terms and conditions of this Agreement.

SECTION .16 - EXECUTION.

This Agreement shall be executed in counterparts, each of which shall be deemed an original.

SECTION .17 - WAIVER.

It is understood and agreed that no failure or delay to exercise, nor any single or partial exercise of, any right, power, or privilege given or arising under this Agreement shall operate as a waiver of future rights to exercise any such right, power, or privilege.

SECTION .18 - CHANGE IN PLAN TERMS.

Changes to the Plan Documents or the operation of the Plan shall not serve to increase or decrease the responsibility, duties, or obligations of the Trustee under this Agreement. The Trustee and the Employer may negotiate and make any changes to this Agreement that appropriately reflect such changes. Absent such negotiated changes, the Trustee shall be obligated to no more than continued performance under this Agreement as if the changes to the Plan Documents had not occurred.

IN WITNESS WHEREOF, the undersigned have executed this Agreement to be effective as of the date both the Employer and the Trustee have both signed this Agreement.

FOR THE EMPLOYER  
(Name of Employer)

Name: /s/ William J. Walljasper  
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Title: Vice President Human Resources

Date: April 22, 2003

The undersigned hereby accepts appointment as Trustee hereunder and agrees to be bound by the terms of this Agreement.

ACCEPTANCE OF THE TRUSTEE

Delaware Charter Guarantee & Trust Company, a Delaware corporation conducting business under the trade name of Trustarsm Retirement Services

Name: /s/ Lori N. Richards  
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Title: Director of Finance  
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Dated: April 29, 2003  
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Exhibit A  
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Name of Employer: -----

Name of Plan: -----

SELECTED FINANCIAL DATA  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

## STATEMENT OF INCOME DATA

Years ended April 30,	2003	2002	2001	2000	1999
Net sales	\$ 2,155,606	\$ 2,032,226	\$ 1,904,899	\$ 1,631,158	\$ 1,236,531
Franchise revenue	2,451	3,059	3,767	5,268	5,433
	2,158,057	2,035,285	1,908,666	1,636,426	1,241,964
Cost of goods sold	\$ 1,743,971	\$ 1,658,511	\$ 1,558,147	\$ 1,320,372	\$ 961,192
Operating expenses	290,801	268,766	241,444	205,777	175,419
Depreciation and amortization	47,299	44,702	41,492	38,208	33,941
Interest, net	13,030	12,756	11,998	9,254	7,034
Income before income taxes	\$ 62,956	\$ 50,550	\$ 55,585	\$ 62,815	\$ 64,378
Provision for income taxes	23,420	18,805	20,584	23,367	24,141
Net income	\$ 39,536	\$ 31,745	\$ 35,001	\$ 39,448	\$ 40,237
Net income per share--basic	\$ .80	\$ .64	\$ 0.71	\$ 0.76	\$ 0.76
Net income per share--diluted	\$ .80	\$ .64	\$ 0.71	\$ 0.76	\$ 0.76
Weighted average number of common shares outstanding--basic	49,643	46,553	49,475	51,915	52,665
Weighted average number of common shares outstanding--diluted	49,720	46,692	49,625	52,091	52,931
Dividends paid per common share	\$ .10	\$ 0.085	\$ 0.075	\$ 0.06	\$ 0.06

## BALANCE SHEET DATA

As of April 30,	2003	2002	2001	2000	1999
Current assets	\$ 116,874	\$ 97,619	\$ 106,893	\$ 75,061	\$ 70,207
Total assets	775,325	735,255	693,484	623,565	562,860
Current liabilities	117,338	112,073	102,041	140,651	83,819
Long-term debt	162,394	173,797	183,107	112,896	122,513
Shareholders' equity	404,238	369,219	340,476	308,762	301,868

Management's Discussion and Analysis of  
 FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
 (IN THOUSANDS)

The following tables set forth the Company's net sales and gross profits according to its major revenue categories and average sales and earnings information for corporate and franchise stores.

COMPANY NET SALES AND GROSS PROFITS

Years ended April 30,	2003	2002	2001
<b>Net sales (1)</b>			
<b>Retail sales</b>			
Inside	\$ 825,206	\$ 788,060	\$ 673,494
Gasoline	1,290,094	1,191,157	1,163,026
	\$ 2,115,300	\$ 1,979,217	\$ 1,836,520
<b>Wholesale sales</b>			
Inside	\$ 21,940	\$ 28,046	\$ 32,910
Gasoline	16,578	22,373	32,593
	\$ 38,518	\$ 50,419	\$ 65,503
<b>Gross profits (2)</b>			
<b>Retail sales</b>			
Inside	\$ 306,960	\$ 278,970	\$ 251,878
Gasoline	102,030	90,911	90,447
	\$ 408,990	\$ 369,881	\$ 342,325
<b>Wholesale sales</b>			
Inside	\$ 521	\$ 972	\$ 1,261
Gasoline	639	613	1,065
	\$ 1,160	\$ 1,585	\$ 2,326

SAME-STORE COMPARISONS (3)

Years ended April 30,	2003	2002	2001
<b>Corporate stores</b>			
Average retail sales	\$ 1,659	\$ 1,618	\$ 1,590
Average retail inside sales	648	646	584
Average gross profit on inside items	239	228	218
Average retail sales of gasoline	1,011	972	1,007
Average gross profit on gasoline (4)	74	69	81
Average operating income (5)	82	75	88
Average number of gallons sold	732	755	692
<b>Franchise stores</b>			
Average franchise revenue (6)	\$ 34	\$ 35	\$ 35

- (1) Net sales exclude franchise revenue and charges to franchisees for certain maintenance, transportation, and construction services provided by the Company.
- (2) Gross profits represent net sales less costs of goods sold. Gross profit is given before charge for depreciation and amortization.
- (3) Same-store comparisons include only those stores that had been in operation for at least one full year on April 30 of the fiscal year indicated.
- (4) Retail gasoline profit margins have a substantial impact on the Company's net income. Profit margins on gasoline sales can be adversely affected by factors beyond the control of the Company, including oversupply in the retail gasoline market, uncertainty or volatility in the wholesale gasoline market, and price competition from other gasoline marketers. Any substantial decrease in profit margins on retail gasoline sales or the number of gallons sold could have a material adverse effect on the Company's earnings.
- (5) Average operating income represents retail sales less cost of goods sold, including cost of merchandise, financing costs, and operating expenses attributable to a particular store; it excludes federal and state income taxes, operating expenses of the Company not attributable to a particular store, and payments by the Company to its benefit plans.
- (6) Average franchise revenue includes a royalty fee equal to 3% of gross receipts derived from store sales of nongasoline items, a royalty fee of \$0.018 per gallon on gasoline sales, and sign and facade rental fees.

## Management's Discussion and Analysis of Financial Condition and Results of Operations

Casey's derives its revenue from retail sales of food (including freshly prepared foods such as pizza, doughnuts, and sandwiches), beverages, and nonfood products (including health and beauty aids, tobacco products, automotive products, and gasoline) by corporate stores and wholesale sales of certain merchandise and gasoline to franchise stores. The Company also generates revenues from continuing monthly royalties based on sales by franchise stores; sign and facade rental fees; and the provision of certain maintenance, transportation, and construction services to the Company's franchisees. A typical store generally is not profitable for its first year of operation due to start-up costs and usually will attain representative levels of sales and profits during its third or fourth year of operation.

### FISCAL 2003 COMPARED WITH FISCAL 2002

Net sales for fiscal 2003 increased 6.1% to \$2,155,606, primarily due to a 7.6% increase in gas prices and the net addition of 32 corporate stores. Retail gasoline sales for the fiscal year were \$1,290,094, an increase of 8.3%, and gallons sold increased .7% to 934 million. Retail sales of grocery & other merchandise increased 4.7% to \$825.2 million.

Cost of goods sold as a percentage of sales was 80.9% for fiscal 2003 compared with 81.6% for the prior year. The decrease was caused by an increase in gas margin to 7.9% of sales in fiscal 2003 from 7.6% in fiscal 2002. The grocery & other merchandise margin increased to 31.5% from 30.3%, primarily attributed to the scanning of tobacco products. The prepared food & fountain margin increased to 59.4% in fiscal 2003 from 55.4% the prior year. The improvement was due to buying forward to lower the wholesale cost of cheese, obtaining other products at decreased costs, making price adjustments, introducing new food items, and reducing stales.

Operating expenses increased 8.2% in fiscal 2003, driven by higher insurance costs, increased bank fees resulting from customers' greater use of credit cards, and the larger number of corporate stores. These factors also increased the operating expense ratio to 13.5% of sales in fiscal 2003 from 13.2% the prior year.

Net income increased to \$39,536 in fiscal 2003 from \$31,745 in fiscal 2002. The increase resulted from the combination of higher gasoline and grocery & other merchandise margins.

### FISCAL 2002 COMPARED WITH FISCAL 2001

Net sales for fiscal 2002 increased only 6.7% to \$2,032,226, primarily due to a 15.4% decrease in gas prices and the net addition of 67 corporate stores. Retail gasoline sales for the fiscal year were \$1,191,157, an increase of 2.4%, and gallons sold increased 15.9% to 927.5 million. Retail sales of grocery & other merchandise increased 17% to \$788.1 million.

Cost of goods sold as a percentage of sales was 81.6% for fiscal 2002 compared with 81.8% for the prior year. The slight decrease was caused by the grocery & other merchandise category having a greater percentage of the total gross profit as the gas margin decreased to 7.6% in fiscal 2002 from 7.8% in fiscal 2001 and the grocery & other merchandise margin decreased to 30.3% in fiscal 2002 from 32.4% in fiscal 2001. The prepared food & fountain gross profit margin decreased to 55.4% in fiscal 2002 from 56.3% in the prior year.

Operating expenses increased 11.3% in fiscal 2002, driven by higher insurance costs, by increased bank fees resulting from customers' greater use of credit cards, and by the larger number of corporate stores. Lower gasoline prices increased the operating expense ratio to 13.2% of sales in fiscal 2002 from 12.7% the prior year.

Net income decreased to \$31,745 in fiscal 2002 from \$35,001 in fiscal 2001. The decrease was the result of the combination of lower gasoline and grocery & other merchandise margins and higher expenses.

Inventories increased \$8,726 due to the increase in cigarette inventories of approximately \$3,000, the addition of approximately \$2,500 of novelty items in the store reset, the reduction of the LIFO reserve by \$3,280, and the net addition of 67 corporate stores. These increases were partially offset by a reduction of approximately \$2,400 of gasoline inventories.

Short-term investments decreased \$18,215 as certain investments matured. The proceeds were used for capital expenditures throughout the fiscal year.

## CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those accounting policies that management believes are important to the portrayal of the Company's financial condition and results of operations and require management's most difficult, subjective judgments, often because of the need to estimate the effects of inherently uncertain factors.

Inventory--Inventories are stated at the lower of cost or market. For substantially all Company inventories, cost is determined through the use of the last-in, first-out (LIFO) method applied to inventory values determined primarily by the first-in, first-out (FIFO) cost inventory method for warehouse inventories and the retail inventory method (RIM) for store inventories. RIM is an averaging method widely used in the retail industry because of its practicality.

Under RIM, inventory valuations are at cost and the resulting gross margins are calculated by applying a cost-to-retail ratio to sales. Inherent in the RIM calculations are certain management judgments and estimates, which could affect the ending inventory valuation at cost and the resulting gross margins.

Long-lived Assets--The Company periodically monitors under-performing stores for an indication that the carrying amount of assets may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, including goodwill where applicable, an impairment loss is recognized. Impairment is based on the estimated fair value of the asset. Fair value is based on management's estimate of the amount that could be realized from the sale of assets in a current transaction between willing parties. The estimate is derived from professional appraisals, offers, actual sale or disposition of assets subsequent to year-end, and other indications of asset value. In determining whether an asset is impaired, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets, which for the Company is generally on a store-by-store basis.

Self-insurance--The Company is primarily self-insured for workers' compensation, general liability, and automobile claims. The self-insurance claim liability is determined actuarially based on claims filed and an estimate of claims incurred but not yet reported. Actuarial projections of the losses are employed due to the high degree of variability in the liability estimates. Some factors affecting the uncertainty of claims include the time frame of development, settlement patterns, litigation and adjudication direction, and medical treatment and cost trends. The liability is not discounted.

## LIQUIDITY AND CAPITAL RESOURCES

Due to the nature of the Company's business, most sales are for cash; cash from operations is the Company's primary source of liquidity. The Company finances its inventory purchases primarily from normal trade credit aided by relatively rapid inventory turnover. This turnover allows the Company to conduct its operations without large amounts of cash and working capital. As of April 30, 2003, the Company's ratio of current assets to current liabilities was 1 to 1. Management believes the Company's current \$35,000 bank line of credit together with cash flow from operations will be sufficient to satisfy the working capital needs of its business.

Net cash provided by operations increased 25.1% to \$103,914 during the year ended April 30, 2003, primarily as a result of an increase in net income and a reduction in income taxes receivable. Cash flows used in investing decreased during fiscal 2003 primarily because fewer stores were built. Cash used in financing increased during fiscal 2003 primarily due to the net activity of short-term debt. During fiscal 2003 the Company expended approximately \$63,000 for property and equipment, primarily for the construction and remodeling of corporate stores. The Company anticipates approximately \$70,000 in capital expenditures for fiscal 2004, primarily from existing cash and funds generated by operations.

As of April 30, 2003, the Company had long-term debt of \$162,394 consisting of \$2,250 of 7.70% senior notes, \$30,000 of 7.38% senior notes, \$45,000 of senior notes with interest rates ranging from 6.18% to 7.23%, \$80,000 of 7.89% senior notes, \$4,903 of mortgage notes payable, and \$241 of capital lease obligations.

Interest on the 7.70% senior notes is payable on the 15<sup>th</sup>/ day of each month. Principal of the 7.70% senior notes matures in 40 quarterly installments beginning March 15, 1995. The Company may prepay the 7.70% senior notes in whole or in part at any time in an amount not less than \$1,000 or integral multiples of \$100 in excess thereof at a redemption price calculated in accordance with the Note Agreement dated February 1, 1993 between the Company and the purchaser of the 7.70% senior notes.

Interest on the 7.38% senior notes is payable on the 28<sup>th</sup> day of each June and December. Principal of the 7.38% senior notes matures in 21 semi-annual installments beginning December 28, 2010. The Company may prepay the 7.38% senior notes in whole or in part at any time in an amount of not less than \$1,000 or integral multiples of \$100 in excess thereof at a redemption price calculated in accordance with the Note Agreement dated December 1, 1995 between the Company and the purchaser of the 7.38% senior notes.

Interest on the 6.55% senior notes is payable on the 18<sup>th</sup> day of each March,

June, September, and December. Principal of the 6.55% senior notes matures in 5 annual installments beginning December 18, 1999. The Company may prepay the 6.55% senior notes in whole or in part at any time in an amount of not less than \$1,000 or integral multiples of \$100 in excess thereof at a redemption price calculated in accordance with the Note Agreement dated December 1, 1997 between the Company and the purchaser of the 6.55% senior notes.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The table below presents significant contractual obligations, including interest, of the Company at April 30, 2003: (DOLLARS IN THOUSANDS)

	2004	2005	2006	2007	2008	Thereafter	Total
Senior notes	\$ 20,162	\$ 33,844	\$ 25,049	\$ 23,887	\$ 23,725	\$ 118,127	\$ 244,794
Mortgage notes	12,063	2,484	2,468	173	125	100	17,413
Capital lease obligations	851	185	36	28	21	--	1,121
Operating leases	329	228	206	186	101	198	1,248
	\$ 33,405	\$ 36,741	\$ 27,759	\$ 24,274	\$ 23,972	\$ 118,425	\$ 264,576

Interest on the 6.18% to 7.23% senior notes is payable on the 23rd day of each April and October. Principal of the 6.18% to 7.23% senior notes matures in various installments beginning April 23, 2004. The Company may prepay the 6.18% to 7.23% senior notes in whole or in part at any time in an amount of not less than \$1,000 or integral multiples of \$100 in excess thereof at a redemption price calculated in accordance with the Note Agreement dated April 15, 1999 between the Company and the purchasers of the 6.18% to 7.23% senior notes.

Interest on the 7.89% senior notes is payable on the 15th day of each May and November. Principal of the 7.89% senior notes matures in 7 annual installments beginning May 15, 2004. The Company may prepay the 7.89% senior notes in whole or in part at any time in an amount of not less than \$1,000 or integral multiples of \$100 in excess thereof at a redemption price calculated in accordance with the Note Agreement dated May 1, 2000 between the Company and the purchasers of the 7.89% senior notes.

To date, the Company has funded capital expenditures primarily from the proceeds of the sale of common stock; issuance of the convertible subordinated debentures (converted into shares of common stock in 1994), the senior notes, and a mortgage note; and funds generated from operations. Future capital required to finance operations, improvements, and the anticipated growth in the number of corporate stores is expected to come from cash generated by operations, existing cash, and additional long-term debt or other securities as circumstances may dictate. Future capital needs are not expected to adversely affect liquidity.

Environmental Compliance--The United States Environmental Protection Agency and several states, including Iowa, have established requirements for owners and operators of underground gasoline storage tanks (USTs) with regard to (i) maintenance of leak detection, corrosion protection, and overflow/spill protection systems; (ii) upgrade of existing tanks; (iii) response to a detected leak; (iv) prevention of leakage through tank closings; and (v) required gasoline inventory recordkeeping. Since 1984, new corporate stores have been equipped with noncorroding fiberglass USTs, including many with double-wall construction, overflow protection, and electronic tank monitoring. The Company has an active inspection and renovation program for its older USTs. Of the Company's 2,632 USTs, 2,277 are fiberglass and 355 are steel. Management currently believes that substantially all capital expenditures for electronic monitoring, cathodic protection, and overflow/spill protection to comply with the existing UST regulations have been completed. Additional regulations or amendments to the existing UST regulations could result in future expenditures.

Several of the states in which the Company does business have trust fund programs with provisions for sharing or reimbursing corrective action or remediation costs incurred by UST owners, including the Company. In the years ended April 30, 2003 and 2002, the Company spent approximately \$1,138 and \$757, respectively, for assessments and remediation. Substantially all of these expenditures have been submitted for reimbursement from state-sponsored trust fund programs. As of June 30, 2003, a cumulative total of approximately \$6,600 has been received from such programs. Reimbursements are typically subject to statutory provisions requiring repayment of such funds for noncompliance with upgrade provisions or other applicable laws. The Company had an accrued liability at April 30, 2003 of approximately \$200 for estimated expenses related to anticipated corrective actions or remediation efforts, including relevant legal and consulting costs. Management believes the Company has no material joint and several environmental liability with other parties.

The Company accounts for environmental contamination costs in accordance with the Emerging Issues Task Force (EITF) Issue No. 90-8, Capitalization of Costs to Treat Environmental Contamination. EITF 90-8 allows these costs to be capitalized if the costs extend the life of the asset and if the costs mitigate or prevent environmental contamination that has yet to occur. The Company applies any refunds received under the reimbursement programs as described in Note 9 to these capitalized costs.

Seasonality of Sales--Sales at Casey's General Stores, Inc. historically have been strongest during the Company's first and second fiscal quarters and have become progressively weaker during its third and fourth quarters. In the warmer months of the year, which comprise the Company's first two fiscal quarters, customers tend to purchase greater quantities of gasoline and certain convenience items such as beer, soft drinks, and ice. Difficult weather conditions in any quarter, however, may affect corporate store sales in specific regions and may have an adverse impact on net income for that period.

Inflation--The Company has generally been able to pass along inflationary increases in its costs through increased sales prices of products sold, except in those instances where doing so would have had a material adverse impact on the Company's ability to compete. Management believes inflation has not had a material impact on the operating results of the Company.

Minimum Wage Legislation--Congressional action to increase the federal minimum wage had an impact on the Company's operating results to the extent the increase in labor expenses could not be passed along to customers through price increases. Although the Company has in the past been able to, and will continue to attempt to, pass along increases in operating costs through price increases, there can be no assurance that increases in labor costs can be reflected in prices or that price increases will not diminish customer spending.

Recent Accounting Pronouncements--The Financial Accounting Standards Board (FASB) Emerging Issues Task Force (EITF), a group responsible for promulgating changes to accounting policies and procedures, has issued an accounting pronouncement, EITF Issue No. 01-9, which addresses the recognition, measurement, and income statement classification for certain sales incentives offered by companies in the form of discounts, coupons, or rebates. Implementation of this accounting pronouncement in the first quarter of fiscal 2003 required the Company to make certain reclassifications between total sales and cost of goods sold in the Company's consolidated statements of income. The implementation of EITF Issue No. 01-9 did not have an effect on reported operating income or net earnings. The Company reclassified certain prior period financial statements for comparability purposes, which had the following impact on total sales and cost of goods sold:

(DOLLARS IN THOUSANDS)

	April 30, 2003	April 30, 2002	April 30, 2001
Sales decrease	\$ 2,994	\$ 2,542	\$ 1,952
Cost of goods sold decrease	\$ 2,994	\$ 2,542	\$ 1,952

EITF Issue No. 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor, became effective for the Company on January 1, 2003. This issue addresses the appropriate accounting for cash consideration received from a vendor that is presumed to be a reduction of the prices of the vendor's products or services and should, therefore, be characterized as a reduction in the cost of sales when the related products are sold unless it is a payment for assets or services delivered to the vendor, in which case the cash consideration should be characterized as revenue, or it is a reimbursement of costs incurred to sell the vendor's products, in which case the cash consideration should be characterized as a reduction of that cost. Historically, the Company has recognized those allowances as they were earned. This accounting treatment was consistent with generally accepted accounting principles. For all contracts entered or modified after January 1, 2003, the Company has recognized prospectively and will continue to recognize vendor allowances in accordance with EITF Issue No. 02-16. Net income for fiscal 2003 was not materially affected by the adoption of EITF Issue No. 02-16.

In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 requires a company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/ or normal use of the assets. A corresponding asset, which is depreciated over the life of the asset, is also recorded. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The Company is required to adopt SFAS No. 143 for fiscal years beginning after June 15, 2002. The Company does not expect this adoption to have a material effect on its consolidated financial statements.

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-lived Assets. SFAS No. 144 supersedes SFAS No. 121 and the accounting and reporting provision of APB Opinion No. 30 for the disposal of a segment of a business. SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets and requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the

carrying amount of the asset exceeds the fair value of the asset. SFAS No. 144 requires companies to report discontinued operations separately and extends that reporting to a component of an entity that either has been disposed of (by sale, abandonment, or in a distribution to owners) or is classified as held for sale. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. The Company implemented the statement on May 1, 2002. There was no material impact

on the Company's financial statements as a result of the implementation.

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. Under Statement No. 4, all gains and losses from extinguishment of debt are required to be aggregated and, if material, classified as an extraordinary item. The Company is required to adopt SFAS No. 145 for fiscal years beginning after June 15, 2002. The Company does not expect adoption to have a material effect on its consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. This statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring). Under EITF Issue No. 94-3, a liability for an exit cost was recognized at the date of the company's commitment to an exit plan. SFAS No. 146 requires that the liability for costs associated with an exit or disposal activity be recognized when the liability is incurred. In accordance with SFAS No. 146, store lease exit costs are accrued when a store is closed. SFAS No. 146 also established that the liability should initially be measured and recorded at fair value. SFAS No. 146 may affect the timing of recognizing future store closures, if any, as well as the amounts recognized. The provisions of the statement were effective for exit and disposal activities initiated after December 31, 2002. There was no material impact on the Company's financial statements as a result of the implementation.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation--Transition and Disclosure. SFAS No. 148 amends SFAS No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair-value method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirement of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS No. 148 are effective for financial statements for fiscal years ending after December 15, 2002. The Company accounts for stock-based employee compensation arrangements in accordance with the provisions of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and complies with the disclosure provisions of SFAS No. 123 and SFAS No. 148 in these financial statements.

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities under FASB No. 133, Accounting for Derivative Instruments and Hedging Activities. This statement is primarily effective for contracts entered into or modified after June 30, 2003. The Company does not expect adoption to have a material effect on its consolidated financial statements.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument as a liability when previously it was classified as equity (or an asset in some circumstances).

This statement is effective for financial instruments entered into or modified after May 31, 2003. The Company does not expect adoption to have a material effect on its consolidated financial statements.

Forward-looking Statements--This annual report contains forward-looking statements that anticipate results based on management's plans that are subject to uncertainty. Forward-looking statements do not relate strictly to historical or current facts and may be identified by the use of words like plans, will, anticipates, estimates and other words of similar meaning. These statements may address, among other things, the Company's strategies for growth, product development, market position, expenditures, and financial results.

Forward-looking statements are based on current expectations of future events. The Company cannot guarantee that any forward-looking statements will be accurate, although the Company believes it has been reasonable in its expectations and assumptions. Investors should realize if underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could vary materially from projections. The Company assumes no obligation to update any forward-looking statements as a result of future events or developments.

The Company's annual report on Form 10-K for the year ended April 30, 2003 contains as an exhibit a discussion of various factors that could cause actual results to differ from expectations. The Company notes these factors as permitted by the Private Securities Litigation Reform Act of 1995. Investors are cautioned not to place undue reliance on any forward-looking statements. Investors also should understand it is not possible to predict or identify all such factors and should not consider the exhibit to be a complete statement of all potential risks and uncertainties.

Casey's General Stores, Inc. and Subsidiaries  
 CONSOLIDATED BALANCE SHEETS  
 (IN THOUSANDS, EXCEPT SHARE AMOUNTS)

April 30	2003	2002
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 40,544	\$ 18,946
Short-term investments	--	10
Receivables	5,742	5,127
Inventories (Note 1)	63,009	60,498
Prepaid expenses (Note 5)	4,590	3,816
Income taxes receivable	2,989	9,222
<b>Total current assets</b>	<b>116,874</b>	<b>97,619</b>
<b>Other assets</b>		
Property and equipment, at cost (Note 2)	808	992
Land	166,262	155,794
Buildings and leasehold improvements	386,552	366,328
Machinery and equipment	463,240	429,012
Leasehold interest in property and equipment (Note 6)	9,712	10,446
	1,025,766	961,580
Less accumulated depreciation and amortization	368,123	324,936
<b>Net property and equipment</b>	<b>657,643</b>	<b>636,644</b>
<b>Total assets</b>	<b>\$ 775,325</b>	<b>\$ 735,255</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Note payable to bank (Note 2)	\$ --	\$ 5,275
Current maturities of long-term debt (Note 2)	19,897	9,648
Accounts payable	64,880	69,912
Accrued expenses		
Property taxes	8,011	7,470
Other (Note 9)	24,550	19,768
<b>Total current liabilities</b>	<b>117,338</b>	<b>112,073</b>
Long-term debt, net of current maturities (Note 2)	162,394	173,797
Deferred income taxes (Note 5)	86,871	75,786
Deferred compensation (Note 7)	4,484	4,380
<b>Total liabilities</b>	<b>371,087</b>	<b>366,036</b>
<b>Shareholders' equity (Note 3)</b>		
Preferred stock, no par value, none issued	--	--
Common stock, no par value, 49,669,112 and 49,623,812 shares issued and outstanding at April 30, 2003 and 2002, respectively	40,008	39,562
Retained earnings	364,230	329,657
<b>Total shareholders' equity</b>	<b>404,238</b>	<b>369,219</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 775,325</b>	<b>\$ 735,255</b>

Commitments and contingencies (Notes 6, 8, and 9)

See accompanying Notes to Consolidated Financial Statements.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Casey's General Stores, Inc.:

We have audited the accompanying consolidated balance sheets of Casey's General Stores, Inc. and subsidiaries as of April 30, 2003 and 2002 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended April 30, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Casey's General Stores, Inc. and subsidiaries as of April 30, 2003 and 2002 and the results of their operations and their cash flows for each of the years in the three-year

period ended April 30, 2003 in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP  
KPMG LLP  
Des Moines, Iowa  
June 11, 2003

Consolidated  
 STATEMENTS OF INCOME  
 (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Years ended April 30,	2003	2002	2001
Net sales	\$ 2,155,606	\$ 2,032,226	\$ 1,904,899
Franchise revenue	2,451	3,059	3,767
	2,158,057	2,035,285	1,908,666
Cost of goods sold	1,743,971	1,658,511	1,558,147
Operating expenses	290,801	268,766	241,444
Depreciation and amortization	47,299	44,702	41,492
Interest, net (Note 2)	13,030	12,756	11,998
	2,095,101	1,984,735	1,853,081
Income before income taxes	62,956	50,550	55,585
Provision for income taxes (Note 5)	23,420	18,805	20,584
Net income	\$ 39,536	\$ 31,745	\$ 35,001
Earnings per common share (Notes 3 and 4)			
Basic	\$ .80	\$ 0.64	\$ 0.71
Diluted	\$ .80	\$ 0.64	\$ 0.71

Consolidated  
 STATEMENTS OF SHAREHOLDERS' EQUITY  
 (IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Common stock	Retained earnings	Total
Balance at April 30, 2000	37,930	270,832	308,762
Net income	--	35,001	35,001
Payment of dividends (7.5 cents per share)	--	(3,710)	(3,710)
Proceeds from exercise of stock options (44,000 shares)	374	--	374
Tax benefits related to nonqualified stock options (Note 3)	49	--	49
Balance at April 30, 2001	\$ 38,353	\$ 302,123	\$ 340,476
Net income	--	31,745	31,745
Payment of dividends (8.5 cents per share)	--	(4,211)	(4,211)
Proceeds from exercise of stock options (129,050 shares)	1,051	--	1,051
Tax benefits related to nonqualified stock options (Note 3)	158	--	158
Balance at April 30, 2002	\$ 39,562	\$ 329,657	\$ 369,219
Net income	--	39,536	39,536
Payment of dividends (10 cents per share)	--	(4,963)	(4,963)
Proceeds from exercise of stock options (45,300 shares)	346	--	346
Tax benefits related to nonqualified stock options (Note 3)	100	--	100
Balance at April 30, 2003	\$ 40,008	\$ 364,230	\$ 404,238

See accompanying Notes to Consolidated Financial Statements.

Consolidated  
STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)

Years ended April 30,	2003	2002	2001
<b>Cash flows from operations</b>			
Net income	\$ 39,536	\$ 31,745	\$ 35,001
Adjustments to reconcile net income to net cash provided by operations			
Depreciation and amortization	47,299	44,702	41,492
Deferred income taxes	11,085	12,136	6,000
Changes in assets and liabilities			
Receivables	(615)	63	(1,079)
Inventories	(2,511)	(8,726)	(10,409)
Prepaid expenses	(774)	1,645	284
Accounts payable	(5,032)	2,177	6,776
Accrued expenses	5,323	2,414	2,876
Income taxes	6,333	(5,777)	(5,329)
Other, net	3,270	2,711	2,384
<b>Net cash provided by operations</b>	<b>103,914</b>	<b>83,090</b>	<b>77,996</b>
<b>Cash flows from investing</b>			
Purchase of property and equipment	(62,736)	(97,569)	(81,556)
Purchase of investments	--	--	(34,190)
Maturities of investments	10	17,862	24,087
<b>Net cash used in investing activities</b>	<b>(62,726)</b>	<b>(79,707)</b>	<b>(91,659)</b>
<b>Cash flows from financing</b>			
Proceeds from long-term debt	--	--	80,000
Payments of long-term debt	(9,698)	(9,510)	(10,010)
Net activity of short-term debt	(5,275)	5,275	(45,950)
Proceeds from exercise of stock options	346	1,051	374
Payments of cash dividends	(4,963)	(4,211)	(3,710)
<b>Net cash (used in) provided by financing activities</b>	<b>(19,590)</b>	<b>(7,395)</b>	<b>20,704</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>21,598</b>	<b>(4,012)</b>	<b>7,041</b>
Cash and cash equivalents at beginning of year	18,946	22,958	15,917
<b>Cash and cash equivalents at end of year</b>	<b>\$ 40,544</b>	<b>\$ 18,946</b>	<b>\$ 22,958</b>

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION

Years ended April 30,	2003	2002	2001
<b>Cash paid during the year for</b>			
Interest, net of amount capitalized	\$ 13,331	\$ 13,677	\$ 11,982
Income taxes	6,752	10,847	19,388
<b>Noncash investing and financing activities</b>			
Property and equipment acquired through installment purchases	8,545	365	--
Increase in common stock and increase in income taxes receivable due to tax benefits related to nonqualified stock options (Note 3)	100	158	49

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated  
FINANCIAL STATEMENTS  
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

1. SIGNIFICANT ACCOUNTING POLICIES

Operations--Casey's General Stores, Inc. and subsidiaries (the Company) operates 1,345 convenience stores in 9 midwestern states. At April 30, 2003, the Company owned or leased 1,290 of these stores and 55 stores were owned or leased by franchisees. The stores are located primarily in smaller communities, a majority with populations of less than 5,000. Sales in 2003 were distributed as follows: 61% gasoline, 31% grocery & other merchandise, and 8% prepared food & fountain. The Company's materials are readily available, and the Company is not dependent on a single supplier or only a few suppliers.

Principles of consolidation--The consolidated financial statements include the financial statements of Casey's General Stores, Inc. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of estimates--The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents--Cash equivalents consist of money market funds and a treasury note. The Company considers all highly liquid investments with a maturity at purchase of 3 months or less to be cash equivalents.

Investments--Investments consist of treasury notes and investment-grade bonds. The investments are stated at cost plus accrued interest, which approximates market.

Inventories--Inventories, which consist of merchandise and gasoline, are stated at the lower of cost or market; in-store inventory is determined by the retail method. Cost is determined using the last-in, first-out (LIFO) method. Such inventory value was approximately \$17,800 and \$17,670 below replacement cost as of April 30, 2003 and 2002, respectively.

Depreciation and amortization--Depreciation of property and equipment and amortization of capital lease assets are computed principally by the straight-line method over the following estimated useful lives:

Buildings	25-40 years
Machinery and equipment	5-30 years
Leasehold interest in property and equipment	Lesser of term of lease or life of asset
Leasehold improvements	Lesser of term of lease or life of asset

Excise taxes--Excise taxes approximating \$328,000, \$338,000, and \$289,000 collected from customers on retail gasoline sales are included in net sales for 2003, 2002, and 2001, respectively.

Income taxes--Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Stock option plan--The Company has elected the pro forma disclosure alternative of Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation. The Company will continue applying the accounting treatment prescribed by the provisions of APB Opinion No. 25, Accounting for Stock Issued to Employees. Pro forma net earnings and pro forma net earnings per common share have been provided as if SFAS No. 123 were adopted for all stock-based compensation plans.

Revenue recognition--The Company recognizes retail sales of gasoline, grocery & other merchandise, and prepared food & fountain at the time of sale to the customer. Wholesale sales to franchisees are recognized at the time of delivery to the franchise location. Franchise fees, license fees to franchisees, and rent for franchise facades are recognized monthly when billed to the franchisees. Other maintenance services and transportation charges are recognized at the time the service is provided.

Earnings per common share--Basic earnings per share have been computed by

dividing net income by the weighted average outstanding common shares during each of the years. Calculation of diluted earnings per share treats stock options outstanding as potential common shares.

Environmental remediation liabilities--The Company accounts for environmental remediation liabilities in accordance with the American Institute of Certified Public Accountants' Statement of Position (SOP) 96-1, Environmental Remediation Liabilities. SOP 96-1 requires, among other things, environmental remediation liabilities to be accrued when the criteria of SFAS No. 5, Accounting for Contingencies, have been met.

Derivative instruments--The Company uses a variety of derivative instruments such as options and futures to hedge against the volatility of gasoline cost. The Company is at risk for possible changes in the market value for these derivative instruments. It is anticipated that such risk would be mitigated by price changes in the underlying hedged items. Market risks associated with all of the Company's derivative contracts are reviewed regularly by management.

At April 30, 2003, the Company had accumulated net hedging losses before income taxes of \$55 on its open options and futures contracts. The amount represented their fair value as determined using various indices and dealer quotes. The Company had net hedging losses before income taxes of \$182 at April 30, 2003 on closed options and futures contracts related to hedged transactions occurring in 2003. These derivative contracts are not linked to specific assets or liabilities on the balance sheet or to forecasted transactions in an accounting hedge relationship and therefore do not qualify for hedge accounting. They are carried at fair value with any changes in fair value recorded as part of cost of goods sold in the income statement.

Stock-based compensation--The Company applies APB Opinion No. 25 in accounting for its incentive stock option plan; accordingly, the financial statements recognize no compensation cost for stock options. Had the Company determined compensation cost of its stock options based on the fair value at the grant date under SFAS No. 123, the Company's net income would have been reduced to the pro forma amounts shown in the table below.

Pro forma net income reflects only options granted in the years ended April 30, 2003, 2002, and 2001.

Recent accounting pronouncements The Financial Accounting Standards Board (FASB) Emerging Issues Task Force (EITF), a group responsible for promulgating changes to accounting policies and procedures, has issued an accounting pronouncement, EITF Issue No. 01-9, which addresses the recognition, measurement, and income statement classification for certain sales incentives offered by companies in the form of discounts, coupons, or rebates. Implementation of this accounting pronouncement in the first quarter of fiscal 2003 required the Company to make certain reclassifications between total sales and cost of goods sold in the Company's consolidated statements of income. The implementation of EITF Issue No. 01-9 did not have an effect on reported operating income or net earnings. The Company reclassified certain prior period financial statements for comparability purposes, which had the following impact on total sales and cost of goods sold:

(DOLLARS IN THOUSANDS)

	April 30, 2003	April 30, 2002	April 30, 2001
Sales decrease	\$ 2,994	\$ 2,542	\$ 1,952
Cost of goods sold decrease	\$ 2,994	\$ 2,542	\$ 1,952

EITF Issue No. 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor, became effective for the Company on January 1, 2003. This issue addresses the appropriate accounting for cash consideration received from a vendor that is presumed to be a reduction of the prices of the vendor's products or services and should, therefore, be characterized as a reduction in the cost of sales when the related products are sold unless it is a payment for assets or services delivered to the vendor, in which case the cash consideration should be characterized as revenue, or it is a reimbursement of costs incurred to sell the vendor's products, in which case the cash consideration should be characterized as a reduction of that cost. Historically, the Company has recognized those allowances as they were earned. This accounting treatment was consistent with generally accepted accounting principles. For all contracts entered or modified after January 1, 2003, the Company has recognized prospectively and will continue to recognize vendor allowances in accordance with EITF Issue No. 02-16.

	2003	2002	2001
Net income, as reported	\$ 39,536	\$ 31,745	\$ 35,001
Deducted amount			
Total stock-based employee compensation expense determined by fair-value method for all awards, net of related tax effects	24	687	30
Pro forma net income	\$ 39,512	\$ 31,058	\$ 34,971
Basic earnings per share			
As reported	\$ 0.80	\$ 0.64	\$ 0.71
Pro forma	\$ 0.80	\$ 0.63	\$ 0.71
Diluted earnings per share			
As reported	\$ 0.80	\$ 0.64	\$ 0.71
Pro forma	\$ 0.80	\$ 0.63	\$ 0.71

## Notes to Consolidated Financial Statements

Net income for fiscal 2003 was not materially affected by the adoption of EITF Issue No. 02-16.

In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 requires a company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/ or normal use of the assets. A corresponding asset, which is depreciated over the life of the asset, is also recorded. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The Company is required to adopt SFAS No. 143 for fiscal years beginning after June 15, 2002. The Company does not expect this adoption to have a material effect on its consolidated financial statements.

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-lived Assets. SFAS No. 144 supersedes SFAS No. 121 and the accounting and reporting provision of APB Opinion No. 30 for the disposal of a segment of a business. SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets and requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by Notes to Consolidated Financial Statements the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. SFAS No. 144 requires companies to report discontinued operations separately and extends that reporting to a component of an entity that either has been disposed of (by sale, abandonment, or in a distribution to owners) or is classified as held for sale. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. The Company implemented the statement on May 1, 2002. There was no material impact on the Company's financial statements as a result of the implementation.

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. Under Statement No. 4, all gains and losses from extinguishment of debt are required to be aggregated and, if material, classified as an extraordinary item. The Company is required to adopt SFAS No. 145 for fiscal years beginning after June 15, 2002. The Company does not expect adoption to have a material effect on its consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. This statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring). Under EITF Issue No. 94-3, a liability for an exit cost was recognized at the date of the company's commitment to an exit plan. SFAS No. 146 requires that the liability for costs associated with an exit or disposal activity be recognized when the liability is incurred. In accordance with SFAS No. 146, store lease exit costs are accrued when a store is closed. SFAS No. 146 also established that the liability should initially be measured and recorded at fair value. SFAS No. 146 may affect the timing of recognizing future store closures, if any, as well as the amounts recognized. The provisions of the statement were effective for exit and disposal activities initiated after December 31, 2002. There was no material impact on the Company's financial statements as a result of the implementation.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation--Transition and Disclosure. SFAS No. 148 amends SFAS No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair-value method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirement of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS No. 148 are effective for financial statements for fiscal years ending after December 15, 2002. The Company accounts for stock-based employee compensation arrangements in accordance with the provisions of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and complies with the disclosure provisions of SFAS No. 123 and SFAS No. 148 in these financial statements.

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies financial accounting and reporting

for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities under FASB No. 133, Accounting for Derivative Instruments and Hedging Activities. This statement is primarily effective for contracts entered into or modified after June 30, 2003. The Company does not expect adoption to have a material effect on its consolidated financial statements.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify such a financial instrument as a liability when previously it was classified as equity (or an asset in some circumstances).

This statement is effective for financial instruments entered into or modified after May 31, 2003. The Company does not expect adoption to have a material effect on its consolidated financial statements.

Reclassifications--Certain amounts in the prior years' financial statements have been reclassified to conform to the current year presentation.

## 2. FAIR VALUE OF FINANCIAL INSTRUMENTS, NOTE PAYABLE TO BANK, AND LONG-TERM DEBT

The fair value of the Company's financial instruments is summarized below.

Cash and cash equivalents, investments, receivables, and accounts payable--The carrying amount approximates fair value due to the short maturity of these instruments or the recent purchase of the instruments at current rates of interest.

April 30,	2003	2002
Capitalized lease obligations discounted at 7.3% to 10.8% due in various monthly installments through 2008 (Note 6)	\$ 1,030	\$ 2,113
Mortgage notes payable due in various installments through 2006 with interest at 6.0% to 9.4%	12,411	5,882
7.70% senior notes due in 40 quarterly installments beginning in March 1995	5,250	8,250
7.38% senior notes due in 21 semi-annual installments beginning in December 2010	30,000	30,000
6.55% senior notes due in 5 annual installments beginning in December 1999	3,600	7,200
Senior notes due in various installments from 2004 through 2019 with interest at 6.18% to 7.23%	50,000	50,000
7.89% senior notes due in 7 annual installments beginning in May 2004	80,000	80,000
	182,291	183,445
Less current maturities	19,897	9,648
	\$ 162,394	\$ 173,797

Note payable to bank--The carrying amount approximates fair value due to a variable interest rate on this note. At April 30, 2003, note payable to bank consisted of a \$35,000 line of credit with a 2.13% interest rate and no balance owed. At April 30, 2002, there was a balance owed of \$5,275, which was due on demand. The interest rate was 2.63% at April 30, 2002.

Long-term debt--The fair value of the Company's long-term debt excluding capital lease obligations is estimated based on the current rates offered to the Company for debt of the same or similar issues. The fair value of the Company's long-term debt excluding capital lease obligations was approximately \$221,000 and \$222,000, respectively, at April 30, 2003 and 2002. Interest expense is net of interest income of \$238, \$876, and \$2,554 for the years ended April 30, 2003, 2002, and 2001, respectively. Interest expense in the amount of \$236, \$596, and \$365 was capitalized during the years ended April 30, 2003, 2002, and 2001, respectively.

The table above delineates the Company's long-term debt at carrying value.

Mortgage notes payable include a Secured Promissory Note, Mortgage and Security Agreement with a balance of \$3,623 and \$5,540 at April 30, 2003 and 2002, respectively. The mortgage note has a 15-year term, bears interest at the rate of 9.42%, is payable in monthly installments, and is secured by property with a depreciated cost of approximately \$10,200 at April 30, 2003.

Notes to Consolidated Financial Statements

Various debt agreements contain certain operating and financial covenants. At April 30, 2003, the Company was in compliance with all covenants. Listed below are the aggregate maturities of long-term debt, including capitalized lease obligations, for the 5 years commencing May 1, 2003 and thereafter:

-----	
Years ended April 30,	
-----	
2004	\$ 19,897
2005	25,072
2006	17,769
2007	15,608
2008	16,563
Thereafter	87,382
	-----
	\$ 182,291
	=====

3. PREFERRED AND COMMON STOCK

Preferred stock--The Company has 1,000,000 authorized shares of preferred stock, none of which has been issued.

Common stock--The Company currently has 120,000,000 authorized shares of common stock.

Common share purchase rights--On June 14, 1989, the Board of Directors adopted the Shareholder Rights Plan, providing for the distribution of one common share purchase right for each share of common stock outstanding. The rights generally become exercisable 10 days following a public announcement that 15% or more of the Company's common stock has been acquired or an intent to acquire has become apparent. The rights will expire on the earlier of June 14, 2009 or redemption by the Company.

Certain terms of the rights are subject to adjustment to prevent dilution. Further description and terms of the rights are set forth in the amended Rights Agreement between the Company and UMB Bank, n.a., which serves as Rights Agent.

Stock option plan--Under the Company's incentive stock option plan, options may be granted to certain officers and key employees to purchase an aggregate of 4,560,000 shares of common stock at option prices not less than the fair market value of the stock (110% of fair market value for holders of 10% or more of the Company's stock) at the date the options are granted. Options for 1,219,164 shares were available for grant at April 30, 2003, and options for 1,118,850 shares (which expire between 2004 and 2012) were outstanding. The weighted average fair value of the stock options granted during 2003, 2002, and 2001 was \$2.90, \$3.36, and \$3.63 per share, respectively, on the date of grant. Fair value was calculated using the Black Scholes option-pricing model with the following weighted average assumptions: 2003--expected dividend yield of .97%, risk-free interest rate of 1.7%, estimated volatility of 24%, and an expected life of 5.8 years; 2002--expected dividend yield of .87%, risk-free interest rate of 4.2%, estimated volatility of 25%, and an expected life of 5.4 years; 2001--expected dividend yield of .71%, risk-free interest rate of 4.9%, estimated volatility of 25%, and an expected life of 5 years.

Stock option activity during the periods indicated is as follows:

-----		
	Number of	Weighted
	shares	average
		exercise
		price
-----		
Balance at April 30, 2000	1,053,450	\$ 11.04
Granted	13,000	12.31
Exercised	(44,000)	8.52
Forfeited	(17,000)	14.10
	-----	-----
Balance at April 30, 2001	1,005,450	\$ 11.12
Granted	325,500	11.59
Exercised	(130,300)	8.06
Forfeited	(27,000)	11.76
	-----	-----
Balance at April 30, 2002	1,173,650	\$ 11.61
Granted	13,000	12.58
Exercised	(45,300)	7.64
Forfeited	(22,500)	12.77
	-----	-----
Balance at April 30, 2003	1,118,850	\$ 11.76

At April 30, 2003, the range of exercise prices was \$5.13-\$14.94 and the weighted average remaining contractual life of outstanding options was 5.33 years. The number of shares and weighted average remaining contractual life of the options by range of applicable exercise prices at April 30, 2003 are as follows:

Range of exercise prices	Number of shares	Weighted average exercise price	Weighted average remaining contractual life (years)
\$ 5.13 - 6.80	65,400	\$ 5.48	.82
8.94 - 9.44	31,000	9.03	3.46
10.25 - 10.69	187,000	10.36	2.36
11.20 - 13.07	570,950	11.63	6.51
13.75 - 14.94	264,500	14.89	6.24
	1,118,850		

#### 4. EARNINGS PER SHARE

A summary of the basic and diluted earnings per share computations for the years ended April 30, 2003, 2002, and 2001 is presented below:

	For the year ended 2003			For the year ended 2002			For the year ended 2001		
	Net earnings (numerator)	Shares (denominator)	Per share amount	Net earnings (numerator)	Shares (denominator)	Per share amount	Net earnings (numerator)	Shares (denominator)	Per share amount
Basic earnings per share									
Net earnings available to common shareholders	\$ 39,536	49,642,966	\$ 0.80	\$ 31,745	49,552,612	\$ 0.64	\$ 35,001	49,474,804	\$ 0.71
Effect of stock options	--	76,935	--	--	139,682	--	--	149,967	--
Diluted earnings per share	\$ 39,536	49,719,901	\$ 0.80	\$ 31,745	49,692,294	\$ 0.64	\$ 35,001	49,624,771	\$ 0.71

#### 5. INCOME TAXES

Income tax expense attributable to income from operations is comprised of the following components:

Years ended April 30,	2003	2002	2001
Current tax expense			
Federal	\$ 11,672	\$ 5,588	\$ 13,189
State	1,414	819	1,480
	13,086	6,407	14,669
Deferred tax expense	10,334	12,398	5,915
Total income tax provision	\$ 23,420	\$ 18,805	\$ 20,584

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

Years ended April 30,	2003	2002	2001
Deferred tax assets			
Accrued liabilities	\$ 3,686	\$ 2,935	\$ 3,197
Deferred compensation	1,736	1,708	1,566
Other	656	812	687
Total gross deferred tax assets	\$ 6,078	\$ 5,455	\$ 5,450
Deferred tax liabilities			
Excess of tax over book depreciation	(86,921)	(76,248)	(64,841)
Other	(2,342)	(2,058)	(1,062)
Total gross deferred tax liabilities	(89,263)	(78,306)	(65,903)
Net deferred tax liability	\$ (83,185)	\$ (72,851)	\$ (60,453)

The deferred tax asset relating to accrued liabilities is a current asset and is included with prepaid expenses. Management believes future operations will generate sufficient taxable income to realize the deferred tax assets.

Total reported tax expense applicable to the Company's operations varies from the tax that would have resulted from applying the statutory U.S. federal income tax rates to income before income taxes.

	Years ended April 30,		
	2003	2002	2001
Income taxes at the statutory rates	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	1.5	1.1	1.7
Other	.7	1.1	.3
	37.2%	37.2%	37.0%

## 6. LEASES

The Company leases certain property and equipment used in its operations. Generally, the leases are for primary terms of from 5 to 20 years with options either to renew for additional periods or to purchase the premises and call for payment of property taxes, insurance, and maintenance by the lessee.

The following is an analysis of the leased property under capital leases by major classes:

	Asset balances at April 30,	
	2003	2002
Real estate	\$ 6,061	\$ 6,575
Equipment	3,651	3,871
	9,712	10,446
Less accumulated amortization	8,242	8,031
	\$ 1,470	\$ 2,415

Future minimum payments under the capital leases and noncancelable operating leases with initial or remaining terms of 1 year or more consisted of the following at April 30, 2003:

	Years ended at April 30,	
	Capital leases	Operating leases
2004	\$ 851	\$ 329
2005	185	228
2006	36	206
2007	28	186
2008	21	101
Thereafter	0	198
Total minimum lease payments	\$ 1,121	\$ 1,248
Less amount representing interest	91	
Present value of net minimum lease payments	\$ 1,030	

The total rent expense under operating leases was \$905 in 2003, \$852 in 2002, and \$771 in 2001.

## 7. BENEFIT PLANS

Employee stock ownership plan--The Company has an employees' stock ownership plan and trust (Plan) that covers all employees who meet minimum age and service requirements. Contributions to the Plan can be made by the Company in either cash or shares of common stock. The discretionary contribution is allocated to participants using a formula based on compensation. There was no Plan expense for the years ended April 30, 2003, 2002, and 2001.

On April 30, 2003, the Company had 5,664 full-time employees and 8,724 part-time employees; approximately 3,900 were participants in the Plan. As of that same date, the Trustee of the Plan held 2,147,437 shares of common stock in trust for distribution to eligible participants upon death, disability, retirement, or termination of employment. Shares held by the Plan are treated as outstanding in the computation of earnings per share.

401(k) plan--The Company has a defined contribution 401(k) plan that covers all employees who meet minimum age and service requirements. Employees may make voluntary contributions. The Company contributions consist of matching and discretionary amounts. The Company contributions are allocated based upon employee contributions and compensation. Expense for the 401(k) plan was approximately \$2,024, \$1,949, and \$1,725 for the years ended April 30, 2003, 2002, and 2001, respectively.

KSOP--Effective April 30, 2003 the Company merged its employee stock ownership plan with its defined contribution 401(k) plan. The combined plan covers all employees who meet minimum age and service requirements. The Company contributions consist of matching amounts and are allocated based on employee contributions.

Supplemental executive retirement plan--The Company has a nonqualified supplemental executive retirement plan (SERP) for 3 of its executive officers, one of whom retired April 30, 2003. The SERP provides for the Company to pay annual retirement benefits, depending on retirement dates, up to 50% of base compensation until death of the officer. If death occurs within 20 years of retirement, the benefits become payable to the officer's spouse until the spouse's death or 20 years from the date of the officer's retirement, whichever comes first. The Company is accruing the deferred compensation over the expected term of employment.

#### 8. COMMITMENTS

The Company has entered into employment agreements with 2 of its executive officers. The agreements provide that the 2 officers will receive aggregate base compensation of \$780 per year exclusive of bonuses. These agreements also provide for certain payments in the case of death or disability of the officers.

The Company also has entered into employment agreements with 12 other key employees, providing for certain payments in the event of their termination following a change of control of the Company. The Company has entered into long-term purchase agreements with some of its suppliers. The range of prices and volume of purchases under the agreements may vary according to the Company's demand for the products and fluctuations in market rates. The Company has commitments to purchase approximately \$6,100 of product at set prices through September 2003.

#### 9. CONTINGENCIES

Environmental compliance--The United States Environmental Protection Agency and several states have adopted laws and regulations relating to underground storage tanks used for petroleum products. Several states in which the Company does business have trust fund programs with provisions for sharing or reimbursing corrective action or remediation costs.

Management currently believes that substantially all capital expenditures for electronic monitoring, cathodic protection, and overfill/spill protection to comply with existing regulations have been completed. The Company had an accrued liability at April 30, 2003 and 2002 of approximately \$200 for estimated expenses related to anticipated corrective actions or remediation efforts, including relevant legal and consulting costs. Management believes the Company has no material joint and several environmental liability with other parties.

Additional regulations or amendments to the existing regulations could result in future revisions to such estimated expenditures.

Legal matters--The Company is a defendant in several lawsuits arising in the normal course of business. In the opinion of management, the outcome of such suits is not expected to have a material effect on the financial position of the Company.

Other--At April 30, 2003, the Company was partially self-insured for workers' compensation claims in all 9 states of its marketing territory and was also partially self-insured for general liability and auto liability under an agreement that provides for annual stop-loss limits equal to or exceeding approximately \$1,000. To facilitate this agreement, letters of credit approximating \$6,200 were issued and outstanding at April 30, 2003 on the insurance company's behalf. The Company also has investments of approximately \$1,600 in escrow as required by 1 state for partial self-insurance for workers' compensation claims. Additionally, the Company is self-insured for its portion of employee medical expenses. At April 30, 2003 and 2002, the Company had \$8,100 and \$7,000, respectively, in other accrued expenses for estimated claims relating to self-insurance.

#### 10. QUARTERLY FINANCIAL DATA

(UNAUDITED)

Year ended April 30, 2003	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year Total
Net sales	\$ 550,497	\$ 548,480	\$ 511,948	\$ 544,681	\$ 2,155,606
Gross profit*	106,588	109,749	97,428	97,870	411,635

Net income	\$	12,191	\$	13,445	\$	6,967	\$	6,933	\$	39,536
Earnings per common share										
Basic	\$	0.25	\$	0.27	\$	0.14	\$	0.14	\$	0.80
Diluted	\$	0.25	\$	0.27	\$	0.14	\$	0.14	\$	0.80
Year ended April 30, 2002										
		1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Year Total
Net sales	\$	573,835	\$	551,985	\$	447,891	\$	458,515	\$	2,032,226
Gross profit*		100,443		100,581		83,741		88,950		373,715
Net income	\$	12,708	\$	12,392	\$	2,269	\$	4,376	\$	31,745
Earnings per common share										
Basic	\$	0.26	\$	0.25	\$	0.05	\$	0.09	\$	0.64
Diluted	\$	0.26	\$	0.25	\$	0.05	\$	0.09	\$	0.64

\*Gross profit is given before charge for depreciation and amortization.

## INVESTOR INFORMATION

### COMMON STOCK

Casey's General Stores, Inc. common stock trades on the Nasdaq Stock Exchange under the symbol CASY. The 49.7 million shares of common stock outstanding at April 30, 2003 had a market value of \$632.5 million. As of that same date, there were 2,986 shareholders of record.

### COMMON STOCK MARKET PRICES

Calendar 2001	High	Low
1st Quarter	\$ 14.81	\$ 10.75
2nd Quarter	13.41	10.73
3rd Quarter	14.31	10.91
4th Quarter	15.47	11.00

Calendar 2002	High	Low
1st Quarter	\$ 15.39	\$ 11.76
2nd Quarter	13.90	11.08
3rd Quarter	12.93	9.86
4th Quarter	13.40	9.71

Calendar 2003	High	Low
1st Quarter	\$ 13.03	\$ 10.45
2nd Quarter	14.90	11.85

On July 3, 2003, the last reported sales price of the Company's common stock was \$14.61 per share. On that same date, the market cap was \$725 million.

### DIVIDENDS

The Company began paying cash dividends during fiscal 1991. The dividends paid in fiscal 2003 totaled \$0.10 per share. The Board of Directors recently approved an increase in the quarterly dividend to \$0.035 from \$0.025, payable August 15, 2003 to shareholders of record on August 1, 2003. The Board currently expects to award comparable cash dividends on a quarterly basis in the future.

### DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

This plan, introduced in the fall of 1998, gives holders of Casey's General Stores, Inc. common stock a convenient and economical way of purchasing additional shares at market prices by reinvesting their dividends in full or in part.

Stockholders may also take advantage of the cash payment option to purchase additional shares. Those wishing to enroll should contact the transfer agent and registrar:

Securities Transfer Division  
UMB Bank, n.a.  
P.O. Box 410064  
Kansas City, Missouri 64141

### INVESTOR INQUIRIES

Current or prospective Casey's General Stores, Inc. investors can receive annual reports, proxy statements, Forms 10-K and 10-Q, and earnings announcements at no cost by calling (515) 965-6107 or sending written requests to the following address:

Casey's General Stores, Inc.  
One Convenience Blvd.  
Ankeny, Iowa 50021-8045

Corporate information is also available at [www.caseys.com](http://www.caseys.com). Quarterly conference calls are broadcast live over the Internet via the Investor Relations Web page and made available in archived format. Broadcast times for the quarterly calls will be announced on the Web page and in corresponding press releases.

### ANNUAL MEETING

All shareholders and prospective investors are cordially invited to attend the annual meeting at 9:00 a.m., September 19, 2003 at the corporate headquarters in Ankeny, Iowa.

CONSENT OF INDEPENDENT AUDITORS  
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The Board of Directors  
Casey's General Stores, Inc.:

We consent to incorporation by reference in the Registration Statements (No. 33-19179, 33-42907 and 33-56977) on Form S-8 of Casey's General Stores, Inc. of our report dated June 11, 2003, relating to the consolidated balance sheets of Casey's General Stores, Inc. and subsidiaries as of April 30, 2003 and 2002, and the related consolidated statements of income, shareholders' equity and cash flows for each of the years in the three-year period ended April 30, 2003, which report is incorporated by reference in the April 30, 2003 Annual Report on Form 10-K of Casey's General Stores, Inc.

KPMG LLP

Des Moines, Iowa  
July 28, 2003

Certification of Ronald M. Lamb  
under Section 302 of the  
Sarbanes Oxley Act of 2002

I, Ronald M. Lamb, certify that:

1. I have reviewed this annual report on Form 10-K of Casey's General Stores, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designated under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 28, 2003

/s/ Ronald M. Lamb

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Ronald M. Lamb  
Chief Executive Officer

Certification of Jamie H. Shaffer  
under Section 302 of the  
Sarbanes Oxley Act of 2002

I, Jamie H. Shaffer, certify that:

1. I have reviewed this annual report on Form 10-K of Casey's General Stores, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designated under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 28, 2003

/s/ Jamie H. Shaffer

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Jamie H. Shaffer  
Vice President and  
Chief Financial Officer

CERTIFICATE PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Casey's General Stores, Inc. (the "Company") on Form 10-K for the fiscal year ended April 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ronald M. Lamb, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Ronald M. Lamb

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Ronald M. Lamb  
Chief Executive Officer

July 28, 2003

CERTIFICATE PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Casey's General Stores, Inc. (the "Company") on Form 10-K for the fiscal year ended April 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jamie H. Shaffer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Jamie H. Shaffer

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Jamie H. Shaffer  
Chief Financial Officer

July 28, 2003

CAUTIONARY STATEMENT RELATING  
TO FORWARD-LOOKING STATEMENTS

Casey's General Stores, Inc. (the "Company") may, in discussions of its future plans, objectives, and expected performance in periodic reports filed by the Company with the Securities and Exchange Commission (or documents incorporated by reference therein) and in written and oral presentations made by the Company, include projections or other "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or Section 21E of the Securities Exchange Act of 1934, as amended. These statements reflect the Company's current views with respect to future events and financial performance, and are based on management's beliefs as well as assumptions made by and information currently available to management. The words "believe", "expect," "anticipate," "intends," "estimate," "project" and similar expressions are intended to identify forward-looking statements.

The Company wishes to caution investors that any forward-looking statements made by or on behalf of the Company are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other factors include, but are not limited to, the several factors listed below. Although the Company has attempted to list the important factors that presently affect the Company's business and operating results, the Company wishes to caution investors that other factors may in the future prove to be important in affecting the Company's results of operations. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Investors are further cautioned not to place undue reliance on such forward-looking statements, as they speak only of the Company's views as of the date the statement is made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements, factors that could cause the Company's actual results to differ materially from those contemplated in any forward-looking statements include, among others, the following:

Competition. The Company's business is highly competitive, and marked by ease of entry and constant change in terms of the numbers and type of retailers offering the products and services found in Company stores. Many of the food (including prepared foods) and non-food items similar or identical to those sold by the Company are generally available from a variety of competitors in the communities served by Company stores, and the Company competes with other convenience store chains, gasoline stations, supermarkets, drug stores, discount stores, club stores, mass merchants and "fast-food" outlets (with respect to the sale of prepared foods). Sales of such non-gasoline items (particularly prepared food items) have contributed substantially to the Company's gross profits from retail sales in recent years. Gasoline sales are also intensely competitive. The Company competes with both independent and national brand gasoline stations in the sale of gasoline, other convenience store chains and several non-traditional gasoline retailers such as supermarkets in specific markets. Some of these other gasoline retailers may have access to more favorable arrangements for gasoline supply than do the Company or the firms that supply its stores. Some of the Company's competitors have greater financial, marketing and other resources than the Company, and, as a result, may be able to respond better to changes in the economy and new opportunities within the industry.

Gasoline operations. Gasoline sales are an important part of the Company's sales and earnings, and retail gasoline profit margins have a substantial impact on the Company's net income. Profit margins on gasoline sales can be adversely affected by factors beyond the control of the Company, including the supply of gasoline available in the retail gasoline market, uncertainty or volatility in the wholesale gasoline market, increases in wholesale gasoline costs generally during a period and price competition from other gasoline marketers. The market for crude oil and domestic wholesale petroleum products is marked by significant volatility, and is affected by general political conditions and instability in oil producing regions such as the Middle East and Venezuela. The volatility of the wholesale gasoline market makes it extremely difficult to predict the impact of future wholesale cost fluctuations on the Company's operating results and financial conditions. These factors could materially impact the Company's gasoline gallon volume, gasoline gross profit and overall customer traffic levels at Company stores. Any substantial decrease in profit margins on gasoline sales or in the number of gallons sold by Company stores could have a material adverse effect on the Company's earnings.

The Company purchases its gasoline from a variety of independent national and regional petroleum distributors. Although in recent years the Company's suppliers have not experienced any difficulties in obtaining sufficient amounts of gasoline to meet the Company's needs, unanticipated national and international events could result in a reduction of gasoline supplies available for distribution to the Company. Any substantial curtailment in gasoline supplied to the Company could adversely affect the Company by reducing its gasoline sales. Further, management believes that a significant amount of the Company's business results from the patronage of customers primarily desiring to

purchase gasoline and, accordingly, reduced gasoline supplies could adversely affect the sale of non-gasoline items. Such factors could have a material adverse impact upon the Company's earnings and operations.

**Tobacco Products.** Sales of tobacco products represent a significant portion of the Company's revenues. Significant increases in wholesale cigarette costs and tax increases on tobacco products, as well as national and local campaigns to discourage smoking in the United States, could have an adverse affect on the demand for cigarettes sold by Company stores. The Company attempts to pass price increases onto its customers, but competitive pressures in specific markets may prevent it from doing so. These factors could materially impact the retail price of cigarettes, the volume of cigarettes sold by Company stores and overall customer traffic.

**Environmental Compliance Costs.** The United States Environmental Protection Agency and several of the states in which the Company does business have adopted laws and regulations relating to underground storage tanks used for petroleum products. Substantial costs have been incurred by the Company in the past to comply with such laws and regulations, and additional substantial costs are anticipated to be necessary. Several states in which the Company does business have trust fund programs with provisions for sharing or reimbursing corrective action or remediation costs. Any reimbursements received in respect of such costs typically are subject to statutory provisions requiring repayment of the reimbursed funds for any future non-compliance with upgrade provisions or other applicable laws. Although the Company regularly accrues expenses for the estimated costs related to its future corrective action or remediation efforts, there can be no assurance that such accrued amounts will be sufficient to pay such costs, or that the Company has identified all environmental liabilities at all of its current store locations. In addition, there can be no assurance that the Company will not incur substantial expenditures in the future for remediation of contamination or related claims that have not been discovered or asserted with respect to existing store locations or locations that the Company may acquire in the future, or that the Company will not be subject to any claims for reimbursement of funds disbursed to the Company under the various state programs or that additional regulations, or amendments to existing regulations, will not require additional expenditures beyond those presently anticipated.

**Seasonality of Sales.** Company sales generally are strongest during its first fiscal quarter (May-July) and weakest during its fourth fiscal year (February-April). In the warmer months of a year, customers tend to purchase greater quantities of gasoline and certain convenience items such as beer, soft drinks and ice. Difficult weather conditions in any quarter (such as flooding, prolonged rain or snow storms), however, may adversely affect sales at Company stores in the affected regions, and may have an adverse impact on the Company's net income for that period.

Minimum Wage Legislation. Any appreciable increase in the federal minimum wage rate may have a significant impact on the Company's operating results, particularly in the near term, to the extent the increase in labor expenses cannot be fully passed along to customers through price increases. Although the Company has in the past been able to, and will continue to attempt to, pass along increases in operating costs through price increases, there can be no assurance that all increases in labor costs can be reflected in prices, or that price increases will be absorbed by customers without diminishing customer spending in Company stores.