

PAID VACATION PROGRAM

This program allows partners to earn paid vacation time on a weekly basis. Partners who work at least 25 hours per week are enrolled after one year of service. Providing quality customer service is one of our primary goals therefore all vacation time off must be approved by your supervisor. It should not be taken at a time that would be disruptive to the shop or customers.

Benefit hours available will be printed on your pay stub when eligible:

*Benefit hours are earned weekly based on actual hours worked + tenure.

*Hours earned are reported as "Benefit Time" on your pay stub.

*Benefit Time Available may be taken pending Supervisor approval.

Benefit hours may be carried over to next year:

*Maximum carry over equals 2X your annual benefit hour entitlement

*Amount over maximum will be lost.

Benefit hours are revocable by the Company if:

*Involuntarily terminated due to dishonesty or policy violations.

*Voluntarily terminate employment without giving proper notice.

PARTNER MATCHING GIFT

Stewart's will match partner donations to approved non-profit organizations, if it is a charity that we are not currently substantially supporting. Stewart's contributes 5% of our profits annually to charitable organizations in our local communities. Our budget for 2010 is \$2.25 million. We like to reinforce our partners' commitment to philanthropy and tend to be more generous with our donations to groups in which they are involved. If you have any questions, call Amy @ ext 2105.

FAMILY AND MEDICAL LEAVE ACT

Allows eligible partners, with one year service and 1250 hours, to take up to 12 weeks unpaid leave for specified family, military and medical reasons. A poster providing more information is located in each shop.

SHORT TERM DISABILITY BENEFITS

Payments for disability due to illness, injury or maternity:
*2/3 of average weekly wage (8 weeks) up to a maximum of \$170/week.

*Payable for a maximum of 26 weeks

*All claims must be attested to by a licensed physician.

*Coverage begins on 8th day absent from work. If absence continues over 14 days, coverage goes back to day 1.

*Claim forms may be obtained from Personnel Department.

WORKERS COMPENSATION INSURANCE

Payments for lost wages and/or medical expenses if you are injured on the job:

*100% Company paid

*2/3 of your average wkly wage (52 weeks) up to a maximum of \$600/week.

*Must notify the Personnel Department immediately to report an accident.

*Coverage begins on the 8th day absent from work if out over 14 days coverage goes back to day 1.

*Stewart's will file the claim on your behalf.

*New State legislation has made fraud a Class E felony, punishable by fines and/or prison time.

MAKE YOUR OWN SCHOLARSHIP

In 1999, Philly Dake established this program to provide college scholarships. Any immediate family member of a current Stewart's partner with three years of service is eligible. In 2009, \$299,000 was awarded to 77 students. Since 1999, the program has provided almost \$2.2 million to students in the Stewart's family.

In October of each year, a request for application is sent out with each partner's paycheck and contains a more in depth explanation of the program and eligibility requirements.

COMPANY/DISTRICT POLICY NOTES

Fairness: Because we work in small groups, problems such as alcohol/substance abuse, absences/tardiness, sexual harassment, profanity, bigotry, or theft are obviously not appropriate and will be disciplined up to and including termination because of the negative impact they have on fellow partners.

Tobacco and Alcohol Sales: A picture ID is consistently required for proof of age to buy alcohol or cigarettes for anyone who appears to be under 30. The following forms of ID are acceptable: a valid driver's license (with photo), a New York State non-driver's ID, a military ID or a passport. It's for everyone's protection. You jeopardize your job and the shop's license to sell if you fail to follow this policy. Underage drinking and smoking are serious social problems that have police and society's attention. Stinging operations are conducted by State, local officials and Stewart's where you may be arrested if you fail to verify age and end up selling to a minor. Beer cannot be consumed on our property.

Smoking: Our shops are classified as food stores where the N.Y. State law does not allow smoking. We are a smokeless workplace because of the penalties involved with the law.

Breaks: Most partners prefer picking their own break times rather than a specified time off the clock. This allows pay for full time at work. You get 8 hours pay for 8 hours on the job; rather than 8 hours pay for 8.5 hours at work with a specified break period. It allows you the flexibility to break up the day while keeping good customer service. Customers get very frustrated when they can't get service and partners are on break.

Discounts: 50% off on Stewart's private label products consumed at the shop, while on duty or break; and 10% off on all other products except everything in entertainment, gas, cartons of cigarettes at State minimum pricing, 2 for tobacco products or promotions. Register receipts should be initialed and put in shop designated spot for proper record keeping.

Uniforms add to your professionalism and let customers readily know who to deal with when they have questions. Stewart's provides hats, name badges, ribbons, shirts, and aprons to get you that edge. Keeping everything in top notch shape makes a favorable impression and gets every customer transaction off on the right foot. Hats are required by State regulations.

STATE UNEMPLOYMENT INSURANCE

Benefits are paid based on reason for termination. Voluntary departure, policy violations, missing work shifts, theft, and insubordination may not qualify an individual to collect. Claiming unemployment insurance fraudulently is a serious offense and can lead to severe penalties, including criminal prosecution and imprisonment. **Our employer ID# is 54110564**

SUPPLEMENTAL INFORMATION FOR EACH OF OUR PLANS

Name of Plan	Type	No.	Year
Group Health Insurance Plan	Welfare	505	Jan-Dec
Stewart's ESOP	Pension	001	Jan-Dec

<u>Participating Employers</u> Stewart's Shops Corp	Employer ID# 14-132 3607
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Plan Administrator(and agent
for service of legal process)
Stewart's Shops Corp
P.O. Box 435
Saratoga Springs, NY 12866
(518)581-1201

<u>ST Disability Ins./Workers Comp</u> RMSCO, Inc 80 Wolf Road Albany, NY 12205 self-insured	<u>Vermont Workers Comp</u> Ace Property & Casualty P. O. Box 31186 Tampa, FL 33631
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<u>Employee Stock Ownership Trust</u> <u>Administrative Committee:</u> (and agent for service of legal process) Richard E. Dunn Mike Harran John Barnes	Dave Caruso Nancy Trimbur David Farr	Chad Fowler Tony Carnevale
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Delta Dental Plan
1 Delta Drive
Mechanicsburg, PA 17055
(800) 932-0783
Group #1353

Claim for Benefits: Claim for benefits must be filed on forms available in the Personnel Dept. In the event a claim for benefits is denied, a written notice will be given to the claimant within 90 days. The claimant may request a review of the decision within 60 days thereafter.

Operation of Plans: This booklet is intended only as a brief description of the Plans. The actual Plan documents rule in all cases. Stewart's Board of Directors may terminate or modify any partner benefit plan, described in this booklet, by a formally approved resolution at a regularly constituted Board meeting held in accordance with the established process of the Board.

STATEMENT OF ERISA RIGHTS

As a participant in each of our Plans, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to: (1) Examine, without charge, at the plan administrator's office and at other specified locations, all plan documents, including insurance contracts, and copies of all documents filed by the plan with the U.S. Department of Labor, such as detailed annual reports and plan descriptions. (2) Obtain copies of all plan documents and other plan information upon written request to the plan administrator. The administrator may make a reasonable charge for the copies. (3) Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report. In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer or any other person, may discharge or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA. If your claim for a benefit is denied in whole or in part you must receive a written explanation of the reason for the denial. You have the right to have the plan administrator review and reconsider your claim. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the plan administrator and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that plan fiduciaries misuse the plan's money, or you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees for example, if it finds your claim is frivolous. If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor-Management Services Administration, Department of Labor.

This booklet is not representative of an implied employment contract.

Stewart's

PERSONNEL MANUAL We are Closer to You

with our customers, shops and partner

Stewart's is a partner and family owned company operating over 325 convenience stores in upstate New York and Vermont, along with a plant, a distribution center and offices in Saratoga Springs, NY.

This private ownership gives us the control to take a long term approach to our business and has resulted in a very successful, stable company. We own most of our real estate and have a strong market position with minimal debt. All of this leads to a more rational environment, where we don't pretend or avoid issues.

We are really several hundred small groups in shops or departments that can function very effectively, while being supported by a larger organization. Since everybody knows what is going on and who is effective, this generates a culture that is quite different from companies that are trying to be as big and structured as possible.

People are the key to our business, the following SHARE acronym is used to evaluate the fit between the individual and the job for their success and growth. With our sense of ownership and working in small groups, the ability to SHARE is essential for success.

Sell is the ability to influence people positively from selling a product to growing a partner.

Honest is being open and candid, while others trust both your intent and ability, which is essential in small groups. Activity is both physical and mental energy that determines whether you are acting effectively, or only reacting which is less enjoyable and less effective.

Reasons is the ability to understand, believe and teach logical issues versus just "doing what you want" short term which is less effective long term.

Externals are the personal issues, family and friends who affect all of us and we need to understand their impact on our job and fellow partners.

Our future success and stability will depend on our ability to SHARE. Each of us has a sense of ownership in the company through the partner's sharing profit plan, based on the Company's financial performance. Annual company contribution and forfeiture amounts to approximately 15% of your annual wages.

Jan 2010

BENEFITS OVERVIEW						
Able to apply after	Sharing Profit	Death Benefit Only Plan	Health Insurance	Dental Insurance	Paid Vacation	Credit Union
	•Age 19 •500 hrs/qtr or 1000hrs/yr, whichever occurs first (based on pay dates within qtr/year)	•Two years full time service (1820 hours/year)	•2 months service •F/T status •Work minimum of 35 hrs/wk	•2 months service •F/T status •Work minimum of 35 hrs/wk	•F/P status [minimum 25 hrs/wk] •1 yr of service	•Upon employment •\$10 minimum balance
Benefit	Co. contributes \$, based on profits, to Trust Fund for participants.	Amount of benefit determined at time of death by looking at yrs of full time service immediately preceeding the date of death. 2 yrs full time \$25,000 5 yrs full time \$35,000 10 yrs full time \$50,000	Annual election	Annual election. Delta Dental Ins participating dentists	Earned on an accrued basis.	Member Owned
	\$'s become yours over 7 yrs, starting with 20% > 3 yrs and +20%/ year thereafter.	The benefit is paid out in a lump sum and taxable to your beneficiary.	Stewart's self-insured plan.	\$ wkly cost for fam/ ind. done on pre-tax basis.	# of hrs show up on pay check stub as they become available to employee.	<u>Financial services:</u> Checking Savings Clubs CDs Web banking Loans Visa debit
	3 years=20% 4 years=40% 5 years=60% 6 years=80% 7 years = 100%	The benefit is provided at no cost to the employee. The benefit is in effect only while employed by Stewarts.	Co. contributes towards wkly exp. Empl \$ wkly cost for fam/ind are done on a pre-tax basis. 2010 Wkly Rates: Family: \$86 Individual \$31.50	Coverage provides 80-100% prev/gen 50% major services Annual max \$1500 /person. 2010 Wkly Rates: Family \$16.50 Ind. \$ 7.25	Pay works out to equivalent 1 wk = 1 year 2 wks = 2 yrs 3 wks=10 yrs Time off needs to be sched/approved by supervisor.	Federally insured to \$250,000 deposit. Payroll deduction direct deposit optional Open to family membership.
	Nancy O'Malley (ext 3420)	Chris Pastore (ext 3325)	Chris Pastore (ext 3325)	Angela Mash (ext 3415)	<u>Payroll:</u> Deb (x3225), Kim (x 3230), Polly (x3215), Stacy (x3220)	John Bottisti (ext 3910) www.stewartscu.org

This section of the manual contains important information concerning participant rights, under the Stewart's provided Plans and ERISA (Employee Retirement Income Security Act). Please read and retain this manual for future reference.

SHARING PROFIT PLAN (ESOP)

This plan was primarily designed to share ownership in the Company with our partners. It's a 100% Company paid benefit, that provides financial security for you and your family at the time of your retirement. The Company started the Plan in 1974. In 2001 we converted to an Employee Stock Ownership Plan. The Plan value now is approximately \$190 million. As your account balance grows untaxed, your ownership in the Company increases. This is because the ESOP Trust, where the funds are invested, owns one-third of the Company. It is our desire that in the future all partners should participate in the ownership of the Company.

Annual company contribution and forfeiture amounts to approximately 15% of your annual wages.

- *Declared in December by Board of Directors
- *Contributed to participants who worked at least 1000 hrs based on their W-2 earnings (+ health \$ deductions)
- *Plan's welfare is contingent on the Company's stability & growth
- *Stewart's financial position may affect funds available for withdrawal

Funds are invested in Company stock and operating cash

- *Funds are invested in a trust by the Plan Trustee.
- *Investments may include: company stock, bonds, equities, etc.
- *Market conditions will dictate the trust earnings each year
- *The performance in the fund does not carry a guaranteed rate of return.

Fully vested after 7 years of participation

- *Vesting is that portion of your balance that belongs to you.
- *After enrollment, 1 year of credit for each Plan year you work at least 1000 hrs.
- *If you retire,are disabled or die you become 100% vested.
- *A disability must be certified by Social Security Administration.

- *A partner who leaves the Company and is later rehired, may get credit for that earlier service. Forfeited account balances will be reinstated if the number of years between employment date is less than 5 years before the break began and you repay the full amount distributed to you upon re-employment.
- Account balances will be forfeited when:
 - Employment ends prior to vesting (3 years)
 - Forfeited \$'s are distributed to the remaining Plan participants.

Payments can be received from the Plan for:

- *Retirement (age 62 or 55 with 7 years of service), become 100% Social Security disabled or die.
- *In service distributions are available to those participants who are still employed at age 70 1/2, or age 55 or greater with 20 years of service and work less than 1000 hrs a year, pending Supervisor approval.
- *If you terminate employment and have a vested balance, payment is available May 1st of the following year.
- *Emergency withdrawals,or Plan loans, up to 1/3 of a vested dollars balance, may be requested from the Plan Trustee for: purchase of a principle residence; college expenses; or extraordinary medical expenses not covered by insurance, funeral expenses; expenses to prevent foreclosure, eviction or damage to your principle residence. Withdrawals are available only if all other sources of funds to meet the financial need have been exhausted. Maximum loan is \$50,000 + interest, repayment within 5 years by payroll deduction. Loans can be made for the above reasons or extreme financial hardship.
- *Depending on the reason and age at time of distribution, payment may be a lump sum or in installments.
- *Payments are taxable as ordinary income at time of withdrawal
- *Withdrawals pre age 59 1/2 may be subject to an additional 10% penalty tax.
- *A 20% mandatory federal withholding tax applies if distribution not rolled to an IRA.
- *Withdrawals are not recommended because of loss of retirement dollars. If vested and employment ends, any unvested \$s will forfeit after a 5 year break in service.
- *The Plan Trustee is David Farr. He is responsible for exercising good judgement and following the IRS guidelines when approving withdrawals.

HEALTH INSURANCE

Stewart's recognizes the importance of health care for our partners and their families. With the hope of controlling medical costs, Stewart's developed a program to share the expense. Sharing of expenses is based on estimated costs and will be updated each January. The partner's portion of the cost is a pre-tax health insurance deduction. If the total cost of the program increases, the corresponding share of the cost will go up. We all have a responsibility to help contain costs, wherever possible.

Cost of program is shared

*Company contributes approx. 60% of the cost of coverage for a full time partner.

Dependents may also have coverage.

Dependents are defined as: spouse; unmarried children who are under age 19, full time students under age 25, or are not able to support themselves due to mental illness or disability; adopted children and stepchildren. Each Plan covers inpatient and outpatient hospital care, surgery, maternity, emergency care, mental health care, home health care, physical therapy, treatment of substance abuse, prescriptions and doctor office visits. Plan specifics like co-pays, per visit fees and maximums are detailed in the benefit booklets supplied by the chosen health care provider and are summarized in a benefits summary upon eligibility.

There are plan exclusions:

- *Government hospitals or programs
- *Workers compensation
- *Free, routine or unnecessary care
- *Cosmetic surgery
- *Custodial and nonacute hospital care
- *No fault auto insurance
- *Experimental or obsolete procedures

DELTA DENTAL INSURANCE

Preventive and General services are 80% to 100% covered by the Plan (includes periodontics). Major services are 50% covered by the Plan (includes orthodontics). The partners cost of dental insurance is a pre-tax deduction. Plan specifics are supplied in a benefits summary upon eligibility.

Election period for Health and Dental Insurance is once a year because of the pre-tax benefit.

- *Participation becomes available after 60 days and then again at the beginning of each subsequent Plan Year.
- *Open enrollment occurs each Fall and an election packet is sent to every eligible partner.
- *Election remains in effect for the entire Plan Year and is irrevocable unless the revocation and new election are the result of a change in family status (e.g., marriage, divorce, death of spouse or child, birth or adoption of child, or termination of spouse's employment).

COBRA

Identical benefits for health and dental may continue upon employment termination

- *You pay 100% of total cost, plus an administrative fee.
- *Coverage may continue for 18 months if terminated or hours are reduced, which would result in a loss of coverage.
- *The 18 months may be extended to 29 months, if you are determined to be eligible for social security disability benefits.
- *Coverage may continue for 36 months, if you lose your dependent status or you get divorced.

LAKE PLACID CONDO

All Sharing Profit participants can use the condo for 2 nights per calendar year. Reservations are taken 6 wks in advance for Sunday through Thursday. A lottery drawing is held on the 15th of each month for Friday through Saturday (for the following month) and school vacation weeks. For reservations, call Jamie at the Ridge, ext 4135

DEATH BENEFIT ONLY PLAN

This plan was designed to provide our full time partners with a death benefit while employed by Stewart's. There is no partner cost for this plan. You become eligible for this plan by working at least 1820 hours in two consecutive years (35 hours/wk). The benefit is paid in a lump sum and taxable to your beneficiary. Stewart's will withhold a flat percentage for both Federal and State taxes. You will need to fill out a beneficiary form and answer some medical questions.

The benefit amount is determined by the years of full time service immediately preceeding the date of death. Two years of service would get a \$25,000 benefit, 5 years would receive a \$35,000 benefit and 10 years would receive a \$50,000 benefit.

We hope that this plan provides our partners and their families with a peace of mind in the event something unfortunate should happen.

MEDICAL REIMBURSEMENT ACCOUNT

For full time partners, each December you can elect to set up an account for the year, with a specific annual dollar amount, that can be used to pay for medical/ dental expenses not covered by insurance. The dollar amount set is taken on a weekly basis, before taxes are figured, and put into an individual account. Participants have until March 15th of the following year to submit bills, any remaining balance is split up among the participants. Health insurance participation is not mandatory to enroll in this program.

DEPENDENT CARE REIMBURSEMENT ACCOUNT

For full time partners, this account allows a partner to pay for dependent care expenses with pretax dollars to a licensed day care provider. The dollars are put into an account that can be drawn from during the year or it is lost. Eligible dependents include dependent children through age 12 or your spouse, dependent children age 13 and older or your parents who are mentally or physically unable to care for themselves. Both partner and spouse must be working to take advantage of this benefit. Under Federal law, the maximum annual amount contributed is \$5,000 (if single or married filing jointly) or \$2500 (if married and filing separately).

YMCA MEMBERSHIP/PROGRAMS

The Company will pay 50% of any current ESOP plan participant's YMCA bills (excluding overnight camp and court fees). This benefit is for our partners, spouses and dependent children. Check request forms for the Y's portion are available at the District Office. Daycare payments count toward the \$5,000/ \$2,500 government maximum and will be combined with any contributions to a dependent care reimbursement account. The total will be reported on your W-2.

PAYCHECK INFORMATION

Pay Period runs from Monday through Sunday. Please write in any changes in your start/stop times on the posted schedule, so that you will be paid for all the time you worked.

Overtime is paid on hours worked over 40. Rate goes to 1.5 times regular cash pay rate and should be paid for week worked. We do not offer comp time for overtime.

Incentive: Gross growth paid monthly based on each individual shop. Growth over prior year not guaranteed. Questions: Check with your Mgr first, then the District office. If they can't answer or solve your problem, contact Payroll at Ridge.

Ombudsperson is available to help you resolve problems or questions that you might feel uncomfortable discussing with your Mgr. There is a list of ombudspeople posted in each shop.