CONTRACT
between
HAC, INC.
and
UNITED FOOD AND COMMERCIAL WORKERS INTERNATIONAL UNIONS
NO. 1000 and TWO (2)

EFFECTIVE - September 7, 2002
EXPIRES - October 6, 2007
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AGREEMENT

This Agreement is entered into by and between HAC, Inc. (hereinafter the Company), and the United Food and Commercial Workers International Union, Local Unions No. 1000 at Two (2), (hereinafter referred to as the Unions).

This Agreement constitutes the sole and entire agreement between the parties and can be amended only by written agreement. The parties disclaim any agreements, grievances, settlements and arbitration awards between Homeland Stores, Inc. (Homeland) and the union and any practices of Homeland. The parties agree that the Company is not assuming or assuming any obligations or liabilities of Homeland including, but not limited to, those which arise from Homeland's labor or trust agreements with the Unions or any pending grievances or arbitrations arising out of such agreements.

PREAMBLE - INTENT AND PURPOSE

It is the intent and purpose of the Company and the Union to promote and improve labor-management relations between them and to set forth herein the basic terms of agreement covering wages, hours and conditions of employment to be observed by the parties and the employees.

ARTICLE 1. - RECOGNITION AND JURISDICTION

Section 1. The Employer recognizes UFCW Local No. 1000 and Local 2 as the exclusive collective bargaining agents for all regular full-time and part-time meat, deli, produce, grocery, pharmacy and front-end department employees and clerk employees engaged in the selling of merchandise or performing services incidental thereto, excluding supervisors (including but not limited to managers and assistant managers), guards, office clericals, confidential and professional employees (including but not limited to pharmacists in all of the Employer's retail stores located in the locations identified in Schedule A and stores located in the jurisdiction of the Locals in the State of Oklahoma as set forth in Attachment D.

ARTICLE 2. - UNION SECURITY

Section 1. All present employees who are members of the Local Union on the effective date of this subsection or on the date of execution of this Agreement, whichever is later, shall remain members of the Local Union in good standing as a condition of employment. All present employees who are not members of the Local Union and all employees who are hired hereafter shall become and remain members in good standing of the Local Union as a condition of employment on and after the 31st day following the beginning of the employment or on and after the 31st day following the date of the execution of this subsection whichever is the later. This provision shall be made and become effective as of such time as it may be made and become effective under the provisions of the National Labor Relations Act, as amended, but not retroactively.
Section 2. No provision of this Article shall apply in any State to the extent that it may be prohibited by State Law. If under applicable State Law, additional requirements must be met before any such provisions may become effective, such additional requirements shall first be met.

ARTICLE 3. - DUES DEDUCTION

Section 1. The Company agrees to a check-off of Union membership dues consisting of weekly dues, initiation fees and uniform assessments, for all Union employees covered by this Agreement, provided that the Union delivers to the Company a written authorization, signed by the employee, irrevocable for one (1) year or the expiration date of the Agreements, whichever shall occur sooner.

Section 2. The Union shall certify to the Company in writing each month a list of its members working for the Company who have furnished to the Company such authorization, together with an itemized statement of dues, initiation fees, and uniform assessments owed, to be deducted for each month, from the pay of such members.

Section 3. The Company shall deduct and remit to the Union in one lump sum the amount so certified in respect to each such member commencing with the first pay check of each month, from the pay of such members.

Section 4. The Company will make a uniform, weekly, monthly or yearly, political deduction from those employees who voluntarily authorized the deduction to the Company. Such fund shall be remitted to the Local Union as designated by each Local Union.

ARTICLE 4. - STORE CARD, UNION REPRESENTATIVE, AND SHOP STEWARD

Section 1. The Union agrees to furnish the Company at least one (1) Union Store Card for each of the Company's stores. Such cards shall remain the property of and shall be surrendered to the UFCW upon demand.

Section 2. The Union Representative or any other authorized representative of the Union shall have the right to visit any store at any reasonable time to interview the employees or store manager, while on duty. Such visits shall not interfere with or retard the duties of the employees being interviewed. If the Company reinstates central hiring and group orientation is conducted, a Union representative will be allowed to visit with the employees at the end of the orientation.

Section 3. The Union shall have the right to appoint a Shop Steward for each store to transact union business that should arise in the absence of Union officials. His duties as Shop Steward shall not interfere with his work or the work of any other employee.

Section 4. The Shop Stewards shall be authorized to investigate grievances and shall do so without disturbing the Company's operation. The Company shall have the right to call a conference with the Shop Steward or Union officials for the purpose of discussing complaints raised by the company and time spent on such meetings by the Shop Steward shall be paid for as time worked.

Section 5. The Shop Steward shall not have the authority to settle any grievance in a manner that is contrary to the terms of this Agreement.

Section 6. One (1) Store Steward per store will be allowed up to two (2) days off per year with no pay to attend Union functions. The Union will give the Company at least two (2) weeks notice. Holiday weeks will be excluded for time off.

Section 7. Shop Stewards of Local 1000 and Local Two will have super seniority for layoff purposes only.

Section 8. Shop Stewards shall be given time off (upon two (2) weeks written notice to their store manager and limited to one per store) not to exceed three (3) consecutive calendar days without pay to attend an annual Shop Steward Seminar. The Shop Steward's schedule will be arranged around the seminar dates to provide no reduction in average hours worked for the two weeks involved. If there is a reduction in hours the Company will make up the shortfall by paying the Shop Steward for hours lost.

Section 9. In the interest of promoting cooperative relations, the Company agrees that within the first forty-eight (48) hours of employment of a new employee, a manager or representative of the store shall introduce the new employee to the Shop Steward who will give a reasonable amount of time to explain the union contract and answer questions.

Section 10. The Union may post notices of Union business on the bulletin board in each store and where notices to employees are usually posted.

ARTICLE 5. - MANAGEMENT RIGHTS

All rights and powers not expressly restricted or limited by terms of this Agreement shall remain vested in and may be exercised at the discretion of the Company. The Company reserves all functions of management not expressly restricted by this Agreement, including but not limited to, the right to discharge, suspend, and discipline for cause, transfer or lay off employees because of lack of work, require employees to observe Company rules and regulations not in violation of the provisions of this Agreement, to decide the number and locations of its stores and other facilities, products to be handled, scheduling of hours worked, including the means and processes of retailing, to implement or modify reasonable work rules; providing the Company will not use these prerogatives or others retained by it for the purpose of discrimination against Union members as such. The failure of the Company to exercise such rights shall not constitute a waiver.

ARTICLE 6. - STRIKE OR LOCKOUT

Section 1. The Union and the employees covered by this Agreement agree that they will not, during the term of this contract or any extension thereof, engage in or sanction any strike, slowdown, stoppage of work, or other interference with customer service.

Section 2. The Company agrees that it will not during the term of this contract or any extension thereof, engage in a lockout.

Section 3. Failure of an employee to comply with this Article shall be cause for discipline up to and including discharge. However, it shall not be a violation of this Agreement nor grounds for discipline or discharge for persons covered hereunder to refuse to cross a legal picket line during the term of this Agreement if the Union gives the Company twenty-one (21) days notice of such intention to refuse to cross a particular picket line.
ARTICLE 7. - DISCHARGE AND SUSPENSION

Section 1. The Company shall not discharge, nor suspend, nor demote, nor take disciplinary action with respect to any seniority employee without just cause. With respect to any discharge or suspension, the employee shall be given at least one (1) written warning notice of the complaint(s) against such employee, with a copy to the Union involved, except that no warning notice need be given to an employee before he is discharged for causes such as dishonesty, drinking or being under the influence of alcoholic beverages or illegal controlled substance (such as heroin, marijuana, etc.) on Company property, failure to perform work as assigned, or recklessness resulting in serious accident while on duty, refusal to take alcohol or illegal substance test based on probable cause where circumstances indicate an employee is under such influence, or violations of Company policy to comply with federal, state or local law including but not limited to sexual harassment. Copies of discharge, suspension or other disciplinary action must be given to the employee and the Union involved. Warning notices shall have no force and effect after six (6) months from date of issue.

Section 2. Any employee may request an investigation as to his discharge, suspension, or other disciplinary action. Should such an investigation prove that an injustice has been done an employee, he shall be reinstated, and subject to the facts, he may be compensated at his usual rate of pay while he has been out of work, or otherwise made whole for loss of injury suffered as a result of an unjust discharge, suspension, or other disciplinary action. Appeal from discharge, suspension, or other disciplinary action must be taken within five (5) working days by written notice and a decision reached within ten (10) days from the date of discharge or suspension. If no decision has been rendered within ten (10) days, the case shall be taken up as provided in Article 8 of this Agreement.

Section 3. With regard to chronic tardiness or absenteeism, the following disciplinary action shall be taken:

1. First unexcused absence or tardiness – verbal warning.
2. Second unexcused absence or tardiness – first written warning notice.
3. Third unexcused absence or tardiness – one week layoff without pay.
4. Fourth unexcused absence or tardiness – subject to discharge.

ARTICLE 8. - GRIEVANCE PROCEDURE

Section 1. Any employee, the Company or the Union may present a grievance. However grievances not presented in writing within fifteen (15) days after the event giving rise to such grievance shall be waived by the aggrieved party.

Section 2. It is agreed that agreements and settlements reached in Step 1 or Step 2 will be on a non-precedent setting basis and will have no bearing on any other grievance or settlement. All complaints, disputes, grievances, or differences that arise over the interpretation or application of any part or portion of this Agreement shall be handled in the following manner:

Step 1 The individual or individuals having a grievance must present same to his respective Shop Steward. If no adjustment is reached then;

Step 2 The Shop Steward shall present this grievance to the Store Manager supervising the individual concerned. If no agreement is reached within three (3) days, then;

Step 3 The grievance then should be presented in writing within seven (7) working days to the authorized Company or Union officials by the grievance party. If the grievance remains unsettled after seven (7) days, then;

Step 4 The same shall be referred to the Business Representative of the Union and the highest authorized Company official who shall attempt to reach a satisfactory adjustment. If no satisfactory adjustment is reached within five (5) days, either party may submit the dispute to arbitration. The grievance party requests arbitration must do so in writing within thirty (30) days after the completion of Step 3.

Steps 2 and 3 of the grievance procedure shall have a written response.

Section 3. At any step in this grievance procedure, the Executive Board of the Local Union shall have the final authority, in respect to any aggrieved employee covered by this Agreement, to decline to process a grievance, complaint, difficulty or dispute further if in its judgment of the Executive Board such grievance or dispute lacks merit or lacks justification under the terms of this Agreement, or has been adjusted or justified under the terms of this Agreement to the satisfaction of the Union Executive Board.

ARTICLE 9. - ARBITRATION

Section 1. All controversies as to interpretation and application of this Agreement that cannot be settled between the employees and the Company in accordance with the provisions of Section 9 (a) of the Labor-Management Relations Act of 1947 or between the representatives of the Company and the Union shall be submitted to an Arbitrator.

Section 2. Grievances taken before an Arbitrator shall be submitted in writing at the request of either party. In the event the Union and the Company shall be unable to agree upon the Arbitrator, within ten (10) days, the Federal Mediation and Conciliation Service shall request a list of seven (7) qualified and approved arbitrators, one of which shall be selected to act as the Arbitrator. If the parties are unable to agree upon any one Arbitrator from the list given them, then each party shall be permitted to strike from the list three (3) names, then the one remaining will be the one selected. The expenses of the arbitrator shall be borne equally by the Company and the Union. The arbitrator shall render his decisions within thirty (30) days after the hearing is closed or after any briefs are filed.

ARTICLE 10. - HOURS OF WORK

Section 1. The basic work week for full-time employees shall consist of forty (40) hours to be worked in five (5) days not necessarily consecutive. Except for truck days, all work performed over eight (8) hours per day shall be paid at one and one-half times the regular straight time rate of pay. Truck days shall be for the purpose of receiving and stocking trucked goods and shall be limited to a maximum of two (2) days per week for each employee. A work schedule for the succeeding week shall be posted in the stores not later than 1:00 p.m. Friday of the current week. All work performed over forty (40) hours each work week shall be paid for.
at one and one-half (1 1/2) times the employee's basic straight-time rate of pay. The work schedule can be changed after the initial posting, only with the consent of the employees involved. When part-time employees volunteer to work off their work schedule, such work shall be paid for at their basic straight-time rate of pay without penalty to the Company.

Work schedules may be changed on a store basis without penalty to the Company when another employee, who is off that day, is called in to replace the absence of a scheduled employee. Except for courtesy clerks, such employee called in will be guaranteed the hours of the scheduled absent employee, but not less than four (4) hours. Employees who are called in as stated above and who are not required to work six (6) days that week will be given a mutually agreed upon day off that same work week. If no agreement is reached, the Company may designate the day off.

Section 2. All regular full-time and part-time employees shall be allowed a total of fifteen (15) minutes of break during each four (4) hour shift as a rest period on Company time. No full-time employee scheduled for eight (8) hours or more shall work more than five (5) hours without a lunch period. Lunch periods shall be no less than thirty (30) minutes and no more than sixty (60) minutes in duration unless mutually agreed between the Manager and employee.

Section 3. Work on the holiday shall count toward making up the forty (40) hours in computing overtime over forty (40) hours actually worked.

Section 4. No split shifts shall be required or worked by any employee.

Section 5. If employees are required to attend store meetings outside the scheduled daily or weekly work hours, such time will be considered as time worked. Employees will punch in and out when attending such meetings. Such time will be considered as straight time.

Section 6. If any employee works more than ten (10) hours in any one day, a third (3rd) fifteen (15) minute paid rest period shall be granted.

Section 7. For any employees, overtime work, Sunday work and holiday work, where applicable and practicable, shall be distributed equally among employees in each classification. Such equalization shall be maintained within a calendar month on a store by store basis.

Section 8. Employees shall have a specific pay day and each employee shall be furnished a Company receipt each pay day specifying his gross earnings, total hours worked, and any and all deductions made from his gross pay.

Section 9. Employees who perform the work of a higher paid classification shall receive the pay scheduled for such higher paid classification while performing the work for a period of more than three (3) days.

Section 10. All employees shall be given at least one (1) day off each week.

Section 11. There shall be no pyramiding of overtime or premium pay.

Section 12. Overtime must be authorized by the Company.

Section 13. Full-time employees shall receive overtime at one and one-half (1 1/2) times the employee's regular straight-time rate of pay for all work performed on the sixth (6th) day of the employee's work week provided he has worked his regularly scheduled hours.

Section 14. The Company will schedule all work for part-time employees based on seniority within their classification within their store not to exceed eight (8) hours in any one day, except truck days as defined in Section 1, or forty (40) hours in any one (1) week provided the employee is available for at least four (4) consecutive hours when the work is available and that this scheduling does not conflict with or prohibit the simultaneous scheduling of another part-time employee. However, this scheduling is not intended to mean that the Company must schedule so as to incur additional premiums or penalties or violate any provision of this Agreement, nor is it intended to abuse or discriminate against senior part-time employees for utilizing their seniority rights covered under this section. The part-time employee with seniority must advise the Store Manager that he is available for a posted schedule during twenty-four (24) hours after the store schedule is posted or he has no claim on such schedule of hours.

Section 15. Where it is agreeable between the employee, the Company and the Union, an employee may be scheduled four (4) ten (10) hours shifts, not necessarily consecutive. Should an employee be scheduled on such a four (4) day work week, the following shall apply:

a. The work week for full-time employees would be forty (40) hours to be worked in four (4) days.

b. Time and one-half (1 1/2 ) would be paid for work in excess of forty (40) hours.

c. A full-time employee scheduled on the forty (40) day work week shall receive ten (10) hours as holiday pay, funeral leave pay, jury duty pay and any other provision which calls for a "Day's Pay."

d. Time and one-half (1 1/2) shall be paid for work performed on the fifth (5th) and sixth (6th) day worked in the work week provided the employee has worked in excess of forty (40) hours.

Section 16. Part-time employees working a six (6) hour or less shift shall receive one (1) fifteen (15) minute break. Part-time employees, working more than six (6) hours shall have two fifteen (15) minute breaks which may be combined with a choice of no lunch.

Section 17. All work performed on a holiday recognized by this Agreement, regardless of the hours worked, shall be compensated at a premium of one dollar ($1.00) per hour for each hour worked in addition to the employee's regular straight time rate of pay, excluding courtesy clerks who shall receive a twenty-five cent ($.25) premium.

Section 18. Part-time employees working twelve (12) consecutive weeks at forty (40) hours per week excluding relief time due to vacations, leaves of absence and sick leave shall become full-time employees. In the event a full-time employee works four (4) consecutive weeks at less than forty (40) hours per week, he shall revert to part-time.

Section 19. For employees and on an individual store basis, when a full or part-time opening occurs on a day shift, qualified night crew employees shall, by seniority, be given the first opportunity to fill that opening.
ARTICLE 11. SENIORITY

Section 1. For the purpose of this Agreement, seniority shall prevail for vacation selection, layoffs and recalls of employees in filling permanent vacancies and transfers. Probationary employees shall not acquire seniority for the first ninety (90) calendar days after hire and shall receive no holiday pay; however, if retained beyond said ninety (90) calendar days, the employee’s seniority shall be dated back to the first date of employment.

Section 2. In the meat department, there shall be seven (7) seniority groups as follows:

FULL-TIME
(1) Meat Market Manager
(2) Assistant Market Manager
(3) Meat Service Manager
(4) Meat Market Assistant
(5) Meat Service Clerks

PART-TIME
(6) Market Assistant
(7) Service Clerks

A Meat Market Manager is a qualified Market Assistant.
A Meat Market Assistant is knowledgeable in all areas of the Meat Department.
A Meat Market Manager who returns to the Meat Market Assistant or Assistant Market Manager classification shall carry his original Market Assistant seniority date into that classification.

Section 3. In the matter of promotions or transfers from one type of work to another, or from one store to another, the Company shall have the right to exercise its final judgment after giving due regard to seniority. The Union has the right to file a grievance on matters of promotion and transfer.

Section 4. Employees promoted out of the bargaining unit shall retain seniority accrued while in the unit, but shall not accrue seniority while out of the unit.

Section 5. If a reduction in hours is necessary due to business conditions, where practical, part-time employees will be reduced in hours or laid off before full-time employees are reduced.

Section 6. If it is necessary to reduce hours of a full-time employee, the least senior full-time employee in the seniority area has the right to bump the least senior full-time employee in the seniority area per Attachment C. The least senior full-time employee in the seniority area reduced to part-time shall be placed at the top of the part-time seniority list in his/her store.

Section 7. Part-time employees shall have the first choice for full-time work based on their seniority, provided they are capable of performing the work, first in the store in which they work, if the full-time position is not filled in accordance with this Agreement, the employee may be offered a full-time position in another store.

Section 8. A part-time employee who wishes consideration for a full-time position shall submit a written request to the Human Resources Department with a copy to the Local Union designating the store(s) they wish to work. Such request shall be kept on file for a period of twelve (12) months and will be null and void thereafter, unless the employee submits another written request. An employee who refuses an offer of full-time employment cannot submit future request for a period of sixty (60) days. If the opening has not been filled, the next senior part-time employee in the store where the opening exists shall be offered the position provided they are capable of performing the work.

Section 9. A part-time employee shall have the right to claim another part-time schedule with more hours when one becomes available in the store in which said employee works based on seniority over other part-time employees provided they can perform the work.

Section 10. Part-time employees, in accordance with their established seniority with each individual store, shall be offered all unscheduled or rescheduled part-time work available, provided they can perform the work. The employee must be available for a period of four (4) hours of straight timework in order to exercise this provision. At no time shall this provision require the Company to incur additional overtime expense.

Section 11. In the event of a layoff or recall, the part-time employee with the least seniority shall be laid off first and recalled last provided the employee retained can perform the work. This provision is to apply on an individual store basis only.

Section 12. There shall be ten (10) seniority areas as described in Schedule C.

Section 13. The Company shall post a seniority list in each store, said lists to be revised and reported to the Local Union every six (6) months. The clerks and the Meat Department lists shall be separate. In addition thereto, the Company will cause to be mailed to the Local Union a duplicate copy of seniority listings. When seniority listings are posted and there are no complaints as to their accuracy within fifteen (15) days after they are posted, said lists shall become official.

Section 14. Seniority will be broken if an employee (1) quits, (2) is discharged for just cause, (3) fails to return to work within seventy-two (72) hours after being recalled by the Company by certified mail, return receipt requested, to his last known address on Company records, or (4) has been laid off from the Company for one (1) year.

Section 15. All employees, in the event of a layoff, or transfer, shall be laid off in accordance with their established seniority within their respective seniority group provided they have the ability to perform the work.

Section 16.

a. Transfers are permitted between stores of the Company in their seniority an provided seniority is followed. Seniority for transfers shall be recognized on length of service in the seniority area within seniority classifications. All requests for transfers must be approved by the Company.

b. Any employee who is assigned to work in another seniority area on temporary basis shall retain his/her seniority in the seniority area from which they have been transferred. Temporary transfers shall include:
An employee who relieves for vacation, etc., and is working on a week-to-week basis but in no case longer than four (4) consecutive weeks without returning to the seniority area, or an employee who relieves for a specific employee who is on an extended leave of absence such as a sick leave, Union leave, etc. Such relief periods may not exceed three (3) consecutive months without return to their seniority area without the mutual consent of the Company and the Union.

Section 17. Seniority status of employees hired on the same day shall be determined by the last four (4) digits of their social security number, with the lowest number being the most senior.
Section 18. Meat Market Managers shall be allowed to voluntarily return to the Market Assistant or Assistant Market Manager classifications without loss of seniority upon giving thirty (30) days written notice to the Company.

Section 19. A permanent vacancy in the Meat Department shall be filled in accordance with the following procedure:
   a. Service Clerk vacancies shall be filled by seniority from among those employees who have requested consideration and who have the ability to perform the job. The Company shall have the right to fill temporary vacancies without regard to seniority.
   b. Employees desiring to bid on a permanent job opening shall submit their request in writing to the Human Resource Department and District Manager specifying the store location desired. The request will remain in effect for a period of six (6) months.
   c. For the purpose of this Section, the Company shall determine ability subject to the no discrimination clause of this Agreement.

Section 20. There shall be separate seniority in the Meat Department with the understanding that employees who desire promotion to a higher classification shall be considered for such promotion based upon seniority, experience and ability.

Section 21. Employees relieving the Department Manager for three (3) days or more will be paid at the hourly rates established for that store for time worked as relief, provided the assignment includes full responsibility of such job.

Section 22. Courtesy Clerk duties shall be limited to and defined as follows:
   a. Customer services, such as sacking, carry out, price checks and other incidental services requested by the customer.
   b. Complete floor care, cleaning restrooms, parking lot, and windows.
   c. Returning baskcarts from the parking lot.
   d. Keeping the check stands stocked with bags and cleaning check stands (excluding electrical equipment).
   e. Racking empty bottles and redemption of aluminum containers.
   f. Courtesy Clerks may be utilized for go-backs, hanging of signs, facing, and all cleaning (excluding meat department) throughout the store. Courtesy clerks shall not be scheduled for facing duties but shall face during down time when not performing customer service duties.
   g. If directed by management to perform food clerks duties, they shall be paid for that shift at the food clerk rate with an equal amount to be paid to the Health & Welfare Trust.
   h. Courtesy Clerks shall not be allowed to work end displays.

Section 23. Department Managers, Specialty Managers, Assistant Market Managers, File Maintenance Clerk and Inventory Control Clerks will be utilized as needed by the Company. There will be no requirement to have one of each in every store. The Company has the sole right to appoint and remove individuals in these positions. These are separate classifications and will be scheduled separately according to the needs of the business without regard to other Clerks.

ARTICLE 12. - HOLIDAYS

Section 1. The following days shall be considered as holidays for the purpose of Agreement for non-probationary employees:
   a. New Year’s Day
   b. Memorial Day
   c. Fourth of July
   d. Labor Day
   e. Thanksgiving Day
   f. Christmas Day

  a. Holidays falling on Sunday shall be celebrated on Sunday.

Section 2. Employees absenting themselves from work without acceptable reason: the scheduled day before a holiday and/or the scheduled day after a holiday shall not be for the holiday. Acceptable reasons would include the following:
   a. Death in the immediate family (spouse, child, mother, father, brother, sister, grandmother, grandfather, grandchildren, and in-law relationship or any relative residing permanently in the employee’s immediate household.)
   b. Wife giving birth to child.
   c. Meetings with the Company as representative of the Union.
   d. Accident or illness substantiated by medical evidence if requested by the Company that employee was unable to work.
   e. Absence excused by the Company.

Section 3. In the event a holiday named herein falls within an employee’s vacation period, the employee shall be given an extra day off for the holiday or pay in lieu thereof.

Section 4. Eight (8) hours pay at straight-time hourly rate be allowed each full-time employee who qualifies for such pay in accordance with the above provisions.

Section 5. Part-time employees will be paid holiday pay by using the average we hours for the twelve (12) weeks immediately preceding the holiday and apply the following schedule:

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<thead>
<tr>
<th>Average Hours:</th>
<th>Holiday Pay</th>
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<tbody>
<tr>
<td>Under 15</td>
<td>Two (2) Hours</td>
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<tr>
<td>15 to 19</td>
<td>Three (3) Hours</td>
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<tr>
<td>20 to 24</td>
<td>Four (4) Hours</td>
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<tr>
<td>25 to 29</td>
<td>Five (5) Hours</td>
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<tr>
<td>30 to 32</td>
<td>Six (6) Hours</td>
</tr>
<tr>
<td>Over 32</td>
<td>Eight (8) Hours</td>
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Section 6. When a part-time employee who is otherwise eligible for holiday pay under the conditions as prescribed above is scheduled to work on a recognized holiday and fails to report for work, or to work the hours as scheduled on a holiday, or to work the scheduled hours before or day after the holiday, such employee shall not be eligible to receive any holiday pay.
ARTICLE 13. - VACATIONS

Section 1. Full-time employees who have been on the payroll of the Company for eighteen (18) months shall be entitled to one (1) week of vacation with full pay (40 hours).

Section 2. After five (5) years of service on the payroll of the Company, all full-time employees shall be entitled to two (2) weeks of vacation with full pay (80 hours).

Section 3. After ten (10) years of service on the payroll of the Company, all full-time employees shall be entitled to three (3) weeks of vacation with full pay (120 hours).

Section 4. After twenty (20) years of service on the payroll of the Company, all full-time employees shall be entitled to four (4) weeks of vacation with full pay (160 hours).

Section 5. After twenty-five (25) years of service on the payroll of the Company, all full-time employees shall be entitled to five (5) weeks of vacation with full pay (200 hours).

Section 6. Employees with the oldest seniority dates on an individual store basis shall be given preference on vacation dates. The Company retains the right to schedule vacations. However, once vacations are scheduled, they may not be changed without mutual consent of the Company and the employee and the Union.

Section 7. Any employee who has earned his vacation before he has been given an opportunity to take said vacation and leaves the employ of the Company for any reason shall be paid his vacation pay, together with any wages due upon leaving.

Section 8. Employees shall not be given pay in lieu of a vacation unless mutually agreed among the Union, the employee, and the Company.

Section 9. In case the Company closes a department or store and cannot place employees who are displaced either full-time or part-time, the Company agrees to pay such employees who have one (1) year or more service with the Company a pro-rata vacation based on one-twelfth (1/12th) or major fraction thereof of the vacation he would have earned for each month worked in that anniversary year prior to the closing. This pro-rata vacation is to be paid only for vacation earned but not taken.

Section 10. Employees working less than full time shall be given a pro-rated vacation based on average hours worked per week during the vacation year.

Section 11. All employees with three (3) years or more of service with the Company shall have January 1st of each year as their anniversary date for the purpose of this Article. However, no employee shall be allowed more than one (1) vacation during the calendar year.

Section 12. Leaves of absence other than FMLA will affect full-time employee vacation and vacation pay as follows:

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<tr>
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</thead>
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<tr>
<td>Less than 90 days</td>
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<tr>
<td>90 to 180 days</td>
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<td>180 - 270 days</td>
<td>reduced one-half</td>
</tr>
<tr>
<td>270 days or more</td>
<td>no vacation</td>
</tr>
</tbody>
</table>

ARTICLE 14. - WAGES

Section 1. Schedule B contains the minimum wage schedule which shall be paid to employees covered by this Agreement. Schedule B is attached hereto and is hereby made an integral part of this Agreement.

Section 2. Previous proven comparable experience shown on application for employment within ten (10) years from date of present employment, as shown on application for employment, shall be the basis for determination of the new employee's rate of pay. Maximum experience credit is five (5) years. Falsification of any information on the application shall be reason for discharge.

Claims for rate adjustment based on previous experience not listed on the application for employment must be filed in writing within thirty (30) days of employment; otherwise, the employee forfeits any claim under this provision. In the event that the Company is unable to verify previous experience, the employee and the Union shall be notified in writing. The employee shall have ten (10) days from receipt of such notice in which to file a grievance.

Section 3. If an employee is required to travel between stores during the course of his workday, he shall receive payment at his regular straight-time rate of pay for the time of such travel and the time shall count toward his work week. Employees who are authorized to use their own transportation shall receive thirty-one cents (31 cents) per mile for the distance involved.

Section 4. If it becomes possible to do so, pay stubs will show year-to-date earnings and year-to-date taxes paid.

ARTICLE 15. - HEALTH AND WELFARE

Section 1. The Company and the Unions agree to establish a new Taft-Hartley Health and Welfare Plan to provide health and welfare coverage for eligible employees covered by this Agreement. Benefits and eligibility for such coverage shall be determined by the Trustees of the Plan. There shall be four (4) Trustees of the Plan with the Company appointing two (2) and the Unions appointing two (2). The Trustees are authorized to enter into appropriate agreements necessary for the establishment and administration of the Plan.

Section 2. The Company shall contribute 126.00 per hour to the Plan on behalf of each eligible employee. On August 1, 2003, the contribution shall increase to 132.30; on August 1, 2004 the contribution shall increase to 138.90; on August 1, 2005 the contribution shall increase to 145.80; on August 1, 2006 the contribution shall increase to 153.10. Contributions will be made on all hours paid. The Company shall not be required to contribute amounts in excess of the above contribution levels. The Trustees of the Plan shall have the right and discretion to determine at any time if employee contributions are required for either employee or employee and dependent coverage, and if so, to determine the appropriate amount of the employee contribution.
ARTICLE 16. - PENSION - CLERKS

Section 1. For all employees,

a. The Company agrees to contribute to a jointly administered Trust Fund known as the United Food and Commercial Workers Unions and Employers Pension Fund the sum of thirty-five (35) cents per hour for all hours paid, up to forty (40) hours per week, for all employees in the bargaining units represented by Local 1000. For purpose of the pension, hours paid shall include all hours of vacation, holidays and other hours of leave paid by the Company. Contributions shall not be made on behalf of any employee until that employee has completed twelve (12) months of continuous employment.

b. The Company agrees to contribute to a jointly administered Trust Fund known as the Kansas City Retail Clerks Pension Trust Fund the sum of fifty-two (52) cents per hour for all hours worked for all employees (excluding Courtesy Clerks) represented by Local Two. For purposes of the pension, hours paid shall include all hours of vacation, holidays and other hours of leave paid by the Company.

c. Pension contributions shall be made on or before the twentieth (20th) day of each month for the preceding calendar month. Upon payment of such monthly contributions, the Company shall report to the Union and the Trust Fund all hours worked by all employees for whom contributions were required during the preceding month.

d. The contributions described above shall be for the purpose of providing pension benefits for eligible employees and other eligible persons as are determined from time to time by the trustees of the Trust Fund pursuant to the terms of the Trust Agreements and Declaration Trust.

e. The Company agrees to be bound by the terms of the existing Trust Agreements and any amendments thereto.

f. The Trust Agreements must have the approval of the Internal Revenue Service.

ARTICLE 17. - MEAT PENSION

Pension contributions for employees in the meat departments shall be to the United Food and Commercial Workers International Union Industry Pension Fund shall be monthly for each eligible employee as set forth below:

a. Except as provided in (f) and (g) below, the contributions shall be one hundred nineteen dollars ($119.00) per month for each eligible employee.

b. Contributions to the Pension Fund shall be discontinued as of the first (1st) of the month immediately following a layoff or leave of absence of thirty (30) calendar days or more. Contributions to the Pension Fund discontinued shall be resumed as of the first of the month following return from layoff or leave of absence.

c. Contributions to the Pension Fund shall be continued under the following conditions:

1. In case of non-work accident, one (1) month's contribution following the month in which the employee incurred the accident.

2. In case of pregnancy, two (2) months' contribution after the month in which the employee begins her pregnancy leave of absence.

3. In case of illness, two (2) months' contribution following the month in which the illness occurs.

4. In case of compensable injury, three (3) months' contribution following the month in which the injury occurs.

5. The Employer agrees to pay the contribution to the Pension Fund for eligible employees for one (1) month following termination of employment.

d. Parties to this Agreement do hereby ratify and reaffirm all acts by the Trustees done pursuant to the Agreements and Declaration of Trust, as amended.

e. The Company shall begin Pension contributions on new employees hired after ratification on the first day of the month immediately following completion of on (1) year of employment.

f. For each eligible employee hired after ratification who has worked 870 hours or more annually, and has completed one year of service, the Employer agrees to contribute twenty dollars ($20) per month to the UFCW International Union Industry Pension Fund provided that the eligible employee has worked an average of twenty (20) hours per week for a period of four (4) consecutive calendar weeks (80 hours). For each eligible employee hired after ratification who has averaged twenty-eight (28) hours per week for a period of four (4) consecutive calendar weeks (112 hours), the employer agrees to contribute $89.30 per month to the UFCW International Union Industry Pension Fund. Upon completion of their fifth year the contribution will be $119 per month.

g. The Company agrees to contribute to a jointly administered Trust Fund known as the Kansas City Retail Clerks Pension Trust Fund the sum of fifty-two (52) cents per hour for all hours worked by all meat department employees represented by Local Two. For purposes of pension, hours paid shall include all hours of vacation, holidays, and other hours of leave paid by the Company.

Section 2. Contributions to any Pension Fund shall be discontinued as of the first (1st) of the month immediately following a layoff or leave of absence of thirty (30) calendar days or more. Contributions to such Pension Fund discontinued shall be resumed as of the first of the month following return from layoff or leave of absence.

ARTICLE 18. - FUNERAL LEAVE

In the event of a death in the employee's immediate family (spouse, child, father, mother, brother, sister, grandmother, grandfather, grandchildren, any in-laws relationship or any relative living permanently in the employee's immediate household), the employee shall be entitled to be absent from work for such time as is necessary to make arrangements for and attend the funeral and return if required and will be allowed up to a maximum of three (3) days of funeral leave pay. During such absence, the employee shall be compensated at his or her straight-time hourly classification rate for such regular working time lost. Such absence compensation shall not include pay for lost overtime, vacation time, or premium pay; it shall include holiday pay. It is understood that an employee will be allowed one (1) day off to attend the funeral of other close relatives down to and including first cousins, such time to be considered as actual time worked and paid for as such, providing the employee is scheduled to work on the day of the funeral. This paragraph does not apply to probationary employees.
ARTICLE 19. - LEAVE OF ABSENCE

Section 1. A personal leave of absence may be granted by the Company for a period not to exceed thirty (30) consecutive days without pay to an employee with six (6) months or more of continuous seniority.

Section 2. A leave of absence because of sickness, pregnancy or injury will be granted to any employee not to exceed twelve (12) weeks upon written request supported by medical evidence in accordance with the provisions of the Family and Medical Leave Act (FMLA). Extensions of ninety (90) days, not to exceed one (1) year total, will be granted upon proper written requests.

Section 3. Seniority rights shall not be broken when an employee is on a leave of absence. However, if any employee, while on a leave of absence accepts any other job or goes into business for himself, he automatically terminates his employment and loses all rights with the Company.

Section 4. A military leave of absence will be granted to an employee who is called into military service as provided by federal and state laws.

Section 5. The Company agrees that members of the Union, not to exceed five (5) at any one time, shall be given time off without pay in order to take care of Local Union business activities such as conventions, negotiations, and in the settlement of grievances beyond the third (3rd) step of the Grievance Procedure. It is further agreed that any member of the Local Union employed by the Company who is designated to a full-time job in the Union shall be granted a leave of absence for the term of this office and upon his failure to be re-elected or appointed, he shall be guaranteed re-employment at his former seniority and will be guaranteed his former wage rate plus any wage increases or less any reductions that may have become effective during his absence. Two (2) weeks’ notice shall be given to the Company.

Section 6. FMLA leave shall run concurrently with all other applicable paid and unpaid leave, including vacation.

Section 7. The Union shall be notified by the Company in writing when any employee is granted a leave of absence, indicating the date the leave of absence becomes effective and the date it ends, as well as the reason for such leave of absence.

Section 8. Employees on leave of absence shall accumulate benefits including seniority as required by law, during such leaves.

ARTICLE 20. - JURY DUTY

The Company agrees to pay the difference between any government allowance and a full day’s pay at straight-time hourly classification rates for each day an employee is required to serve and does serve on any jury, provided the employee is scheduled to work on the day or days actually served on the jury. This paragraph does not apply to probationary employees.

ARTICLE 21. - UNIFORMS

Section 1. Employees are expected at all times to present a professional, businesslike image to customers and other visitors. Any uniform clothing deemed necessary by the Company for its employees shall be furnished by the Company. The Company may, in its discretion, provide two shirts or other uniform clothing chosen by the Company for each full-time employee and one shirt or other uniform clothing chosen by the Company for each part-time employee with the introduction of a new uniform and may provide the same number of replacement shirts or other uniform clothing chosen by the Company on the successive annual anniversary dates of employees. If shirt(s) or other uniform clothing chosen by the Company are torn or damaged during normal work activities, a replacement may be provided by the Company. Additional shirts or other uniform clothing chosen by the Company may be purchased by the employees at the Company’s cost.

Section 2. Department Managers have the option of wearing the Company provided shirt or may choose to wear their own white shirt and tie.

Section 3. Employees working in the Meat Department will be furnished a white butcher coat or white wrap-around as appropriate.

Section 4. Dark slacks or jeans should coordinate with the shirt or other uniform and present a neat appearance. During the summer months, the Company in its sole discretion may allow employees who work both inside and outside the building to wear shorts that coordinate with the shirt or other uniform.

Section 5. Aprons and hats may be furnished by the Company as appropriate. Name badges are also furnished and expected to be worn on the upper left front of the shirt or apron.

Employees are expected to wear safe, comfortable, closed toed shoes at their own expense.

Section 6. Employees are responsible for any and all reasonable care of the uniforms.

Section 7. Employees separated at any time after receiving the uniform furnished by the Company will be required to return said uniform to the Company in good condition.

Section 8. At its discretion, on a store by store basis, the Company may allow employees to dress in a more casual fashion than is normally required, i.e., Holiday or Event Selling. On such occasions, employees are still expected to present a neat appearance.

ARTICLE 22. - NO DISCRIMINATION

The Company and the Union agree that there shall be no discrimination against an employee on account of union activities or affiliation or because of race, religion, color, creed, national origin, sex, age, disability, or veteran’s status in accordance with existing law. When the word “he” appears in this Agreement, the parties agree that it applies to both “male and female” employees.
ARTICLE 23. - SEPARABILITY

The provisions of this Agreement are deemed to be separable to the extent that, if and when a court of last resort adjudges any provision of this Agreement in its application between the Union and the undersigned Company to be in conflict with any law, such decision shall not affect the validity of the remaining provisions of this Agreement, but such remaining provisions of this Agreement shall continue in full force and effect, provided further, that in the event any provision or provisions are so declared to be in conflict with any law, both parties shall meet immediately for the purpose of negotiation and agreement on the provision or provisions so invalidated.

ARTICLE 24. - SALE OR TRANSFER OF FACILITIES

In the event that the Company sells or transfers any facility or store, the obligation of the purchaser or transferee will be governed by the successor doctrine of the National Labor Relations Board. The Union will be given prior notice of any such sale or transfer and the identity of the purchaser or transferee.

ARTICLE 25. - EXPIRATION

This Agreement shall remain in full force and effect from September 7, 2002 through October 6, 2007, and for a period of one year thereafter unless either the Company or the Union desires changes in this Agreement at its expiration date; in which event, on or before sixty (60) days prior to the expiration date of this Agreement, or one (1) year renewal date, written notice outlining the changes desired shall be given by the party proposing the changes to the other party to this Agreement.

The Company may request that a store (or group of stores) may have the labor Agreement opened for negotiation due to special considerations.

This Operating Agreement may be executed in two (2) or more counterparts, all of which taken together shall constitute one (1) instrument.

Signed this 27th day of August, 2002.

FOR THE COMPANY:  
FOR THE UNIONS:

[Signatures]

HAC, INC. STORE LIST

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## SCHEDULE B  
**MINIMUM WAGE SCHEDULE**  
9-1-02

### PART TIME MEAT SALES CLERKS

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### FULL TIME MEAT SALES CLERKS

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FOOD CLERKS
COURTESY CLERKS

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RED CIRCLED

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FLORAL MANAGER
HIRED BEFORE 8-5-01

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DE/BA/PR/GRO/FE MGRS*

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* .25 PREMIUM OVER $140K

PRODUCE MANAGER
HIRED BEFORE 8-5-01

<table>
<thead>
<tr>
<th>Start</th>
<th>6 Months</th>
<th>12 Months</th>
<th>18 Months</th>
<th>24 Months</th>
<th>30 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10.50</td>
<td>$11.00</td>
<td>$11.50</td>
<td>$11.75</td>
<td>$12.00</td>
<td>$12.00</td>
</tr>
</tbody>
</table>

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</tr>
</tbody>
</table>

SCHEDULE C
SENIORITY AREA LIST

The Seniority Areas shall be as follows:

A. Guthrie
   Norman
   Oklahoma City, Moore, Mustang
   Yukon, Edmond

B. Chickasha
   Duncan
   Lawton

C. Bartlesville
   Nowata
   Pawhuska

D. Muskogee
   Haskell

E. Clinton
   Elk City

F. Okemah
   Henryetta
   Seminole

G. Enid
   Blackwell
   Perry

H. Tulsa
   Prattville
   Sand Springs
   Cleveland

I. Pryor
   Jay

J. Ardmore
   Pauls Valley

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