

ACTION WAREHOUSE CO. LTD.

**Main Office: 1701 E. Euclid
Des Moines, IA 50313**

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U.S. DEPT. OF LABOR
PUBLIC DISCLOSURE
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January 25, 2001

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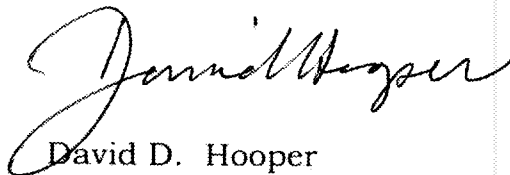
Top Hat Plan Exemption
Pension and Welfare Benefits Administration
Room N-5644
U.S. Department of Labor
200 Constitution Avenue N.W.
Washington D.C. 20210

Re: ACTION WAREHOUSE CO., LTD. SALARY CONTINUATION PLAN

Dear Sirs:

In compliance with 29 C.F.R. 2520.104-23 which provides an alternative method of compliance with the reporting and disclosure requirements of Part 1 of Title 1 of the Employee Retirement Income Security Act of 1974, I hereby notify you that Action Warehouse Co., Ltd. maintains the Action Warehouse Co., Ltd. Salary Continuation Plan primarily for the purpose of providing deferred compensation for two highly compensated employees. I understand that upon request of the Secretary of Labor, I must provide a copy of the plan document as required by Section 104(a)(1) of ERISA. Our name and address is as follows: Action Warehouse Company, Ltd., 1701 E. Euclid, Des Moines, IA 50313. Our employer identification number assigned by the Internal Revenue Service is 42-1095433.

If you have any questions or comments, please do not hesitate to contact me at 515-263-0986.


David D. Hooper
President

**ACTION WAREHOUSE COMPANY, LTD.
SALARY CONTINUATION PLAN**

THIS AGREEMENT, made and entered into as of this 26 day of January, 2001 between Action Warehouse Company, Ltd., an Iowa Corporation, with principal offices and place of business in the State of Iowa (hereinafter referred to as the "Corporation"), and David D. Hooper, SS# 480-82-5727, and Michael L. Gorden, SS# 478-76-9339, individuals residing in the State of Iowa (hereinafter referred to as the "Employees").

WITNESSETH THAT:

WHEREAS, the Employees are employed by the Corporation; and

WHEREAS, the Corporation recognizes the valuable services heretofore performed for it by the Employees and wishes to encourage their continued employment; and

WHEREAS, the Employees wish to be assured that the Employees or their designated beneficiaries will be entitled to a certain amount of compensation for some definite period of time from and after the Employee's significant period of active service with the Corporation, or other termination of such employment whether by reason of the Employee's death or otherwise as further set out herein; and

WHEREAS, the parties hereto wish to provide the terms and conditions upon which the Corporation shall pay such additional compensation to the Employees or their designated beneficiaries after their significant period of active service, or other termination of such employment, whether by reason of the Employee's death or otherwise as further set out herein.

WHEREAS, the Corporation has purchased two Flexible Premium Universal Life Insurance policies from Nationwide Life Insurance Company ("Nationwide"). David D. Hooper is the insured under policy number N100681360. Michael L. Gorden is the insured under policy number N100681350. Both policies shall hereafter be referenced as the "Polic(ies)". The Corporation is the designated beneficiary under both Policies. It is the intent of the Corporation that the cash value or the death proceeds of the respective Policy will provide the additional compensation due the applicable Employee. If additional compensation should become payable to an Employee pursuant to the provisions below, any outstanding loans under said Policies must be repaid to

Nationwide to allow for the distribution of the additional compensation on a timely basis by the Corporation.

NOW THEREFORE, in consideration of the promises and of the mutual promises herein contained, the parties hereto agree as follows:

1. a. In consideration of an Employee remaining with the Corporation for a minimum of ten (10) years of continuous full-time employment, measured from the Employee's initial hire date, but before twenty (20) years of continuous full time employment, measured from the Employee's initial hire date, the Employee may elect to receive additional compensation equal to the cash value under the Policy insuring that Employee's life minus the premiums that the Corporation has paid to Nationwide under this Policy. The cash value of the Policy will be determined as of the date the Employee elects to take the additional compensation or the next date Nationwide can determine the cash value of the Policy. At the option of the Employee, the additional compensation will be payable either over a period of ten (10) years thereon payable in equal monthly installments commencing with the first (1st) day of the third (3rd) month following the occurrence of such election or in a lump sum payment.
- b. In consideration of an Employee remaining with the Corporation for a minimum of twenty (20) years of continuous full time employment, measured from the Employee's initial hire date, the Employee may elect to receive as additional compensation an amount equal to the cash value of the Policy insuring that Employee's life, determined as of the date the Employee elects to receive this additional compensation or the next date Nationwide can determine the cash value of the Policy. At the option of the Employee, this additional compensation will be payable either over a period of ten (10) years thereon payable in equal monthly installments commencing with the first (1st) day of the third (3rd) month following the occurrence of such election or in a lump sum payment.
- c. The Corporation further agrees that, in the event of an Employee's termination of employment, whether by reason of death or otherwise, prior to ten (10) years of continuous full time employment with the Corporation, measured from the Employee's initial hire date, an Employee will not receive any additional compensation provided for under this Agreement.

d. The Corporation further agrees that in the event of an Employee's death after a minimum of ten (10) years of continuous full time employment, measured from the Employee's initial hire date, but before twenty (20) years of continuous full time employment, measured from the Employee's initial hire date, the Employee's designated beneficiary will receive an amount, representing additional compensation due the Employee, equal to the death proceeds payable under the Policy insuring the deceased Employee minus the premiums that the Corporation has paid to Nationwide under this Policy. The additional compensation is payable to the Employee's designated beneficiary in a lump sum payment.

e. The Corporation further agrees that in the event of an Employee's death after a minimum of twenty (20) years of continuous full time employment, measured from the Employee's initial hire date, the Employee's designated beneficiary will receive an amount, representing additional compensation due the Employee, equal to the death proceeds payable under the Policy insuring that Employee. These benefits will be payable, at the option of the Employee's designated beneficiary, over a period of up to five years in equal monthly installments commencing with the first (1st) day of the third (3rd) month following the occurrence of such death or in a lump sum payment.

f. If an Employee's employment is terminated without Cause or the Employee voluntarily leaves the employ of the Corporation after a minimum of ten (10) years of full time continuous employment, measured from the Employee's initial hire date, but before twenty (20) years of full time continuous employment, measured from the Employee's initial hire date, the Employee may receive as additional compensation an amount equal to the cash value of the Policy insuring that Employee, minus the premiums that the Corporation has paid to Nationwide under this Policy. The cash value of the Policy will be determined as of the date the Employee's employment is terminated or the next date Nationwide can determine the cash value of the Policy. This additional compensation will be paid to the Employee in a lump sum payment. "Cause," as used in this Agreement, includes but is not limited to: 1) conviction of or a plea of guilty to a felony or misdemeanor; 2) dishonesty; 3) any other criminal conduct against the Corporation; and 4) a

continued breach of duties and obligations arising under any written policy, rule, or regulation of the Corporation, for a period of at least five (5) days following his or her receipt of written notice from any officer of the Corporation specifying such breach.

g. The Corporation further agrees that if an Employee's employment is terminated without Cause or the Employee voluntarily leaves the employ of the Corporation after a minimum of twenty (20) years of continuous full time employment, measured from the Employee's initial hire date, the Corporation shall thereafter pay the Employee, as additional compensation, an amount equal to the cash value under the Policy insuring that Employee. These benefits are payable, at the option of the Employee, over a period of ten (10) years thereon payable in equal monthly installments commencing with the first (1st) day of the third (3rd) month following the occurrence of such event or in a lump sum payment.

h. The Corporation further agrees that in the event that the Corporation is Sold, dissolved or a bankruptcy petition is filed by it or on its behalf before an Employee has completed ten (10) years of continuous full time employment, measured from the Employee's initial hire date, an Employee will receive additional compensation equal to the lesser of the cash value under the Policy insuring that Employee or \$50,000. The cash value will be determined as of the date of sale, dissolution, or the date the petition is filed or the next date the Nationwide can determine the cash value. "Sold," as used in this Agreement, means a sale to another party of a majority of the outstanding shares of stock of the corporation or all or substantially all of the assets of the Corporation. The term also includes any consolidation or merger of the Corporation with any other corporation.

i. The Corporation further agrees that in the event that the Corporation is sold, dissolved or a bankruptcy petition is filed by it or on its behalf after an Employee remains with the Corporation for a minimum of ten (10) years of continuous full time employment, measured from the Employee's initial hire date, but less than twenty (20) years of continuous full time employment, the Employee may receive additional compensation in an amount equal to the entire cash value under the Policy insuring that Employee. This additional compensation is to be paid to the Employee in a lump sum

payment. An Employee also has the option to have the Corporation assign to him all of the Corporation's rights under the Policy, insuring that Employee's life. Such an assignment must be in writing and be approved by Nationwide. Any loans outstanding under the applicable Policy must be repaid to Nationwide before the assignment occurs. Upon the effective date of the assignment, all subsequent premiums due under the Policy will be the responsibility of said Employee.

j. The Corporation further agrees that in the event that the Corporation is Sold, dissolved or a bankruptcy petition is filed by it or on its behalf after an Employee remains with the Corporation for a minimum of twenty (20) years of continuous full time employment, measured from the Employee's initial hire date, the Employee may receive additional compensation in an amount equal to the entire cash value under the Policy insuring that Employee. This additional compensation is to be paid to the Employee in a lump sum payment.

2. In consideration of the foregoing agreement of the Corporation and of the payments to be made by the Corporation pursuant thereto, the Employee hereby agrees that, so long as he remains in the active employ of the Corporation, he will devote substantially all of his time, skill, diligence and attention to the business of the Corporation, and will not actively engage, either directly or indirectly, in any business or other activity which is or may be deemed to be in any way competitive with or adverse to the best interests of the business of the Corporation.
3.
 - a. Nothing contained in this Agreement, and no action taken pursuant to its provisions by either party hereto shall create, or be construed to create, a trust of any kind, or a fiduciary relationship between the Corporation and the Employee(s), their designated beneficiar(ies), other beneficiaries of the Employee(s) or any other person.
 - b. The payments to the Employee(s) or their designated beneficiar(ies) or any other beneficiary hereunder shall be made from assets which shall continue, for all purposes, to be a part of the general assets of the Corporation, and no person shall have, by virtue of the provisions of this Agreement, any interest in such assets. To the extent that any person acquires a right to receive payments from the

Corporation under the provisions hereof, such right shall be no greater than the right of any unsecured general creditor of the Corporation

4. With respect to the Policies insuring the lives of the Employees, allowing the Corporation to recover the cost of providing the benefits, in whole, or in part, hereunder, that neither the Employee, his/her designated beneficiary nor any other beneficiary shall have any rights whatsoever therein; the Corporation shall be the sole owner and beneficiary thereof and shall possess and may exercise all incidents of ownership therein.
5. Nothing contained herein shall be construed to be a contract of employment for any term of years, nor as conferring upon the Employee(s) the right to continue in the employ of the Corporation. The Agreement relates exclusively to additional compensation for each Employee's services, payable, after a specified length of employment, termination of his employment with the Corporation whether by reason of the Employee's death or otherwise, and is not intended to be an employment contract.
6. Neither the Employees, their spouses, nor any other beneficiary under this Agreement shall have any power or right to transfer, assign, anticipate, hypothecate or otherwise encumber any part or all of the amounts payable hereunder, nor shall such amounts be subject to seizure by any creditor of any such beneficiary, by a proceeding at law or in equity, and no such benefit shall be transferable by operation of law in the event of bankruptcy, insolvency or death of an Employee, his spouse, or any other beneficiary hereunder. Any such attempted assignment or transfer shall be void and shall terminate this Agreement, and the Corporation shall thereupon have no further liability hereunder.
7.
 - a. The Corporation is hereby designated as the named fiduciary under this Agreement. The named fiduciary shall have authority to control and manage the operation and administration of this Agreement, and it shall be responsible for establishing and carrying out a funding policy and method consistent with the objective of this Agreement.
 - b. The Corporation shall make all determinations as to rights to benefits under this Agreement. Any decision by the Corporation denying a claim by an Employee or his

beneficiary for benefits under this Agreement shall be stated in writing and delivered or mailed to the Employee or such beneficiary. Such decision shall set forth the specific reasons for the denial, written to the best of the Corporation's ability in a manner that may be understood without legal or actuarial counsel. In addition, the Corporation shall afford a reasonable opportunity to the Employee or such beneficiary for a full and fair review of the decision denying such claim. Nothing contained herein shall be construed to entitle Employee to any benefits hereunder if Employee is discharged for Cause by Employer.

c. Subject to the foregoing, the Board of Directors of the Corporation shall have full power and authority to interpret, construe and administer this Agreement. The interpretation and construction of this Agreement by the Board of Directors of the Corporation, and any action taken thereunder, shall be binding and conclusive upon all parties in interest. No member of the Board of Directors of the Corporation shall, in any event, be liable to any person for any action taken or omitted to be taken in connection with the interpretation, construction or administration of this Agreement, so long as such action or omission to act be made in good faith.

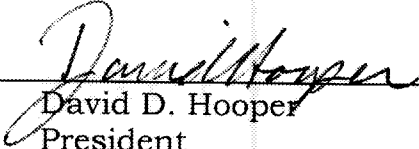
d. In addition to the power and authority of the Corporation referred to in paragraph 7.c. above, nothing herein shall prohibit the Corporation from the ability to curtail, modify or terminate this Agreement at anytime. In the event the Corporation elects to terminate this Agreement, an Employee shall receive seventy-five percent (75%) of the cash value of the Policy insuring that Employee after five (5) years of service measured from the initial hire date of the Employee and one hundred percent (100%) of the cash value of the Policy insuring that Employee after ten (10) years of service measured from the initial hire date of such Employee.

8. This Agreement may not be amended, altered or modified, except by a written instrument signed by the parties hereto, or their respective successors or assigns, and may not be otherwise terminated except as provided herein.
9. This Agreement shall be binding upon and inure to the benefit of the Corporation and its successors and assigns, the Employees, their successors, assigns, heirs, executors, administrators and beneficiaries.


10. Any notice, consent or demand required or permitted to be given under the provisions of this Agreement shall be in writing, and shall be signed by the party giving or making the same. If such notice, consent or demand is mailed to a party hereto, it shall be sent by United States certified mail, postage prepaid, addressed to such party's last known address as shown on the records of the Corporation. The date of such mailing shall be deemed the date of notice, consent or demand.
11. This Agreement, and the rights of the parties hereunder, shall be governed by and construed in accordance with the laws of the State of Iowa.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, in duplicate, as of the day and year first above written.

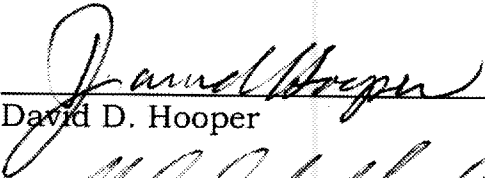
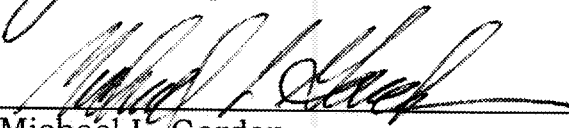
CORPORATION

By 
David D. Hooper
President

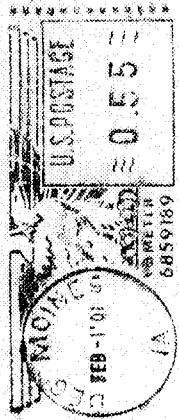
ATTEST:


David D. Hooper
Secretary

EMPLOYEES


David D. Hooper

Michael L. Gorden

WAREHOUSE CO. LTD
EUCLID
MINES, IA 50313



FIRST CLASS MAIL

TOP HAT PLAN EXEMPTION
PENSION AND WELFARE BENEFITS ADMINISTRATION
ROOM N-56-4
U.S. DEPARTMENT OF LABOR
200 CONSTITUTION AVENUE N.W.
WASHINGTON D.C. 20210

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