



March 20, 2009

Dear 401K/ESOP Eligible Employee:

Enclosed are a few important documents for your review:

1. 401K - Suspension of Employer Match Letter
2. 401K - The Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART) Participant Notice
3. ESOP - Plan Changes (for ESOP eligible employees only): defines a change on how we calculate compensation and states that fees for distributions are now paid by the participant.

If you have any questions, please contact Don Imler at 814-693-3370 or Sandy Swope at 814-693-3330.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Imler", written over a horizontal line.

Don Imler  
401K Administrator

Enclosures



March 20, 2009

401K Participants  
Hoss's Steak and Sea House Retirement Savings Plan

Dear 401K Participant:

Based on the current economic conditions, the decision has been made to suspend the 401K Employer Match. The suspension of the match will be effective after the March 25, 2009, pay. We do apologize for the need to suspend the employer match and hope that the match can be put back in place for 2010.

This change only affects the 401K Employer Match; the contribution to the Employee Stock Ownership Plan will be made for 2009.

We do realize that this decision may cause you to consider stopping or lowering your current 401K deferral. This is a decision that each person must make for themselves since there is no way of guaranteeing when the current economic conditions will improve.

A quote from Shelby Cullom Davis, Founder of the Davis Investment Discipline:  
"You make the most money in a bear market, you just don't realize it at the time."

Participants looking for advice and guidance should contact their personal Financial Advisor. Participants without a personal Financial Advisor can contact Forney Financial for advice and guidance at <http://www.forneyfs.com/> or 888-9-FORNEY.

John Forney recently did a presentation for Hoss's entitled, "Rational Investing in Irrational Times." The full webinar presentation can be viewed on the HossPeople.com web site at <http://www.hosspeople.com/openseason401K.html#jforney>.

If you would like to change your 401K deferral percentage, please log onto your retirement account through the Standard Internet site at <http://www3.standard.com/net/public>. Paper Savings forms are also available on <http://www.hosspeople.com/openseason401k.html>. Please fax paper Savings forms to 814-695-0857. Paper forms must be signed and completed correctly for processing.

Sincerely,

A handwritten signature in dark ink, appearing to read "Don Imler", with a horizontal line underneath it.

Don Imler  
401K Administrator

## Hoss's 401K Plan

### PARTICIPANT NOTICE

(November 2008)

The Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART) provides for the addition of the following benefits to your retirement plan for participants who take a leave of absence to actively serve in the military. Below is a description of the new features.

#### **Survivor Benefits** (applies to 401(a), 403(b), and Governmental 457(b) plans)

If you die while serving in the military, your beneficiary will receive the benefits that they would otherwise receive under the Plan as if you had remained employed on your date of death.

#### **Elective Deferral Distributable Event** (applies to 401(k), 403(b), and 457(b) plans)

If you serve in the military for more than 30 days but have not terminated your employment, you are allowed to make a withdrawal of your elective deferrals from your retirement account. If you do elect to make a withdrawal under this provision, you will not be able to contribute to your elective deferral account for six months following the date of distribution.

#### **Penalty-free Withdrawals** (affects 401(a) and 403(b) plans)

The 10 percent early withdrawal penalty tax (pre age 59½) is permanently waived for qualified reservists called to active military duty for more than 179 days; the amounts may be re-contributed to an IRA within two years after your military service ends. A deferral suspension period does not apply for this type of withdrawal.

#### **Differential Wage Payment Benefits** (applies to 401(k), 403(b), and 457(b) plans)

Payments made to you by your employer while you are serving in the military (if you have served more than 30 days) are called differential wage payments. These payments are considered W-2 compensation after December 31, 2008.

**HOSS'S STEAK AND SEA HOUSE, INC.  
EMPLOYEE STOCK OWNERSHIP PLAN**

**FINAL 415 REGULATIONS AND DISTRIBUTION FEES  
SUMMARY OF MATERIAL MODIFICATIONS**

(1) *General.* This is a Summary of Material Modifications regarding the Hoss's Steak and Sea House, Inc. Employee Stock Ownership Plan (the "Plan"). This Summary of Material Modifications supplements and amends the 2007 Summary Plan Description (the "2007 SPD") previously provided to you. You should retain this document with your copy of the 2007 SPD.

(2) *Identification of Employer.* The legal name, address and Federal Employer identification number of the Employer are:

Hoss's Steak & Sea House, Inc.  
170 Patchway Road  
Duncansville, PA 16635-8431  
EIN: 25-1761401

(3) *Description of Modifications.*

(a) Effective for the plan year beginning on January 1, 2008, the Employer has amended the Plan's definition of compensation for allocations to your account to include the following amounts (to the extent they would otherwise be taken into account under the Plan's definition of Compensation) that are paid after you terminate employment with the Employer, provided the payments are made within the later of 2 1/2 months after you terminate employment or the end of the year that includes the date of the your termination of employment. Any other payment that is made after termination of employment is not treated as Compensation.

(i) Compensation for services performed during your regular working hours, or compensation for services outside your regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and payments that would have been made to you had you continued employment.

(ii) Amounts paid for unused accrued bona fide sick, vacation or other leave, if such amounts would have been included in Compensation had they been paid prior to your termination of employment and you would have been able to use the leave if employment had continued.

(iii) Nonqualified unfunded deferred Compensation if the payment is includible in gross income and would have been paid to you had you continued employment.

(b) Effective for the plan year beginning on January 1, 2009, the Employer has amended the 2007 SPD by adding the following sentence to the end of ARTICLE XI PLAN EXPENSES:

Distribution fees, charged by the Plan's administration provider, will be allocated against the vested account balances of those individual participants receiving distributions from the Plan.