



# Communications Update

For Local 791 Retail Associates

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Date: August 2, 2008

Tomorrow on August 3<sup>rd</sup>, the Shaw's contract with UFCW Local 791 will expire. As both sides continue to negotiate, you may be hearing information that is outdated or erroneous. This update is to provide you with updated information directly from the company.

Our goal has always been to obtain a contract that balances the needs of our associates with the needs of our customers, while keeping in mind the highly competitive landscape in which we operate today.

Currently, Shaw's has proposed overall INCREASES to total wage and benefits, including wage increases and overall increased company contributions towards benefits.

## HEALTH & WELFARE

- The company's contributions for health and welfare cover more than 87% of healthcare costs. Full-time associate pay less than 13% of health and welfare. For example, the rate for family coverage is currently \$1136 per month and \$13,632 annually for family coverage.
- Within the grocery industry, associates typically pay 25% to 30% of health plan expenses. The company has proposed some increases in weekly healthcare contributions consistent with national trends. The current rate of \$22 per week for full family coverage, \$17.50 for two-person coverage and \$11 for single coverage is substantially below national norms. Shaw's health plan is among the best in the industry providing quality care.
- Shaw's is proposing substantial overall INCREASES in company contributions towards healthcare throughout the value of the five year contract.
- Shaw's is the only employer out of 36 participating employers in the national UFCW health and welfare fund that provides ex-spousal coverage. Therefore, the company has a proposal on this issue that would put us on par with the other participating employers. The company has a proposal to withdraw spousal surcharge in exchange for the elimination of ex-spousal coverage. Ex-spousal coverage affects approximately 30 associates.

## RETIREMENT

- The company has proposed moving from the current pension plan to the company's 401k with full company profit sharing and company matching of contributions. The



current pension plan, if vested, would belong to the associates. Supervalu has one of the best 401k plans in the country. Due to increasing challenges to pension plans, many companies are moving into 401k plans. The advantages of a 401k plan generally include greater investment options for associates, shorter vesting schedules and better portability and inheritability than pension plans.

- Thousands of Shaw's associates represented by Local 791 already participate in the company's 401K plan without company contributions. In fact, hundreds of current Local 791 Shaw's associates have accounts exceeding \$100,000, without fully participating in the company plan. The 401k accounts could grow even more quickly and larger if the company matches \$1.00 for every \$1.00 contributed, as well as the additional funding through profit sharing. This is why the company has made the proposal that all eligible associates participate fully in the 401k plan rather than UPP pension plan going forward.

#### MISCELLANEOUS BENEFITS

- The company has a proposal on newly promoted part-time associates to full-time to move their sick time from 18 hours to 32 hours.
- The company has proposed that assistant department heads should receive fill-in pay for the department head's full-week absence.
- The company has proposed some new hire provisions that would make us more competitive.

#### WAGES

We are in the early stages of this discussion with initial proposals.

Shaw's will continue to work diligently and bargain in good faith. Because these are substantive issues, Shaw's has requested the help of a federal mediator who can help move the process along and assist the parties in working through these difficult issues. It is not uncommon for bargaining parties to ask the assistance of a mediator.

We thank you for your patience and your commitment to serving customers as the two parties negotiate a new contract. As always, you can speak with your supervisor with any questions or concerns that you might have.