



# Communications Update

For Wells DC associates represented by UFCW Local 791

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Date: Friday, July 25, 2008

Since Shaw's and UFCW Local 791 began negotiations on June 16, the parties have been meeting regularly during eight sessions engaging in comprehensive dialogue about the challenges that face our business and the various proposals both sides have made. The company and union together have agreed to 14 proposals sought by the parties.

While we have not completed all our discussions, we are closer to reaching agreement and we have scheduled six more sessions beginning Monday, July 28 through Saturday, August 2 to diligently work towards a new collective bargaining agreement. Shaw's is seeking a five-and-a-half year contract while the union has proposed only a four year.

By mutual agreement, Shaw's and Local 791 have focused heavily on contract language with additional dialogue on economic issues such as wages, healthcare and pension to be addressed in greater detail later in the negotiations.

Below is an update on some of the major areas of discussion and proposals:

- Shaw's is looking for increased economies and efficiencies in Wells, including smoothing out some end of shifts issues; expanding the TAW (Temporary Alternative Work) Program as well as addressing some work standards matters.
- Shaw's is seeking reasonable health care cost containment measures including additional cost sharing with respect to Associates' weekly contributions.
- Shaw's is also seeking new hire provisions in the area of health care eligibility, vacation, holiday pay and sick pay benefits.
- In the area of retirement planning, Shaw's is seeking to expand the 401K matching program and introduce Company 401k profit sharing in lieu of the union pension plan, which to the extent is vested would remain the associates funds. The Supervalu 401K is one of the best plans in the country. Pension Plans have been challenged in recent years. More companies have moved towards healthy 401k plans driven by employee choices and investments, and augmented by company profit sharing and contribution matches. 401k plans generally tend to have more favorable portability and greater investment choices.
- The company is offering a combination of lump sum payments as well general wage increases.

Shaw's has and will continue to bargain in good faith. While negotiations are about 'give and take', Shaw's and Local 791 must work together to keep our retail stores competitive in the marketplace. We want to assure our success so that we are able to provide great job opportunities now and into the future.