

**MEMORANDUM OF AGREEMENT**  
**BETWEEN ALBERTSONS/SAFEWAY**  
**AND**  
**UFCW LOCAL 7**

Albertsons/Safeway ("Employer") and UFCW Local No. 7 ("Union") are parties to collective bargaining agreements. The parties have met and reached a tentative agreement ("Agreement") for new collective bargaining agreements. Such new collective bargaining agreements shall contain the provisions of the current collective bargaining agreements between the parties, including letters of understanding being carried forward, except as modified in the attached document entitled "Tentative Agreement," as well as any and all documents attached to, or incorporated by reference into, said Tentative Agreement document. The new collective bargaining agreements shall have a term of July 24, 2016 through and including November 23, 2019.

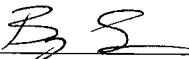
The attached Tentative Agreement and the current collective bargaining agreements, as modified herein, represent the entire Agreement between the parties. Any Union proposal not identified or addressed herein shall be deemed withdrawn. Any proposal of the employer not identified or addressed herein shall be deemed withdrawn. The modification or withdrawal of any proposal in these negotiations shall not be used as evidence in any arbitration or other proceeding.


The parties reserve the right to correct any drafting errors or omissions in this Agreement.

The parties agree that any and all pending or related legal actions, charges, arbitrations, grievances or other disputes arising out of the alleged actions of either party with respect to the negotiation of this Agreement prior to the ratification of this Agreement are mutually settled and released with prejudice upon ratification of the Agreement.

The Union, its officers, and bargaining committee agree to recommend and support the ratification of this Agreement.

This Agreement is conditioned on a peaceful settlement and is only effective upon ratification by the Union of this Agreement.

  
\_\_\_\_\_  
Bryan N. Smith  
Director of Labor Relations  
  
1/23/17  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Kim Cordova  
President  
UFCW Local #7  
  
1/23/17  
\_\_\_\_\_  
Date

## TENTATIVE AGREEMENT

### 1) TERM OF AGREEMENT

Three (3) years and four (4) months beyond the current expiration: July 24, 2016 through and including November 23, 2019.

### 2) APPENDIX "A," "C," "D"

Delete existing wage scales in Appendix "A" in Casper contracts and Appendices "C" and "D" in all other contracts and add new wage rates. Re-write the "Wage Determination" section to read as follows:

#### Rate determination

Effective upon the 2017 ratification, current employees will enter the newly revised wage scales in the following manner:

- Employees making less than the new entry rate per hour will immediately upon ratification receive the new entry rate per hour.
- Employees whose current wage is not found on the newly negotiated wage scale and between the new entry rate and the new top rate will be moved to the next higher wage rate from their current pay rate, and they will be required to work in that step for the designated period of time.
- Employees whose wage is found in the newly agreed wage scale will move to the same rate in the newly negotiated wage scale and shall receive credit for the hours worked and will progress to the next wage step after finishing the balance of hours.
- Notwithstanding the above, APCs at the rates set forth below will go to the following rates/steps in the new progression:
  - Cheyenne and Laramie: \$8.75 go to \$9.45
  - Casper: \$8.75 go to \$9.70
  - Douglas: \$8.50 go to \$9.40
  - Wheatland: \$8.75 go to \$9.45

#### Demotions, Step Downs and layoffs

An employee who is demoted, steps down, or who is laid off in accordance with this Agreement, shall be placed back into the same wage schedule in which the employee was working immediately prior to their assignment into management or promotion into the classification from which they are being demoted, stepping down or laid off. In determining the proper progression level for an employee demoted, stepping down, or laid off from a classification with a higher "thereafter" hourly rate to a classification with a lower "thereafter" hourly rate, such affected employee shall be placed in the appropriate progression level in the rate schedule referenced in this paragraph based on their experience in the newly assigned classification, regardless of whether such assigned rate results in a reduction in hourly rate. In determining prior experience hereunder, the Employer will give recognition to the verified number of hours of actual work experience in the same classification which said employee may have performed for the Employer and the verified number of hours of actual work experience on a comparable job which said employee may have performed within the previous **ten (10)** years for any other employer in a similar retail grocery operation.

### **Promotions, new hires and new entrants into the bargaining unit**

Employees who are promoted to a different classification shall not receive a reduction in their hourly rate of pay if when promoted to such classification they are being paid an hourly rate of pay greater than the minimum, unless they are above the “thereafter” hourly rate in which case they will immediately be paid the “thereafter” hourly rate. When such employee is paid less than the “thereafter” hourly rate, prior to receiving an increase in their hourly rate of pay, they must work 1,040 hours at their current rate before promotion to the hourly rate in the new classification that would give them an increase in their hourly rate of pay.

### **Wage Increases**

Effective July 24, 2016, a thirty cent (\$0.30) per hour rate increase shall be applied to the top rates and above, except for those classifications which will receive a different wage increase at the top rate as set forth in the attached Wage Sheets.<sup>1</sup>

Effective July 22, 2018, a thirty cent (\$0.30) per hour rate increase shall be applied to the top rates and above, excluding Courtesy Clerks.

### **Lump Sum Bonus**

Add the following to Appendix “A” in Casper contracts and Appendices “C” and “D” in all other contracts to read:

Effective July 23, 2017, a one-time thirty cents (\$0.30) per hour bonus shall be paid to all active employees (excluding Courtesy Clerks) working at the top (or “Thereafter”) pay rate or above for their classification based on the straight-time hours worked in the twelve (12) months preceding July 23, 2017. Payment of the lump sum will be made on or before August 10, 2017.

To be eligible to receive the lump sum payment, an employee must, at the time payment is to be disbursed: (1) be actively employed; and (2) be at the top rate of his or her classification. An employee on approved leave of absence or layoff shall receive his or her payment, if eligible, upon returning to work. The payment is not associated with any hours worked or paid (other than for the sole purpose of calculating the payment amount) and will not be included in any rate of pay or overtime calculation.

### **3) NIGHT PREMIUM**

Effective upon ratification, change the first sentence in 11.1 to read:

Safeway: Effective upon ratification of this Agreement, **one dollar (\$1.00) per hour** shall be paid to employees, except Courtesy Clerks, for all work performed between the hours of 10:00 p.m. and 6:00 a.m., in addition to the employee’s regular straight-time hourly rate of pay.

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<sup>1</sup> For department manager rates covered by a previously-signed Letter of Agreement (Cheyenne, Douglas, Laramie), the new rate of pay will be the greater of: (a) the current/effective rate (i.e., the rate the department managers are current paid pursuant to the LOA) plus \$.30, or (b) the contract rate plus the contractual increase (as reflected in the attached wage sheets).

Albertsons: **One dollar (\$1.00) per hour** shall be paid for all work performed between the hours of 10:00 p.m. and 6:00 a.m., in addition to the employee's regular straight-time rate of pay.

#### 4) HEALTH AND WELFARE

- a. Employer Contributions and Benefit Levels: Adopt the "Health and Welfare Contributions" Letter of Agreement attached to this document as Attachment "A." Add the following new paragraph to read: "Effective December 1, 2016 (November pension hours), in addition to the contributions required herein, a supplemental contribution of twenty (\$0.20) cents per hour times the pension hours for that month shall be contributed to the active health and welfare fund. Such supplemental contribution shall continue through the payment made in November 2019 (October pension hours)." The Plan Administrator shall transfer the supplemental contribution amount for the months of December 2016 and January 2017 from the Pension Fund to the active health and welfare fund consistent with the above formula.
- b. Long Term Funding Policy – paragraph #2: In paragraph #2 of the Long Term Funding Policy change "minimum reserve requirement" to "IBNR."
- c. Trust Plan Changes: The Trustees of the Plan shall be directed to make the following adjustments to the benefits of the Plan: Effective January 1, 2017, increase the disability benefit cap to \$300.

#### 5) PENSION

- a. The Trustees shall be directed to merge the Clerk and Meat Pension Plans no later than July 1, 2016. (The parties agree to the merger that took place in July).
- b. Delete the Pension Protection Act (PPA) section in the current Agreement(s). Effective December 1, 2016, the supplemental contribution contained therein shall cease. Effective December 1, 2016, the base pension contribution rate for all contracts shall be increased to \$1.25 per hour (based on preceding month hours). "Effective December 1, 2016 (November hours), the base contribution rate shall be reduced to \$1.05 per hour. Such reduced contribution shall continue through the payment made in November 2019 (October hours). Effective December 1, 2019 (on November 2019 hours) the base contribution rate shall return to \$1.25." The Plan Administrator shall calculate the overpayment made by the Employer for the months December 2016 and January 2017 and communicate that amount to the bargaining parties and the Plan's Trustees, and the amount will be offset as a credit against the Employer's monthly contribution.
- c. The Trustees shall be directed to modify the Plan to provide for the ability of Courtesy Clerks to earn benefit accruals on a prospective basis. For Courtesy Clerks on the payroll as of the date of ratification, the Trustees shall be directed to apply the greater of the current benefit accrual for Courtesy Clerks or the provisions contained herein for each service year whichever is greater. The Courtesy Clerk accrual shall be equal to \$30.00 per month per year of service. Direct the Trustees to amend the Plan to modify plan eligibility for Courtesy Clerks to reflect eligibility with first hour worked effective January 1, 2016 on a prospective basis.
- d. The Trustees shall be directed to modify the Plan's accrual rates effective January 1, 2016 to \$30.00 per month for future years of service.

- e. At the trust meeting set no more than six (6) months prior to the expiration of the 2015-2019 Denver Clerks contracts between the parties, the actuaries are to determine the contribution rate necessary to continue funding current benefits and to maintain PPA green zone status for at least the next ten years. In the event the actuaries determine that a lower contribution rate is sufficient to continue current benefits, the Union and the Employers will share equally the excess funding. The Union may restore reduced benefit accruals and the Employers' contribution rate will be reduced in an equal manner and amount, based on actuarial equivalence. Nothing in this section should be construed as an agreement to increase the pension contribution rate above the agreed upon base set forth above.

**6) LETTER OF AGREEMENT – MINIMUM WAGE**

Adopt the following Minimum Wage LOA: Effective upon ratification, in the event Federal or State minimum wage increases during the term of this Agreement to a rate greater than the starting rate, the new rate will be at least twenty cents (\$0.20) per hour above the minimum wage and each rate above will be at least ten cents (\$0.10) per hour higher than the previous rate in the progression schedule.

Bargaining Note: In applying the provisions of this Letter of Agreement, the parties understand, for example, that an employee working at a progression step that is adjusted as a result of the operation of this letter would remain at the same step but work under the newly adjusted rate until they complete the remaining hours of that step and advance to the next step.

**7) GRIEVANCE SETTLEMENT: FRESH CUT CLERKS, FRESH CUT SUPERVISOR**

Resolve current Safeway grievances regarding the classification and rate of pay for Safeway Fresh Cut Clerks and Safeway Fresh Cut Supervisors on the following terms: the Fresh Cut Clerk rates of pay will equal the Bakery clerk rates of pay and the Fresh Cut Supervisor rate of pay will be \$1.00 above the Bakery clerk thereafter rate of pay and, in exchange, the Union will withdraw with prejudice all related grievances.

**8) DEPARTMENT MANAGER BONUS**

The Company retains the right to develop, implement and establish a Bonus Plan for Department Managers at its sole discretion including the right to determine bonus amounts, payment criteria, measurements and the right to make changes and modifications to the program including termination of the program. The Union will withdraw with prejudice all grievances related to the Company's department manager bonus program.

**9) BEREAVEMENT LEAVE**

Change Safeway and Albertsons Clerks 31.1, and Albertsons Meat 26.1 paragraph 8: The immediate family is defined as the employee's father, mother, step-parents, grandparents, grandchildren, spouse, children, step-child, brother, sister; and father, mother, brother and sister of the then existing spouse.

Add to Safeway 31.2, add new section 31.3 to Albertsons Clerks, and add new section 26.1, paragraph 10 to Albertsons Meat: Additional time, without pay, shall be granted as is needed by the employee up to seven (7) calendar days for the above defined immediate family as well as for aunts, uncles, nieces, nephews, step-brother, step-sisters and grandparent of the then existing spouse.

Strike the sentence in Safeway 31.2: Employees must attend the funeral in order to qualify for pay.

Strike the sentence in Albertsons Clerks 31.1: To be eligible for funeral leave, the employee must attend the funeral of the deceased.

Bargaining Note: For unique circumstances, the Company and the Union will meet to discuss any additional needs for leave under this section.

## 10) VACATION SCHEDULING

Add to Safeway 13.8, add new section 13.11 to Albertsons Clerks, add new section 19.5 to Albertsons Meat: The Employer retains the right to determine the number of employees who may be on vacation at any given time. **However, in no event shall it be less than two (2) persons per retail bargaining unit and one (1) person per meat bargaining unit, except for any week of and the week before a holiday covered under this contract as well as Mother's Day and Valentine's Day, when the Employer may limit the number of people on vacation to no less than one (1) per bargaining unit.**

Change Safeway 13.9: The Employer will post a notice **December 1** of each calendar year, and the employees will sign the roster as to their choice of vacation. This list will remain posted for selection until **January 31** of each calendar year. **Beginning 2018, the vacation calendar period commences on March 1 of each year and concludes the last day of February the following year.**

## 11) UNION LEAVE

Change Safeway 33.8, add new Section 33.6 to Albertsons Meat, add new Section 30.5 to Albertsons Clerks: **Subject to the legitimate needs of the business,** leaves of absence without pay for Union business not to exceed six (6) months shall be granted by the Employer to employees who have completed one (1) year of service, **provided the request is made at least three (3) weeks in advance of the beginning of the leave and another employee in the same store is not already on a Union leave of absence or scheduled to be on a Union leave concurrent with any portion of the period of the requested leave.** The six (6) months shall be extended by an additional six (6) months upon request by the Union. **The Company shall not unreasonably deny such request.**

In the event a specific request cannot be granted, the Union may contact the Company's Director of Labor Relations for discussion of possible alternatives.

## 12) PROBATIONARY PERIOD

Change Safeway 5.1: New employees shall be considered as probationary employees during the first **ninety (90)** calendar days of employment, and during such period, may be discharged without assignment of cause and such discharge shall not be subject to the grievance or arbitration procedures set out elsewhere in this Agreement.

### 13) WORK SCHEDULE

The Company will use its best efforts to give employees at least one (1) hour notice if an employee is required to work beyond the end of their scheduled shift.

### 14) CHECK OFF

Add to Safeway 3.3: The Employer agrees to remit such deductions to the Secretary-Treasurer of the Union within ten (10) days after the first pay period of each month. **The Union shall indemnify and hold the Employer harmless against any and all suits, claims, demands and liabilities which arise out of, or by reason of, any action which shall be taken by the Employer for the purpose of complying with provisions of this Article.**

### 15) STORE CLOSING

Add new section 19.17 to Safeway, new side letter for Albertsons Clerks and Meat: The Company will not challenge any unemployment claim of employees, provided there is no dispute that the employee engaged in conduct prior to the store closure that would have resulted in the employee's termination, even if the Company discovers information leading to the dispute after the store closure.

Add new section to 19.18 to Safeway, new side letter for Albertsons Clerks and Meat: The Company agrees to provide employees whose employment is terminated with a letter stating the following: To Whom It May Concern: This shall confirm that \_\_\_\_ was employed by Albertsons/Safeway in our [city, state] store from \_\_\_\_ to \_\_\_\_, [year] in the position(s) of \_\_\_\_\_. His/her last straight-time hourly wage rate was \$ \_\_\_\_\_. Mr./Ms. \_\_\_\_\_'s employment was terminated effective \_\_\_\_, [year] as a result of the Company's decision to close the [city, state] store for business reasons.

### 16) PRIOR EXPERIENCE

Change Safeway 6.1: In applying Article 4 of this Agreement to any newly hired or transferred employee, the Employer will give recognition to the verified number of hours of actual work experience on a comparable job which said newly hired or transferred employee may have performed within the previous **ten (10) years** for any other employer in a similar retail grocery operation, or other food operation including the Safeway Cake Commissary. **The aforementioned shall include: Independent Floral, Liquor Stores, Independent Bakery, Starbucks, Delicatessen Shops, Pharmacy and King Soopers Fuel Stations.**

Add new side letter to Albertsons Clerks and Meat: **The Employer will give recognition to the verified number of hours of actual work experience on a comparable job which a newly hired or transferred employee may have performed within the previous ten (10) years for any other employer in a similar retail grocery operation, or other food operation including the Safeway Cake Commissary. The aforementioned shall include: Independent Floral, Liquor Stores, Independent Bakery, Starbucks, Delicatessen Shops, Pharmacy and King Soopers Fuel Stations.**

### 17) LETTER OF INTENT – FULL-TIME POSITIONS

Within ninety (90) days of ratification of each new CBA, and in accordance with the grievance procedure of each CBA, the Union shall present the Company with a list of employees who they

believe have worked the hours required by the applicable CBA (such as Article 14.22 of Safeway contracts) to trigger a full-time position. The Company commits to making a good faith effort at determining which of these employees has triggered a full-time position as defined by the applicable CBA provisions. Once such a determination is made and has been communicated to the Union, the full-time position shall become effective within two (2) weeks. The full-time position shall be filled pursuant to the applicable CBA provisions (such as Article 14.22 of the Safeway contracts).

## 18) HOLIDAYS

Change Safeway 12.1: All employees hired on or after June 26, 2005 who have completed their probationary period shall be paid for the following holidays whether or not they fall on what would normally be a workday for the employees involved: Thanksgiving Day, and Christmas Day. **Effective in 2017, employees hired on or after June 26, 2005 shall also be paid for Memorial Day and Labor Day.**

Change Albertsons Clerks 12.1: All employees hired on or after June 26, 2005 who have completed their probationary period shall be paid for the following holidays whether or not they fall on what would normally be a workday for the employees involved: Thanksgiving Day, and Christmas Day. **Effective in 2017, employees hired on or after June 26, 2005 shall also be paid for Memorial Day and Labor Day.**

Change Albertsons Meat 20.1: All employees hired on or after June 26, 2005 who have worked a minimum of one year shall be paid for the following holidays whether or not they fall on what would normally be a workday for the employees involved: Thanksgiving Day, and Christmas Day. **Effective in 2017, employees hired on or after June 26, 2005 shall also be paid for Memorial Day and Labor Day.**

Add to the end of Safeway 12.1, Albertsons Clerks 12.1, and Albertsons Meat 20.1: All premiums shall be paid in accordance with the current contract.

Delete Safeway 12.9, Albertsons Clerks 12.8.

## 19) SICK LEAVE

Change Safeway 16.3 and Albertsons Clerks 16.2: Unused sick leave shall be cumulative and after the first year of continuous employment, said employee shall accumulate unused sick leave at the rate of one-half (1/2) day per month for each month of continuous employment in which they work ~~one hundred four (104) hours~~ **ninety six (96) hours in a four week month and one hundred and twenty (120) hours in a five week month**, but not to exceed a maximum accumulation equivalent to sixty (60) full days.

Change Albertsons Meat 31.11: All employees covered by this Agreement who normally work ~~one hundred four (104) hours a month or more~~ **ninety six (96) hours in a four week month and one hundred and twenty (120) hours in a five week month** and who have been continuously employed by their Employer for a period of at least one (1) year, shall be entitled to six (6) days sick leave pay each succeeding anniversary year of employment.



Change Safeway 16.4: A doctor's certificate or other authoritative verification of illness may be required by the Employer. Said sick leave is to commence **on** the second (2<sup>nd</sup>) full work days' absence due to sickness or non-occupational injury, and shall be paid at the rate of one hundred percent (100%) of a day's pay for each workday's absence thereafter until such sick benefit allowance is used up. Sick leave pay shall commence on the first day, provided the employee is hospitalized as an inpatient **or undergoes outpatient surgery. The waiting period provided herein shall apply for each illness or non-occupational injury.**

Change Albertsons Clerks 16.4: All employees shall be advised, at the time he or she notifies the Employer of his or her impending absence if the Employer will require said certificate or verification of illness for employees hired on or before June 25, 2005, said sick leave is to commence **on** the second (2<sup>nd</sup>) day's absence, employees hired on or after June 26, 2005 sick leave is to commence on the third (3<sup>rd</sup>) full scheduled workday's absence due to sickness or nonoccupational injury, and on the first (1<sup>st</sup>) workday's absence in the event the employee is hospitalized **or absent due to outpatient surgery**, and shall be paid at the rate of one hundred percent (100%) of a day's pay for each workday's absence thereafter until such sick benefit allowance is used up. **The waiting period provided herein shall apply for each illness or non-occupational injury.**

Change Albertsons Meat 31.11.2: A doctor's certificate or other authoritative verification of illness may be required by the Employer and, if so, must be presented by the employee upon returning to work. For employees hired on or before June 25, 2005, said sick leave is to commence **on** the second (2<sup>nd</sup>) day's absence, employees hired on or after June 26, 2005 sick leave is to commence on the third (3<sup>rd</sup>) scheduled workday's absence, due to sickness or injury (except in the case of occupational injury, in which event sick leave shall commence on the first (1<sup>st</sup>) day following the injury which the employee would have worked had the injury not occurred or in the event the employee is hospitalized, **or absent due to outpatient surgery**, in which case sick leave shall commence on the first (1<sup>st</sup>) workday's absence) and shall be paid at the rate of one (1) day's pay until such sick benefit allowance is used up. **The waiting period provided herein shall apply for each illness or non-occupational injury.**

Change Safeway 16.6: Sick leave shall be paid to part-time employees ~~who normally work one hundred four (104) hours a month or more~~ on the basis set forth on a pro rata of total hours worked during the year preceding the anniversary date as a ratio to two thousand eighty (2080) hours, but can accumulate only for a maximum of ten (10) years.

Change Albertsons Clerks 16.6, Albertsons Meat 31.11.4: Sick leave shall be paid to part-time employees ~~who normally work one hundred four (104) hours a month or more~~ on the basis set forth on a pro rata of total hours worked during the year preceding the anniversary date as a ratio to two thousand eighty (2080) hours, but can accumulate only for a maximum of ten years.

Change Safeway 16.12: Employees hired on or after June 26, 2005 who have completed **one (1)** year of employment shall commence accumulating sick leave credit of up to two (2) hours for each month that such employee works at least **ninety six (96)** hours in a four week month and **one hundred and twenty (120)** hours in a five week month. Such credit shall be determined by dividing the actual hours worked for such month by one hundred sixty (160) hours (in a four week month) or two hundred (200) hours in a five week month times two (2). Unused sick leave shall not exceed a maximum accumulation of **one hundred forty (140) hours**. Sick leave shall be paid as provided in the preceding section, except sick leave shall not commence until the third (3<sup>rd</sup>) full workday's absence. There shall

be no first (1<sup>st</sup>) or second (2<sup>nd</sup>) day sick leave for these employees **unless the employee is hospitalized or absent due to outpatient surgery. There shall be no retroactive application of this provision.**

Change Albertsons Clerks 16.12, Albertsons Meat 31.11: Employees hired on or after June 26, 2005 who have completed **one (1) year** ~~three (3) consecutive years~~ of employment shall commence accumulating sick leave credit of up to two (2) hours for each month that such employee works at least ~~one hundred twelve (112)~~ **ninety six (96)** hours in a four week month or one hundred ~~twenty forty (140)~~ **(120)** hours in a five week month. Such credit shall be determined by dividing the actual hours worked for such month by one hundred sixty (160) hours (in a four week month) or two hundred (200) hours in a five week month times two (2). Unused sick leave shall not exceed a maximum accumulation of ~~sixty (60)~~ **one hundred forty (140)** hours. **There shall be no retroactive application of this provision.**

## 20) SUSHI

The Union shall remain the sole collective bargaining representative for all existing sushi operations; however if the Company decides to lease this operation to a 3<sup>rd</sup> party sushi company, the Union will not challenge said decision.

For the purposes of this agreement, it is understood that the Sushi bars which are established by the 3<sup>rd</sup> Parties will be making and selling items similar to those items which were made and sold at the Company's Sushi Bars in addition to other items related to the sale of sushi.

Customers may pay for items at registers belonging to the Company.

The parties understand and agree that the existence of this agreement shall not be used by either party as evidence to support either party's position with respect to any future option that the Company may sublease to a 3<sup>rd</sup> party operator under the meat or clerk agreement.

- 21) Delete Ratification Bonus language in Safeway contracts.
- 22) Delete "Wage Progression" language in Safeway contracts.
- 23) Delete "Annual Lump-Sum Bonus" language in Albertsons Clerks and Meat.
- 24) Delete "All jobs will be paid at least 15 cents per hour above Federal Minimum Wage" in Albertsons Clerks.
- 25) Delete language regarding expired quarterly hourly bonus in Albertsons Clerks and Meat.
- 26) Delete language regarding employees Holly Gilbert and Lottie Muggenburg under "Miscellaneous" in Albertsons Clerks and Meat.
- 27) Bargaining Note: If issues arise involving alleged unlawful harassment or discrimination by members of management, the Union President or her designee may bring the issue(s) directly to the Company's Director of Labor Relations, and the parties will meet to discuss the issues and attempt in good faith to resolve them.

## Attachment A

### LETTER OF UNDERSTANDING HEALTH & WELFARE CONTRIBUTIONS RECITALS

A. **Albertsons/Safeway** (the “Employer”) and the United Food and Commercial Workers Local 7 (the “Union”) are party to various collective bargaining agreements (the “CBAs”).

B. Pursuant to the CBAs, the Employer makes contributions on a monthly basis to the United Food and Commercial Workers Welfare Trust (the “Plan”) on behalf of specified bargaining unit employees who work 80 or more hours in a four week month or 100 or more hours in a five week month.

C. The contribution presently required to be made to the Plan by the CBAs is expressed as a monthly dollar amount that commences with hours worked after the employee completes their initial eligibility period (the “Monthly Rate”).

D. The undersigned parties desire to modify the contribution structure to convert the Monthly Rate to an equivalent hourly contribution rate commencing at date of hire (the “Hourly Rate”) pursuant to the methodology outlined below, with the express intent of maintaining the overall economic terms of the CBAs by requiring a monthly reconciliation to ensure the amount contributed each month pursuant to the new Hourly Rate structure equals the amount that would have been contributed under the Monthly Rate structure.

### AGREEMENTS

The undersigned parties hereby agree as follows:

1. Effective February 1, 2017 (January 2017 hours) the Monthly Rate shall be converted to an equivalent Hourly Rate commencing with an employee’s first hour of employment pursuant to the methodology outlined below. The undersigned parties agree the Hourly Rate provided for herein shall supplant and replace the Monthly Rate specified in the CBAs, and the Employer shall have no additional obligation to contribute to the Plan beyond the Hourly Rate (subject to the monthly reconciliation provided for herein).

2. The Monthly Rate shall be converted to an equivalent Hourly Rate as follows:

(a) The Employer shall calculate the Hourly Rate. Each participating Employer at its option may have the Plan’s Consultant calculate the Hourly Rate. The Hourly Rate shall be the amount projected by the Plan’s consultant to provide an equivalent dollar amount of monthly contributions to the Plan as would have been made had the Monthly Rate and contribution rules remained in effect.

(b) The Employer shall calculate the Hourly Rate to be effective commencing with hours worked January 2017. The Plan’s consultant shall thereafter update his calculation of the projected Hourly Rate each January 1 and July 1 (or such other dates as determined as necessary and appropriate by the Plan’s Trustees) based on Plan experience for such employer, and such updated Hourly Rate shall become effective when approved by the Plan’s Trustees.

(c) To maintain the overall economic terms of the CBAs, the undersigned parties agree the Employer or Plan Administrator if assigned the task by an Employer shall reconcile contributions on a monthly basis to compare the amount actually contributed by the Employer pursuant to the Hourly Rate each month relative to the amount that the Employer would have contributed had the Monthly Rate remained in effect for such month. The Employer will determine by the last day of each month whether the amount contributed to the Plan in such month pursuant to the Hourly Rate structure was more or less than would have been paid pursuant to the Monthly Rate structure. To the extent the amount of the Employer's actual Hourly Rate contributions for a month exceed the amount the Employer would have contributed had the Monthly Rate remained in effect for such month, then the Employer shall be entitled to a credit in the amount of such excess against contributions due for the following month. EXAMPLE ONE: EMPLOYER CONTRIBUTES \$50,000 TO THE PLAN ON APRIL 10 FOR MARCH HOURS. EMPLOYER OR PLAN ADMINISTRATOR RECONCILES AND IF THE EMPLOYER OR PLAN ADMINISTRATOR DETERMINES EMPLOYER WOULD HAVE PAID \$48,000 HAD MONTHLY RATE STRUCTURE BEEN IN EFFECT FOR THE MONTH, EMPLOYER WILL BE ENTITLED TO \$2,000 CREDIT TO BE TAKEN AGAINST CONTRIBUTION DUE IN MAY FOR APRIL HOURS. Conversely, to the extent the amount of the Employer's actual Hourly Rate contributions for a month are less than the amount the Employer would have contributed had the Monthly Rate remained in effect for such month, then the Employer shall pay the amount of such difference to the Plan as an additional contribution, with such amount due for the following month. EXAMPLE TWO: EMPLOYER CONTRIBUTES \$50,000 TO THE PLAN ON APRIL 10 FOR MARCH HOURS. EMPLOYER OR PLAN ADMINISTRATOR RECONCILES AND IF THE EMPLOYER OR PLAN ADMINISTRATOR DETERMINES EMPLOYER WOULD HAVE PAID \$54,000 HAD MONTHLY RATE STRUCTURE BEEN IN EFFECT FOR THE MONTH, EMPLOYER WILL CONTRIBUTE AN ADDITIONAL \$4,000 WITH THE CONTRIBUTION DUE IN MAY FOR APRIL HOURS.

(d) Notwithstanding the foregoing, all other terms of the CBAs with respect to the amount of the Employer and employee contributions payable to the Plan shall remain in effect.

3. The Employer shall pay the Hourly Rate to the Plan on behalf of those employees covered by the CBAs (even if such employees have not yet satisfied the eligibility requirements to qualify for initial Plan eligibility) beginning with the first hour worked with the Employer in such an eligible position. The hours for which the Employer shall be obligated to contribute the Hourly Rate to the Plan shall be the same hours that are credited under the CBAs for purposes of determining whether employees satisfy the 80-hour, or 100-hour, qualifiers for receiving the prior Monthly Rate contributions. However, employees shall not be required to work such 80 hours, or 100 hours, to qualify for the Hourly Rate contribution. The Employer shall continue to report credited hours to the Plan on a monthly basis, and the contribution amount shall continue to be payable each month by the deadline required under the CBAs.

4. The Employer agrees that its contributions tendered pursuant to this Agreement are subject to audit by the Fund's auditor. The Employer further agrees to reimburse the Fund Administrator for any administrative expense it incurs in the processing of these contributions with the understanding that there shall be no reimbursement of the Fund auditor by the Employer for audits conducted pursuant to this provision.

**ALBERTSONS/SAFEWAY**

Name BS

Date 1/23/17

**UFCW LOCAL 7**

Name [Signature]

Date 1/23/17