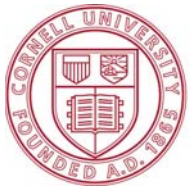

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Title: **Safeway Inc., Northern/Southern Outlying Area and United Food & Commercial Workers International Union (UFCW), AFL-CIO-CLC, Local 99 (2003)**

K#: **6767**

Employer Name: **Safeway Inc., Northern/Southern Outlying Area**

Location: **AZ**

Union: **United Food & Commercial Workers International Union (UFCW), AFL-CIO-CLC**

Local: **99**

SIC: **5411**

NAICS: **445110**

Sector: **P**

Number of Workers: **70000**

Effective Date: **03/23/03**

Expiration Date: **10/25/08**

Number of Pages: **63**

Other Years Available: **N**

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6767

UFCW 99

a VOICE for working America

ARIZONA

2,500 ee

AGREEMENT
between

Total: 124 pages

SAFEWAY INC.

Northern/Southern Outlying Area

and

UNITED FOOD AND COMMERCIAL WORKERS UNION, LOCAL 99

TERM OF AGREEMENT

March 23, 2003 through October 25, 2008

61

Dear UFCW Member:

The following pages contain the most important information you can have while working for Safeway Inc. Your Union contract (Collective Bargaining Agreement) defines your wages, hours, working conditions, benefits, rights, and obligations along with other work-related information. Please review it carefully and retain it for future reference.

Without a Union contract, employees in Arizona are "at will" which means no job protections and no guarantees. The strength of this contract is directly related to the strength of our membership. We must continue to grow our Union every day to prepare for future negotiations.

Our solidarity is our strength.

Sincerely and fraternally,

James J. McLaughlin
President

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THIS AGREEMENT made and entered into this nineteenth day of December, two thousand four, by and between SAFEWAY INC. Benson, Bisbee, Bullhead City/Fort Mohave, Coolidge, Douglas, Globe/Claypool, Holbrook, Kingman, Lake Havasu, Pinetop/ Lakeside/Show Low, Nogales, Page, Parker, Payson, Sierra Vista, Springerville, Thatcher, Willcox, and Winslow (each to remain separate bargaining units) hereinafter called "Employer" and Local 99 of UNITED FOOD AND COMMERCIAL WORKERS INTERNATIONAL UNION, AFL-CIO & CLC hereinafter called the "Union" or "Local 99."

INTENT AND PURPOSE

It is the intent and purpose of the Employer and the Union to promote and improve labor-management relations between them and to set forth herein the basic terms of agreement covering wages, hours, and conditions of employment to be observed in the retail establishments, and in providing for the orderly settlement of disputes between them, the parties to this Agreement agree as follows:

> The Union recognizes the mutual desirability of employees patronizing their Employer's stores inasmuch as the Employer's ability to provide the wages, benefits, and working conditions contained herein is dependent upon its sales and agrees to promote such patronage.

ARTICLE 1 - RECOGNITION OF THE UNION

a. The Employer recognizes the Union as the exclusive representative for collective bargaining purposes for Courtesy Clerks, All Purpose Clerks and Meat Cutters employed by Safeway in the Employer's retail supermarkets in Benson, Bisbee, Bullhead City/Fort Mohave, Coolidge, Douglas, Globe/Claypool, Holbrook, Kingman, Lake Havasu, Pinetop/Lakeside/Show Low, Nogales, Page, Parker, Payson, Sierra Vista, Springerville, Thatcher, Willcox, and Winslow, Arizona, each as separate bargaining units, except the following: office clerical, guards, greeters, watchmen, security personnel,

Pharmacists (including Pharmacy Manager), Pharmacy Interns, Store Manager, Assistant Store Manager, Bakery Manager and two (2) Second Assistant Managers.

b. Whenever the Employer opens a store within one of the bargaining units as described in the preamble above, the Employer shall recognize the Union as the sole collective bargaining representative for any store which the Union demonstrates majority status via a card check.

c. The Union shall have jurisdiction over all meats that are cut or prepared for immediate human consumption on premises, including package items, fresh, frozen and smoked meats, fresh or frozen fish, poultry, and rabbits displayed in the Meat Department.

d. Meat Department Only: Except as provided in this Agreement, none other than the employees covered under the terms of this Agreement will be allowed to use any of the Meat Department tools of the trade or perform any other work in the Meat Department that is covered by the terms of this Agreement.

At the Employer's discretion, any bargaining unit personnel may perform meat clean-up duties anywhere in the Meat Department including, without limitation:

1. Clean and maintain walls, floors, and windows.
2. Clean and maintain sinks and tables.
3. Remove and dump trash and rubbish.
4. Wash luggers and trays.
5. Clean meat cutting and grinding equipment except that such equipment shall be disassembled and reassembled only by bargaining unit members.

Bargaining Note: It is understood and agreed that this provision shall not alter any established past practice between the parties.

In the event the Employer changes its operation in the Meat Department of its Retail Stores to that of a self-service operation, with cutting being done on a centralized basis

and thereby causes the displacement from the Retail Store of a worker falling within the classification of this Agreement, then in that event, such displaced workers shall, if qualified, be allowed to displace All Purpose Clerks pursuant to the layoff provisions of this Agreement.

e. Deli Vendors may stock their own merchandise presently handled as a meat department item in connection with new store openings, remodels and major revamps and/or major re-merchandising. In addition, Deli Vendors may stock their own merchandise in accordance with the Employer's historical past practices.

f. The Employer will provide the Union, in writing, as soon as possible within thirty (30) days from the date of employment, a list of all newly hired employees showing:
   1. Full name
   2. Date of hire
   3. Store assignment
   4. Classification
   5. Rate of pay
   6. Current home address
   7. Social Security number

ARTICLE 2 - UNION STORE CARD

The Union Store Card or Decal is the sole property of the United Food and Commercial Workers International Union, Local 99, and is loaned to the Employer, for display, who signs and abides by the Agreement. Only one (1) such card, unless otherwise mutually agreed upon by the parties, shall be displayed in a place in the store visible to the public which is mutually agreed upon between the parties. One (1) additional Union Shop Card/or Decal may be displayed in the Meat Department under the window of the cutting room door that leads to the sales floor. This Card or Decal may be removed by an authorized representative of UFCW Local 99 for any violation of this Agreement.

ARTICLE 3 - DISCIPLINE OF AND DISCRIMINATION AGAINST EMPLOYEES

No employee shall be disciplined or discharged without just cause.

The Employer shall not discriminate against an employee for upholding the terms of this Agreement, participation in legitimate Union activities, serving on a committee of the Union or any organization affiliated therewith, or failing or refusing to purchase stocks, bonds, securities or interest in partnership, corporation and/or company.

An employee must call in, if at all possible, at least two (2) hours prior to the scheduled starting time of his or her shift if such employee will be absent that day.

24 Hour No Call - No Show - Any employee who fails to report for work as scheduled and fails within twenty-four (24) hours thereafter to personally provide store management with sufficient reason to have prevented the employee from reporting to work shall be considered a voluntary quit. Notwithstanding the foregoing, in the event that an employee fails to report for work as scheduled or contact store management within twenty-four (24) hours thereafter, as required above, as a result of serious mitigating circumstances beyond his/her control, such employee shall be granted an additional twenty-four (24) hours to present the Employer with valid documentation or other persuasive evidence acceptable to the Employer confirming the employee's inability to report for work as scheduled or personally contact store management within the time limits set forth above. An employee satisfying these criteria shall have his/her voluntary termination vacated, with the involved time period considered an excused absence. Any dispute arising out of the application of this Article shall be subject to the Agreement's grievance and arbitration procedure.

The Employer and the Union agree that each will fully comply with applicable laws and regulations regarding discrimination against any employee or applicant for employment because of such person's race, religion, color, national origin, gender, disability, or age.

Whenever the masculine gender is used in this Agreement, it shall be deemed to include the feminine gender as well.

No employee will be subject to sexual harassment. Sexual harassment is defined to include: Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when such conduct is made explicitly or implicitly a term or condition of employment, is used as a basis for employment decisions, or has the purpose or effect of interfering with work performance or creating an otherwise offensive working environment.

Employees, past their probationary period, who are discharged for failure to perform work as required, shall first have been warned, in writing, of a similar or related offense with a copy given to the employee.

An employee who is subject to disciplinary action (written warning, written verbal warning, suspension) will be required to sign the disciplinary notice. In signing the disciplinary notice, the employee is acknowledging only that he or she has received a copy of the disciplinary action and does not imply by signature that they necessarily agree to the action. Written Warning notices shall be issued no later than one (1) week from the date of the incident or one (1) week from the date management has knowledge of the incident, unless a delay is necessitated by circumstances beyond the control of management such as absence by employee, key witnesses or the result of a complex investigation of the circumstances giving rise to disciplinary incident.

In the event an employee should file a grievance regarding the merit of a written warning, the Union shall be supplied a copy of the warning upon written request.

Written notices shall be voided after a period of time not to exceed one (1) year unless another warning notice on a related or similar offense occurs within the one (1) year period, in which event all warning notices shall be retained until a one (1) year period without a warning notice on the matter has occurred.

A warning notice shall not be required in the case of a discharge for cash register irregularities.

The first ninety (90) calendar days of a new employee's employment shall be considered as probationary. All terms of this

Agreement shall apply during said probationary period provided, however, that such employees may be terminated during such period for any reason.

An employee shall be notified by the Employer at the time of suspension or discharge of the reason for such action. Suspension notices will be given to the employee, in writing, at the time of the suspension. Written discharge notices stating the reason for discharge must be mailed to the discharged employee's last address on record with the Employer within fifteen (15) days of his or her discharge, unless such written notice is handed to the discharged employee at the time of discharge.

An employee who quits or is terminated for any reason shall be paid promptly all monies due.

ARTICLE 4 - JOB POSTING/CAREER ADVANCEMENT

The Employer recognizes the desire on the part of many of its employees to make careers within the retail food industry. Moreover, it is the Employer's policy to employ, promote and transfer employees based on qualifications, merit and ability in order to effectively utilize its human resources. Therefore, the Employer hereby agrees to continue in place, and refine as it deems appropriate, its job posting/career advancement policies and procedures providing a mechanism for qualified employees to avail themselves of promotion opportunities within the Company. The Employer agrees to work with the Union with the objective of developing procedures consistent with the Employer's policies on non-discriminatory promotional opportunities. Notwithstanding, the Union expressly agrees that should the parties fail to reach mutual agreement with respect to the involved issues, the Union shall not seek recourse through the grievance or arbitration provisions of the Agreement nor shall the Union file any unfair labor practice charge(s).

ARTICLE 5 - SENIORITY

a. Seniority for employees hired on or after ratification is defined as the length of continuous employment with the

Employer in the bargaining unit except that Courtesy Clerks shall accrue seniority only in the Courtesy Clerk classification. Seniority for employees hired before December 19, 2004, shall be the most recent date of entry into the classification the employee is assigned on the date immediately prior to December 19, 2004. Seniority shall be applied as provided herein for purposes of layoff, recall, vacation scheduling, scheduling of hours, promotion from part-time to full-time, reduction from full-time to part-time and reduction of hours. Benson, Bisbee, Bullhead City/Fort Mohave, Coolidge, Douglas, Globe/Claypool, Holbrook, Kingman, Lake Havasu, Pinetop/Lakeside/Show Low, Nogales, Page, Parker, Payson, Sierra Vista, Springerville, Thatcher, Willcox, and Winslow, Arizona are separate bargaining units. No employee shall suffer loss of seniority by reason of an approved leave of absence.

Seniority shall be maintained separately for classifications as follows:

1. All Purpose Clerks

2. Meat Cutters

3. Courtesy Clerks

Seniority can only be lost or broken by the following:

1. Quit.

2. Discharge for just cause.

3. Layoff for a period of time equivalent to the employee's seniority, but in no event to exceed six (6) months.

4. Failure to return in accordance with the terms of a leave of absence.

5. Failure to return, within the time limits specified herein, when recalled after a layoff.

6. 24 Hour No Call - No Show

b. Layoffs and Recalls: Layoffs and recalls shall be based on the employee's seniority with the Employer as defined in this Article. Hourly bargaining unit management employees shall not be bumped by non-management employees.

In the event a store needs to layoff an employee, as opposed to a reduction in hours, the least senior employee in the affected job will be laid off but, if qualified, shall be given the option of displacing the least senior employee in the store (who shall be laid-off unless such employee has one or more years of seniority in which case such employee shall be allowed to displace the least senior employee in the geographic area or bargaining unit, if qualified) or of accepting the layoff.

Any employee who has been laid-off shall have their name placed on a preferential recall list for employment within their department and classification within the geographic area or bargaining unit. Such employee shall be obligated to accept the offer of employment when tendered or be removed from the preferential recall list. An employee who is removed from the preferential recall list will then be recalled under the regular terms as described in this Article.

The Employer shall recall employees on layoff to the store from which they were laid-off prior to hiring a new employee. Any employee recalled shall be required to report within seventy-two (72) hours after telephone notice or delivery or attempted delivery of notice by certified mail to the employee's last address on record. In the event of employee's failure to notify the Employer of his availability for work as provided herein, or in the event of failure to report as required herein after receipt of proper notice, the employee shall be considered as having terminated service with the Employer. Copies of recall notices will be simultaneously mailed to the Union. An employee being recalled from layoff shall not be required to complete another application for employment.

The most senior full-time employee who has been reduced to part-time employment shall be offered the first full-time

position that opens in the employee's store and classification, if qualified. If a part-time employee achieves full-time status within the store as provided herein where a more senior previously classified full-time employee in that store has been reduced to part-time status, the most senior employee within that store, department and classification shall be entitled to the full-time position achieved as provided herein, if qualified.

Recognizing that changes in operations, conditions, etc., may occur during the life of this Agreement, the Employer and the Union agree, that if mutually agreed, the parties may meet and, if appropriate, discuss or alter seniority to better suit the needs of the parties. Any agreement reached must be reduced to writing and signed by the appropriate parties before it could be placed in effect.

Current store seniority lists shall be maintained and made available in each store to employees of the store and the Union Business Representatives upon request. Upon request by the Union, the Employer agrees to within thirty (30) calendar days provide a seniority list of the employees covered by this Agreement provided such requests are not made more than twice in each six (6) month period. The seniority lists shall be subject to challenge for fifteen (15) calendar days following submission to the Union.

c. Work Schedules and Hours. Management shall determine the number of hours, and start times of each shift, to be worked within each job, department, classification and store. Except for Courtesy Clerks and those employees under the age of 18 years, daily scheduled shifts shall not be less than four (4) hours or more than eight (8) hours, at straight time except as provided in this Article.

Not later than ten (10) days prior to the start of any workweek, management shall post a list of shifts for each job within a department. Non-management employees who are not in designated specialized jobs shall be allowed to select their schedule, in seniority order, from the posted list of shifts for which they are qualified to perform within their department. Courtesy Clerks who are students or who voluntarily restrict their availability may be scheduled at

management's discretion. Full-time employees shall select first, followed by part-time employees.

No employee shall be allowed to select a schedule that will result in overtime or other penalty provisions, unless expressly authorized by management, except employees may be allowed to select any number and/or combination of shifts, including back-to-back shifts or split shifts, provided that such employee does not select more than...

1. Forty (40) hours per week, or

2. Six (6) days in a week, or

3. Ten (10) shifts in the week, or

4. Ten (10) hours in any calendar day

...in such event no daily overtime or other penalty provision shall apply.

The Employee's selection shall be recorded on a master work schedule. Employees shall not be permitted to select a portion of a shift. Prior to the start of the selection process, management shall identify approved vacations and/or floating holiday requests on the schedule.

Management may allow employees of one department to select shifts in another department if qualified by seniority but only after all employees in that other department have selected their shifts. Management also retains the right to schedule a shift, which requires work in more than one job assignment, provided that such combination shifts contain work within the designated work groups as follows:

1. Group A - Deli, Meat, Specialty Meat/Seafood, Produce, Bakery, etc.

2. Group B - Front-end, Grocery, GM/HBA

In these events, the employee must be qualified as defined herein, to perform the work of the other or combined job assignments. Nothing herein should be construed to

prevent management from using any scheduled employee to perform any work within the store during their scheduled shift. The parties agree not to change the groupings defined herein without mutual agreement.

Employees must immediately make their shift selections at the time directed by management. If an employee fails to promptly select, management shall select on behalf of the employee honoring their usual preference. In this event, the employee waives all rights to grieve management's scheduling selection. It is understood that all special requests for time off, other than floating holidays and vacations, must be selected by the employee during the scheduling process. Management shall have no obligation to accommodate any such request that cannot be scheduled by the employee in the selection process.

Unless otherwise approved, or as the result of a reduction in hours, no full-time employee shall select less than forty (40) hours and no part-time employee shall select less than twenty (20) hours per week. In the event employees are required to stay past their scheduled time, the Employer will advise of such in advance as soon as possible.

Management may require less senior employees to select a specific number of shifts so as to facilitate the selection of all shifts from the list. In the event an employee with one (1) or more years of seniority is left with less than minimum hours, management may elect to pull hours, in reverse seniority order, from senior employees with more than one (1) year of seniority within the classification and department to maintain the bottom twenty (20%) percent (or one (1) employee whichever is greater) at minimum weekly hours, or management may elect to layoff such employee and assign any remaining hours in seniority order to senior employees. The Employer may work part-time employees with less than one (1) year of service with the Employer and those part-time employees who so limit their availability such that, consistent with the Employer's business needs, the employee cannot select twenty (20) hours per workweek, less than the minimum hours required herein. No employee shall be allowed to select, or be scheduled to

work, hours that will result in a violation of Federal or Arizona labor laws.

An employee electing to displace pursuant to the layoff procedure in section (b) shall assume the selected schedule of the employee he is bumping until he is able to select for the next workweek.

The master schedule must be completed and posted by noon on Thursday prior to the start of the next workweek. The work schedule may not be changed except in cases of an absence of an employee or an emergency beyond the control of the Employer. The work schedule shall be written in ink and shall set forth the first and last names of the employees in order of seniority. Nothing in this section should be construed as preventing management from calling in employees for extra work outside of the posted schedule, from requiring overtime work outside of the posted schedule, or from bringing in additional employees where it appears advisable in the opinion of management. If the schedule is changed, after the selection process but before the posting of the schedule, and hours are reduced or increased, then the master schedule shall be re-bid downward, from the point of the schedule change. If hours are added after the Thursday noon posting of the schedule, such hours shall be assigned as provided in the Additional Hours section of this Agreement.

Additional Hours. Management shall post a weekly additional hours request list. Employees interested in working additional hours must sign and designate the days they are interested in working additional hours on such list by midnight of the Saturday prior to the start of the applicable workweek. When additional hours become available, management shall contact, in seniority order, employees who have requested to work on the day indicated on the request list and offer them the hours provided such employee is qualified to work the hours. If the hours cannot be assigned to the employees requesting them, management may fill the hours at its discretion. Nothing in this section shall be construed to require management to assign hours at overtime or to employees

who have not made a request to work additional hours or to prevent management from holding over employees currently working in the store or from reassigning an employee currently working in the store from one job assignment to another.

The Union and Employer agree to establish a committee comprised of two (2) persons from Safeway and two (2) persons selected by the Union to resolve disputes arising out of this section for one year from the date of ratification. This committee shall meet expeditiously and any dispute unresolved will be arbitrated in an expedited manner.

Full-time Employees: A full-time employee is defined as one who is scheduled to work or provided at least forty (40) hours per week and is guaranteed a minimum of five (5) eight (8) hour days' work in that week (such work days need not be consecutive), unless such employee is unable to select a forty (40) hour schedule, when said employee works as scheduled. In such event, the employee may be laid off. The schedule may include Sundays and/or holidays. The Employer may schedule or provide (full-time employees only) four (4) ten (10) hour shifts, and overtime shall be paid for work over ten (10) hours a day.

Any part-time employee who has worked in his or her home store for forty (40) hours per week for sixteen (16) consecutive weeks will be classified as a full-time employee. A specific individual's work in temporary vacancies to cover vacation, illness, injury or leave of absence shall not count toward the aforementioned sixteen (16) consecutive weeks.

A full-time employee may be directed to select six (6) days in any workweek. In that event, and in addition to the scheduled five (5) eight (8) hour days, he shall be guaranteed a minimum of four (4) hours work for such sixth (6th) day. The four (4) hour day need not be the actual sixth (6th) day of work but may be, any one (1) of the six (6) days in the weekly work schedule.

Part-time Employees: A part-time employee is defined as

one who is scheduled to work less than forty (40) hours per week and is guaranteed at least four (4) hours per day when said employee works as scheduled.

Departments: For all purposes of this Agreement where the word department is used, it shall be defined as the departments established by the Employer. The Employer agrees to identify in writing the departments in existence in its stores and further agrees to notify the Union in writing prior to the implementation of a new department or elimination of an existing department. The Employer also agrees to discuss the departmental change prior to implementation, but retains the right to establish or eliminate departments in the store provided that this sentence will not be interpreted to circumvent paragraph 5 of Section c of this Article.

d. Qualifications: To be considered qualified for jobs as provided herein:

1. For shifts involving stocking, non-set-up produce, customer service, fuel center, maintenance, video, photo, liquor or checking, the employee must have been trained for such work and have successfully performed the work.

2. For shifts involving bakery, produce set-up, deli, meat wrapping and specialty meat/seafood, the employee must have been trained for and worked in the job assignment for a minimum of one hundred twenty (120) hours in the last nine (9) months.

3. Management retains the right to determine qualifications and to assign employees to job assignments involving ordering, produce set-up, sales specialists and all pharmacy technicians, cake decorator, floral, bookkeeper/store secretary, scratch baker, inventory control clerks (ICC's), specially accommodated employees, Starbucks and file maintenance (FMC's). It is understood that such work and schedules are assigned at

management's discretion and cannot be claimed during scheduling selection or through additional hours by anyone outside those assignments. When more than one (1) employee is equally qualified to perform such a job, such employees shall select shifts by seniority. For purposes of this Agreement, specially accommodated employees shall be those employees whose physical or mental condition renders them unable to perform the essential functions of a job.

e. Training: Management retains the right to train employees for positions at its discretion. Notwithstanding, management agrees to allow non-management employees to sign-up within their store for voluntary training during the first fifteen (15) days of February, to be effective the first workweek in March, and the first fifteen (15) days in August, to be effective the first workweek in September. With respect to voluntary training, it is understood and agreed:

Management will train at least two (2) employees, by seniority within each store from the voluntary list to check or stock during each six (6) month period referenced above.

Management will train at least one (1) employee, by seniority within each store from the voluntary list for each of the following positions: produce, bakery, deli, meat wrapper, fuel, and specialty meat/ seafood per year, equally distributed between the two (2) annual training periods.

Management retains the right to determine at its discretion, without regard to seniority, those employees it will allow to volunteer for training for specialized positions in the store.

This provision shall not apply to a store that currently has laid-off employees.

Training hours, as designated by management whether voluntary or not, shall not be subject to selection of shifts by employees. Nothing herein prevents the Employer from

assigning employees to training based on store or company needs.

f. Department Bidding. Employees shall be allowed to bid to another department by seniority when a vacancy occurs within their store, except for the specialized jobs provided herein and provided such employee is of the same status (full-time/part-time) required by the vacancy. In no event shall an employee be allowed to successfully bid more than once in any twelve (12) consecutive calendar month period. Management retains the right to determine the number of full-time and part-time positions in each department and thus may move full-time employees between departments, *if deemed necessary by the Employer. Produce set-up* clerks, all pharmacy technicians, sales specialists, floral clerks, cake decorator, scratch baker, Starbucks clerks, ordering/receiving clerks, store secretaries/bookkeepers, file maintenance clerks (FMC's) and inventory control clerks (ICC's) may not bid out of their department unless approved by management.

g. Reduction in Hours: Full-Time Employees: No full-time employee classified as a Journeyman Meat Cutter, Head Meat Cutter, Apprentice Meat Cutter or full-time Wrapper/ Counter Person on or before February 6, 1994, shall be laid off (severed from employment) or have his/her hours reduced as a direct result of the Employer using All Purpose Clerks to perform cutting, processing or stocking of meat.

h. Full-Time Employees-Competitive Openings:
Notwithstanding anything found in other parts of this Agreement, during the first sixty (60) days following a competitive opening, management may elect, in lieu of reducing hours as provided above, to layoff full-time employees to maintain the same proportion of full-time employees to part-time employees the store averaged in the month prior to the competitive opening. In the event of a layoff, the displaced employee shall be given the following options:

1. Displace the least senior full-time employee in the geographic bargaining unit.

2. Step-down to part-time and displace the least senior part-time employee within their classification and store.

Employees displaced by the full-time reduction under this procedure shall be given their layoff options pursuant to the layoff language of this Agreement.

ARTICLE 6 - WORKING RULES AND OVERTIME

Workday, Workweek and Meal Period: The basic workweek shall be five (5), eight (8) hour days to be worked within eight and one-half (8 1/2) or nine (9) consecutive hours for full-time employees. All employees who work more than six (6) consecutive hours in a workday shall receive not less than one-half (1/2) hour nor more than one (1) hour continuous and uninterrupted time off for a meal period. Arrangements for less than one (1) hour meal periods shall be made by mutual agreement between the employee and the Employer. Said meal period will not be scheduled before the employee has worked three (3) hours, and no employee will be required to work more than five (5) hours prior to the beginning of the scheduled meal period.

The basic workweek shall be five (5) eight (8) hour days for full-time employees, Sunday through Saturday. The basic workdays in any case need not necessarily be consecutive.

Overtime: All work performed in excess of eight (8) hours in any one (1) workday will be paid at time and one half (1 1/2). Time and one half (1 1/2) will be paid for hours worked in excess of ten (10) when an employee selects more than one shift totaling ten (10) hours in any one (1) workday. Hours worked in excess of forty (40) hours in a basic workweek shall be deemed overtime and paid for at the overtime rate of time and one-half (1 1/2) the employee's regular base rate of pay. There shall be no pyramiding of overtime and/or premium time.

Holiday Week: All time worked over thirty-two (32) hours, exclusive of the holiday in the basic holiday week, shall be paid for at the rate of time and one-half (1 1/2) the employee's regular rate of pay.

Transfers: Employees shall be allowed to request a transfer to a store by filling out a written request on a company provided form. The Employer will give consideration to all such requests and will not unreasonably deny such requests. If the request is denied, the Employer will notify the employee of the reasons for not approving such requests. Except for transfers involving a lay-off pursuant to Article 5, a permanent re-assignment by the Employer which requires the employee to travel twenty (20) miles or more one (1) way from home, may be refused by the employee. An employee exercising this right of refusal must do so at the time of notification of reassignment and such refusal shall not jeopardize the employee's position with the Employer in any way.

Interruption of Operations: In the event operations cannot commence or continue when so recommended by Civil authorities; or Public Utilities fail to supply electricity, water or gas; or there is a failure in the Public Utilities' sewer system; or the interruption of work is caused by an Act of God or other cause not within the Employer's control, the foregoing guarantees shall not be applicable.

ARTICLE 7 - VACATIONS

Full-Time Employees: All full-time employees shall be granted a minimum of a one (1) week vacation with forty (40) hours pay after one (1) year of continuous service with the Employer, provided that the employee has worked or has been paid for at least one thousand eight hundred forty (1,840) straight-time hours during the twelve (12) month period immediately preceding his anniversary date of employment.

All full-time employees shall be granted two (2) weeks vacation with eighty (80) hours pay after three (3) years of continuous service with the Employer, provided that the employee has worked or has been paid for at least one thousand eight hundred forty (1,840) straight-time hours during the twelve (12) month period immediately preceding his most recent anniversary date of employment.

All full-time employees shall be granted three (3) weeks vacation with one hundred twenty (120) hours pay after five (5) years of continuous service with the Employer, provided that the employee

has worked or has been paid for at least one thousand eight hundred forty (1,840) straight-time hours during the twelve (12) month period immediately preceding his most recent anniversary date of employment.

All full-time employees shall be granted four (4) weeks vacation with one hundred sixty (160) hours pay after fifteen (15) years of continuous service with the Employer, provided that the employee has worked or has been paid for at least one thousand eight hundred forty (1,840) straight-time hours during the twelve (12) month period immediately preceding his most recent anniversary date of employment.

All full-time employees shall be granted five (5) weeks vacation with two hundred (200) hours pay after twenty (20) years of continuous service with the Employer, provided that the employee has worked or has been paid for at least one thousand eight hundred forty (1,840) straight-time hours during the twelve (12) month period immediately preceding his most recent anniversary date of employment.

Such full-time employees working less than one thousand eight hundred forty (1,840) hours, but more than one thousand forty (1,040) hours in the twelve (12) month period immediately preceding their anniversary date of employment shall receive pro rata vacation pay and pro rata time off for vacation. Such pro rata time off and pay shall be based on the number of weeks vacation to which the employee is entitled based on the formula set forth above.

Part-time employees who have worked or been paid for one thousand forty (1,040) hours during the year immediately preceding their anniversary date of employment, shall be entitled to vacation pay on each anniversary date of their employment, prorated on the basis of the average number of straight-time hours worked during the preceding year, according to the vacation formula set forth.

All regular full-time employees and all part-time employees who are hired on or after December 19, 2004, covered by this Agreement, shall receive one (1) week paid vacation after one (1) year service, two (2) weeks paid vacation after four (4) years service, three (3) weeks paid vacation after eight (8) years continuous service and

four (4) weeks paid vacation after fifteen (15) years continuous service.

Hours paid for each week of vacation shall be based on the average straight-time hours worked per week in the preceding anniversary year not to exceed forty (40) hours except for those employees previously receiving more favorable vacation pay.

Vacation Periods: Vacations shall be granted on a seniority basis by store and classification during the Employer's established vacation period which will be January 1 through December 31.

Vacation Selection: Vacations shall be scheduled on the basis of seniority preference whenever possible considering the efficient operation of the store. Each employee will make his/her vacation selection during the established company vacation period but in no event shall the selection take place later than February 28 in each store. Each employee shall be notified through posting of the employee requested vacation period, but in no event shall the notice be later than four (4) weeks after the selection period (provided that there are four [4] weeks) or more between the time of the request and the vacation period requested.

Employees, who do not select vacation schedules during the selection period and those employees whose vacation selection is denied, will be required to select their vacation from remaining available periods based upon individual seniority and the needs of the business. In no event shall this selection period under any circumstances exceed April 15.

If an employee's vacation period is not filled after completing the above process, the employee will be assigned a vacation period by the Employer.

Once assigned, an employee's vacation period will not be changed except for legitimate business purposes. In scheduling an unselected or assigned vacation of an employee, the Employer shall give at least thirty (30) days notice prior to the date of the beginning of the vacation.

Prorated Vacations: Prorated vacations will be paid to employees who terminate after completion of one (1) year or more of

continuous employment unless the employee is discharged for just cause.

Holiday During Vacation: If a holiday named under Article 18 of this Agreement falls within the vacation period of an employee, he shall be granted an additional day of vacation with full pay, or a day's pay in lieu thereof.

Payment Date: Vacation pay shall be requested in writing by the employee at least three (3) weeks in advance of the vacation, and will be paid by the payday prior to the start of the vacation (provided timely requested and the employee is otherwise eligible).

No Waiver of Vacation: A vacation may not be waived by an eligible employee and extra pay received for work during that period unless agreed by the Employer and the Union. Vacations must be taken during each employee's anniversary year. Vacations shall not be accumulative from one year to another.

ARTICLE 8 - WAGES

Wage Rates: The following schedule of minimum hourly wage rates shall be maintained and paid by the Employer. See Appendix A attached.

The experience and length of service wage adjustments provided for under Appendix A shall be placed into effect the first (1st) workday of the first (1st) workweek immediately following the workweek in which the employee qualifies for a higher rate of pay.

Night Premium: All Purpose Clerks and Meat Cutters shall receive a premium of fifty cents ($0.50) per hour (twenty-five cents ($0.25) per hour for Courtesy Clerks and for all employees hired on or after December 19, 2004) such premium shall apply to all work performed by employees after 12:00 midnight and before 5:00 a.m. over and above the regular hourly rate of pay and/or overtime rate to which the employee may be entitled.

Sunday Premium: Employees hired prior to November 13, 1986, excluding Courtesy Clerks, who work on Sunday shall be paid, one and one-half times (1 1/2) for all hours worked except:

a. Courtesy Clerks hired prior to December 19, 2004, and Floral Clerks and Store Secretaries hired after November 13, 1986, shall be paid a premium of fifty cents ($0.50) per hour.

b. All Purpose Clerks hired after November 13, 1986, but before December 19, 2004, shall be paid a premium of fifty cents ($0.50) per hour. After three thousand nine hundred (3,900) hours of work including all hours (Floral, Lottery, Store Secretary, etc. but excluding Courtesy Clerk hours), shall be paid one and one-half (1 1/2) times their regular straight-time rate of pay for hours worked on Sunday.

c. Employees hired on or after December 19, 2004, shall not be eligible for Sunday Premium.

d. Effective December 19, 2004, the Employer may assign 60% of the hours to be worked on Sunday to employees hired on or after December 19, 2004. Effective the first workweek in December 2005, the Employer may assign up to 70% of the hours worked on Sunday to employees hired on or after December 19, 2004. Effective the first workweek in December 2006, the Employer may assign up to 80% of the hours worked on Sunday to employees hired on or after December 19, 2004.

Notwithstanding, the Employer may assign hours at levels greater than these percentages if employees hired prior to December 19, 2004, decline to work such hours. Nothing in this provision should be construed to prevent the Employer from denying employees hired prior to December 19, 2004, the right to select Sunday hours in accordance with their qualifications and seniority as provided in Article 5.

No Reduction In Rates: It is further agreed that no employee shall suffer any reduction in hourly rates by reason of signing of this Agreement. No employee receiving hourly rates in excess of the

rates herein shall be replaced by another employee at a lesser hourly rate for the purpose of avoiding any of the provisions of this Agreement.

Special rates of pay may be arranged for superannuated employees by mutual agreement between the Employer, the Union, and the involved employee.

Rest Breaks: All employees working an eight (8) hour shift or longer shall receive an uninterrupted unscheduled ten (10) minute break approximately near the middle of the first half of the work shift (prior to the meal period) and an uninterrupted unscheduled ten (10) minute break approximately near the middle of the second half of the work shift. An employee working a shift of six (6) to eight (8) hours shall receive an uninterrupted unscheduled fifteen (15) minute break approximately near the middle of the work shift. An employee working less than a six (6) hour shift shall receive an uninterrupted unscheduled ten (10) minute break approximately near the middle of the work shift. Employees receiving more favorable rest periods shall not have such rest period time reduced as a result of the signing of this Agreement.

Bonus Payments: Bonuses or prize money shall not be considered as part of an employee's regular wage.

ARTICLE 9 - CLASSIFICATIONS

Previous Experience: Previous experience in the industry (defined for stocking, checking and/or bagging as experience gained at any division of Safeway or Kroger) shall apply in the classifications irrespective of where such experience may have been gained; however, experience in convenience stores, non-food retail and self-employment shall not be considered. Prior experience shall be defined as previous, provable, comparable work experience within the past three (3) years from the date of present employment and shall be the basis for determination of an employee's rate of pay. Employees not having worked in the industry within the immediate three (3) years previous to the present employment shall be placed in the prevailing pay scale mutually agreeable with the Employer, the employee, and the Union. An applicant claiming prior experience must list such actual experience on his application and,

based on this information, the Employer may justifiably place the applicant, if hired, in the proper wage classification. Employees whose prior experience was not with the Employer will start one step below the proper wage classification. Wage placement will be only in full increments and employees must complete the full required hours in each remaining step.

All Purpose Clerks: Are employees who may be assigned to any work covered by this Agreement.

Meat Cutters: Are employees whose primary responsibility is to cut, process and stock fresh meat for sale to the public. The Employer reserves the right to assign Meat Cutters to perform any duties within the store. The Employer agrees, except in the case of a store closing, not to layoff any employee who was classified as a Meat Cutter on December 18, 2004, so long as All Purpose Clerks are scheduled to work in the cutting, stocking and processing of meat. Full-time Meat Cutters hired prior to December 19, 2004, shall be scheduled or provided eight (8) hours per day and forty (40) hours per week before any All Purpose Clerks are scheduled to cut meat. In the event a Meat Cutter is scheduled at the same store concurrently with an All Purpose Clerk, the Employer agrees that the Meat Cutter shall be assigned any work involved in the cutting of meat, except meat cut at the service meat case, before such All Purpose Clerk is assigned to cut meat. The Employer further agrees to employ in the bargaining unit a minimum number of Meat Cutters equal to the number of supermarkets the Employer operated in the bargaining unit on December 18, 2004, or the actual number of supermarkets if such total is less.

Meat Cutters hired prior to December 19, 2004, and Meat Wrappers hired prior to February 6, 1994, shall be scheduled or provided eight (8) hours per day.

Courtesy Clerks: The Employer may hire Courtesy Clerks. Such Courtesy Clerks shall be considered as a separate classification. Courtesy Clerks are those employed to perform duties except for the stocking of merchandise (including produce), operating cash registers or receiving merchandise. The prohibition of stocking work includes the handling of back room merchandise.

Courtesy Clerks may move back room and sales floor stock for cleaning purposes; return go-backs and misplaced items (orphans); perform in-store demonstrations; fill soda pop machine, ice box and water vending machines. Additionally, Courtesy Clerks (limited to two [2]) may face merchandise on the sales floor for a three (3) consecutive hour period (designated on each store schedule) between the hours of 6:00 a.m. and 10:00 p.m. daily.

Courtesy Clerks may perform incidental work related to customer service out of their classification at the Courtesy Clerk pay rate. In addition, Courtesy Clerks may perform the work of an All Purpose Clerk in an emergency, when an All Purpose Clerk who has been scheduled for work fails to report, or when no All Purpose Clerk can be reached after attempting four (4) calls. A Courtesy Clerk who is advanced to an All Purpose Clerk position shall be paid the rate in the All Purpose Clerk scale based on their experience for all hours worked as an All Purpose Clerk. In the event of a violation of this section resulting in a loss of hours to an All Purpose Clerk, then if such All Purpose Clerk files a timely grievance, then the exclusive remedy shall be to allow such All Purpose Clerk to work the hours in violation. Such hours are above and beyond the posted schedule and must be worked within four (4) weeks of the date of violation giving rise to the grievance.

Except for reasons of business necessity, a Courtesy Clerk may only be transferred from their assigned store by their own request.

Relief Clerks: Whenever an employee is required by the Employer to change from one store to another during the same day, all time consumed by said employee in going either to or from one store to another shall be considered and paid for as part of the regular day's work. The Employer will also pay the employee for mileage, at the current IRS rate, if they use their own vehicle on any assignment by the Employer of more than ten (10) total miles.

Pharmacy Technicians: An All Purpose Clerk whose duties include: Accepting written prescription orders, accepting refill information, typing and affixing labels, counting drug products, prepacking drug products, returning drug products to stock, assisting in the delivery of filled prescriptions to patients, preparing prescriptions for mailing, communicating with patients and health care professionals, reporting mishaps, maintaining supplies and handling cash.

Certified Pharmacy Technicians: An All Purpose Clerk who is a Certified Pharmacy Technician. This designation shall be held by employees successfully completing the National Technician Certification Exam administered by the Arizona Pharmacy Technician Certification Board. Employees assigned by the Employer to the classification of Certified Pharmacy Technician shall be paid the appropriate All Purpose Clerk straight-time hourly wage rate as defined in Appendix A - Wages. Certified Pharmacy Technicians successfully completing the probationary period provided for herein shall be eligible for reimbursement by the Employer for expenses associated with taking the National Technician Certification Exam or to maintain certification upon achieving such certification. Upon written request by the Certified Pharmacy Technician to his/her Pharmacy Manager, and written verification of certification, the Employer shall reimburse a Certified Pharmacy Technician fifty (50) percent (up to $75.00) of the cost for certification one hundred eighty (180) days following receipt by the Pharmacy Technician of such certification, provided such Certified Pharmacy Technician is at that time still employed by the Employer in the Certified Pharmacy Technician classification. Upon written request by the Certified Pharmacy Technician to his/her Pharmacy Manager, and written verification of certification, the Employer shall reimburse a Certified Pharmacy Technician the remaining fifty (50) percent (up to $75.00) of the cost for certification three hundred sixty-five (365) days following receipt by the Pharmacy Technician of such certification, provided such Certified Pharmacy Technician is at that time still employed by the Employer in the Certified Pharmacy Technician classification. Nothing contained herein shall prevent the Employer from utilizing employees as non-certified Pharmacy Clerks to perform pharmacy department duties not expressly reserved by statute to the classification of Pharmacist and/or Certified Pharmacy Technician. Other courses and fees required shall be reimbursed by the Employer when successfully completed.

Pharmacy Clerks: An All Purpose Clerk working under the supervision of a Pharmacist, trained to perform clerical duties associated with the practice of pharmacy, including cashiering, bookkeeping, pricing, stocking, delivering, answering non-professional telephone inquiries, and documenting third-party reimbursement. Support personnel shall not perform the tasks of a Pharmacist, Pharmacy Intern, Graduate Intern, Pharmacy Technician, or Certified Pharmacy Technician.

ARTICLE 10 - GENERAL CONDITIONS

Cash Register Shortages: No employee may be held responsible for cash register shortages, unless the employee is given the privilege of checking the change and daily receipts upon starting and completing the work shift, and has exclusive access to the cash register during the work shift, except when management exercises its right to open the register during the employee's work shift, and the register is opened in the presence of the employee and the employee is given the opportunity to verify all withdrawals and/or all deposits.

Store Meetings: Employees may be required to attend up to two (2) store meetings a year at their regular hourly rate for the actual time spent at the meeting. However, up to two (2) additional meetings may be held in a year for exceptional circumstances (e.g., introduction of new equipment) at the regular hourly rate, for the actual time spent at the meeting.

Uniforms: The Employer will provide "special apparel" not customarily worn as normal apparel such as vest, aprons, or caps designed to identify the wearer as an employee. Employees will be responsible to launder and maintain company issued apparel. This shall not be construed to include work attire (such as white shirts), which are required by the Employer, provided that no special insignias are required.

Special items required by the Employer (such as meat smocks and white aprons) shall be furnished, laundered if appropriate, and remain the property of the Employer.

Charity: Employee participation in charitable drives shall be voluntary.

Polygraph Testing: The Employer shall not require any employee to submit to or take a polygraph or electronic lie detector test or examination as a condition of continued employment.

Union Postings: The Employer shall provide space for the posting of official Union notices. The Union will provide courtesy copies of official postings to the designated representative of the Employer.

No employee shall be subject to disciplinary action or discharge for refusing to use faulty equipment. Employees shall be required to use safety equipment provided by the Employer and any employee failing to use such safety equipment shall be subject to appropriate disciplinary action.

First Aid Equipment shall be kept on premises, readily accessible to employees.

Sharpening of tools shall be paid for by the Employer.

Food handling employees shall not be required to maintain restrooms. No employee shall litter or create unnecessary disorder.

Employees who are required by law or regulation to obtain or maintain a Health Certificate for work purposes must comply.

ARTICLE 11 - LEAVES OF ABSENCE

Employees with one or more years of continuous service may request a leave of absence of up to thirty (30) days duration for personal reasons. The Employer will consider such request and the employee's justification on an individual basis and will not unreasonably deny such leave.

Employees who have completed their probationary period shall be entitled to a leave of absence, without pay, up to the total length of service of the employee with the Employer, without loss of seniority, provided there is medical evidence that the employee is disabled as a direct result of illness, injury or pregnancy including industrial illness or injury not to exceed twelve (12) months. Both parties recognize that exceptional cases may occur where an extension of the leave of absence is necessary and warranted. In such situations the Employer may, at his option, extend a leave of absence, provided proper notification of the request for extension and need for such extension have been provided to the Employer prior to the lapse of the original leave.

Prior to being scheduled for work upon the termination of a leave of absence, the employee's physician must give written certification that the employee is fully released to perform all usual duties. If deemed appropriate, the Employer may require an examination by

a doctor selected and paid for by the Employer. In the event of a disagreement between the two doctors, the parties shall select a third (3rd) doctor.

When this requirement has been met, the employee will be scheduled for work in the first full workweek for which the work schedule has not been posted as provided in this Agreement following the receipt of the physician's release by the Employer's designated representative.

An employee, who has taken a leave of absence or leaves of absence totaling six (6) months as provided above, upon returning to work, must again be continuously employed for at least six (6) months before qualifying for another leave of absence.

The parties shall not administer this Section in a manner which violates the Americans with Disabilities Act (ADA).

After one (1) year of continuous service, in case of serious illness, serious injury, or death of a member of the employee's immediate family, a leave of absence of up to thirty (30) days without pay will be granted upon written application to the Employer's designated representative. Reasonable evidence of qualifications for this type of leave of absence may be required by the Employer. Only one (1) such leave of absence will be granted an employee per cause in each anniversary year of employment.

For the purpose of this provision, a member of the immediate family shall be limited to: spouse, child, stepchild, mother, father, mother-in-law, father-in-law, stepparent, and grandparent.

Military Leave: The Employer agrees to comply with the terms of the Uniformed Services Employment and Re-employment Rights Act (USERRA), with reference to all provisions, providing for re-employment of persons entering Military Service. These provisions shall be deemed a contractual obligation under the terms of this Agreement.

Union Leave: The Employer shall grant an unpaid Union leave of absence to employees. Such leave shall not exceed twelve (12) months, unless extended by mutual agreement between the Employer and Union. Requests for such Union leave or

extension(s) shall be made at least two (2) weeks in advance. The Union will provide the Employer at least two (2) weeks notice in writing of his intent to return. Should the employee's return require lay offs, the regular lay off provisions of the Collective Bargaining Agreement shall apply.

An employee must request, in writing, a leave of absence for any absence of more than two (2) calendar weeks.

For all leaves of absences, the employee shall not suffer a loss of seniority rights. The employee shall accrue seniority while on leave. The employee shall, upon returning to work, receive any wage increase or reduction that may have become effective during such absence and shall be returned to the geographical area where he was assigned at the time of commencement of the leave.

ARTICLE 12 - SICK LEAVE PAY

All employees hired and eligible for sick leave benefits on or before December 18, 2004, and coming under the jurisdiction of this Agreement who have been employed by the Employer for a period of one (1) year and have worked at least one thousand eight hundred twenty (1,820) hours during that year shall be entitled to six (6) days paid sick leave. Sick leave shall be cumulative for seven (7) years at the rate of six (6) days per year or one-half (1/2) day per month to a maximum of forty-two (42) days, until used.

All employees hired and eligible for sick leave benefits after December 18, 2004, and coming under the jurisdiction of this Agreement who have been employed by the Employer for a period of one (1) year and have worked at least one thousand eight hundred twenty (1,820) hours during that year shall be entitled to four (4) days paid sick leave. Sick leave shall be cumulative at the rate of four (4) days per year or one third (1/3) day per month to a maximum of twelve (12) days, until used.

Part-time Employees: Part-time employees hired on or before December 18, 2004, who have worked more than one thousand forty (1,040) hours during any anniversary year but less than one thousand eight hundred twenty (1,820) hours shall receive pro rata sick leave at the ratio of forty-eight (48) hours to two thousand eighty (2,080) times (.023). Part-time employees hired after

December 18, 2004, who have worked more than one thousand forty (1,040) hours during any anniversary year but less than one thousand eight hundred twenty (1,820) hours shall receive pro rata sick leave at the ratio of thirty-two (32) hours to two thousand eighty (2,080) times (.015). Those employees who have worked less than one thousand forty (1,040) hours are not entitled to paid sick leave.

Sick leave may be applied beginning with the employee's second (2nd) full scheduled workday missed during a period of illness. There shall be no waiting period for sick pay benefits for any work missed due to an approved industrial accident or industrial injury. The number of days of sick leave applied during any week shall be based on the number of days the employee was scheduled to work during the week immediately preceding the illness. The Employer may require a doctor's certificate or other evidence satisfactory to the Employer as proof of illness prior to the payment of sick leave benefits. Sick leave benefits, as provided herein, may be used by the employee for either illness or accident.

Notwithstanding anything in this Article to the contrary, if an employee is hospitalized as a registered bed patient, on the first scheduled workday of disability, there shall be no waiting period.

Sick leave pay must be requested by an employee in writing. Sick and accident benefits shall be deemed payable only as above provided and shall not be convertible to cash.

Sick leave pay shall be integrated with the State of Arizona Industrial Compensation and the Trust Fund Disability Income so that the sum of the daily sick leave allowance hereunder and the aforesaid State Industrial Compensation and the Trust Fund Disability Income, exclusive of the daily hospital benefits which may be payable to an employee, shall not exceed one hundred percent (100%) of the employee's regular daily wage at straight-time. If the sick leave pay allowable to an employee hereunder when so combined with any such State Industrial Compensation daily benefits or Trust Fund Disability Income received by the employee exceeds one hundred percent (100%) of his regular daily rate at straight-time, for any one (1) day, then such sick leave pay for that day shall be reduced accordingly. Any portion of the sick leave pay allowance not received by reason of any such reduction shall be retained in the employee's sick leave pay account as a part of his accumulated sick leave pay credits.

ARTICLE 13 - JURY DUTY

Employees shall become eligible for the following after completion of twelve (12) consecutive months of continuous employment with the Employer. When an employee is required to be in any court or courthouse for jury service and such service deprives such employee of pay that he otherwise would have earned, he shall be scheduled for a day shift on a Monday through Friday workweek and shall receive pay during such workweek for each day on jury service at the rate of eight (8) hours times his straight-time hourly rate, except in the case of part-time employees the number of hours regularly scheduled on the day in question, less any remuneration received by him for jury service.

If such employee, in addition, works for the Employer on Saturday, he shall be paid at the rate of straight-time. If he works for the Employer on Sunday, he shall be paid at the Sunday rate of pay.

If an employee is excused, temporarily or permanently, from jury service on any scheduled day, i.e., Monday through Friday, he shall immediately report for work to complete the remaining hours of his scheduled work shift. Failure to so report shall disqualify an employee for any pay for jury duty for the day in question as long as the transportation time will permit him to return to work prior to one (1) hour before the end of his shift.

The Employer may require proof of attendance for jury service. An employee making a false claim for jury duty pay shall be subject to discharge.

Jury duty pay shall not be required for grand jury.

ARTICLE 14 - FUNERAL LEAVE

Employees shall become eligible for the following after completion of twelve (12) consecutive months of continuous employment with the Employer.

Upon request an employee covered by this Agreement shall be granted the necessary time off with pay at the employee's regular straight-time rate of pay in order to make arrangements for and/or attend the funeral occasioned by a death in the employee's

immediate family. Such time off with pay shall in no event exceed three (3) regularly scheduled working days. The immediate family is defined as the employee's father, mother, spouse, a partner in a legal and recognized marriage or civil union by the State of Arizona, children, father-in-law, mother-in-law, brother, sister, grandparents, grandchildren, stepparents, or stepchildren. Payments shall not be made hereunder where the relative's death occurs while the employee is on vacation or on a leave of absence.

Payments shall be made for regular scheduled workdays lost and proof of relation to deceased, attendance at funeral and travel time needed may be requested by the Employer.

ARTICLE 15 - UNION DUES DEDUCTION

The Employer will deduct an amount equivalent to dues, assessments (provided such assessments are not used to fund any economic activity or anti-company publicity against the Employer) and initiation fees each week from the wages of the employees who voluntarily authorize such deductions in writing, and will forward same to the Union monthly during the term of this Agreement unless the authorization is canceled in writing by the employee to the Union and the Union notifies the Employer. No deduction will be made on any employee until receipt by the Employer of a signed copy of a voluntary deduction authorization.

The Union agrees to submit to the Employer a list of employee's names and deduction amounts for the current month no later than the first day of each month.

The Union shall indemnify and hold harmless the Employer against any and all claims, damages or suits or other forms of liability which may arise out of or by reason of any action taken by the Employer for the purposes of complying with this Article.

The Employer will make a deduction for the Union's Political Action Committee from the wages of the employees who voluntarily authorize such deduction in writing and will forward the Political Action Committee deduction to the Local Union.

Such Political Action Committee deductions will be done weekly and remitted to the Union monthly during the term of this

Agreement unless the authorization is canceled with the Union, in writing, by the employee.

ARTICLE 16 - PAYROLL RECORDS

The Employer agrees to furnish each employee weekly with a wage statement showing the period covered, name of employee, hours worked, overtime, if any, total amount of wages paid and list of deductions made.

All regular employees shall receive their regular pay and overtime compensation weekly (on a date designated by management but not later than Friday) for services performed during the preceding week.

ARTICLE 17 - VISITS TO STORE

The authorized business representative of the Union shall have the privilege of entering the premises of the Employer for the purpose of interviewing the employees so long as such visits do not unduly interfere with the duties of the employees; and such Union Representative shall have the privilege of examining the Employer's payroll account of any employee covered by this Agreement where there is a dispute concerning wages of such employee.

ARTICLE 18 - HOLIDAYS

Paid Holidays: The Employer agrees that the following days shall be considered holidays and granted without reduction in pay for non-probationary employees:

New Year's Day	Christmas Day
Independence Day	Thanksgiving Day
Labor Day	Four Floating Personal Holidays

Employees hired on or after December 19, 2004, shall be eligible for Thanksgiving, Christmas, after their probation period, and three (3) floating personal holidays effective the first of the year following one (1) year of service.

When a holiday falls on a Sunday, the following Monday shall be observed as the holiday, Christmas and New Year's holidays occurring on Sunday will always be observed on Sunday.

In the event the store is open on Thanksgiving and/or Christmas, the Employer shall first take volunteers, by seniority. If there are insufficient volunteers to staff the store, the employees shall be scheduled in inverse seniority order.

Holiday Premium: For employees hired on or before December 18, 2004, work performed on a holiday by a non-probationary employee shall be compensated for at the rate of time and one-half (1 1/2). Employees hired on or after December 19, 2004, shall receive a one-dollar ($1.00) per hour premium for all hours worked on the holiday.

Floating Holidays: The floating holidays shall be taken by eligible employees as follows:

Employees must request scheduling preference of floating holidays two (2) weeks in advance. The actual day selected shall be by mutual agreement. Any floating holidays not scheduled by September 1 of each year shall be assigned or paid by the Employer before December 31 of each year.

The Employer will approve a minimum of one (1) floating holiday per day per department in any week by seniority. Floating holidays shall not be taken in a week which contains another holiday, unless mutually agreed.

Employees must be on the payroll on January 1 of each year to be eligible for the floating holidays for that calendar year.

Part-Time Employees: Part-time employees shall receive holiday pay based on the average number of hours worked during the week prior to the holiday week and the week in which the holiday occurs according to the following schedule:

Average hours	Holiday pay
20 to 24 hours =	4 hours
25 to 31 hours =	6 hours
32 and over =	8 hours

Requirements: No employee shall receive pay for any holidays not worked unless such employee has reported for work on his or her regular working day next preceding the day of and next following said holiday. Employees shall be deemed to have reported for work if absence on said day before and the said day after said holiday is due to express permission from or action of the Employer and/or Employer's representative, and also in case of certified illness, provided the employee has worked during the holiday week. Employees on leave of absence are not eligible for holiday pay.

ARTICLE 19 - BOND

Whenever the Employer requires the bonding of any employee or the carrying of any insurance for the indemnification of the Employer, the premiums for the same shall be paid by the Employer.

ARTICLE 20 - GRIEVANCE AND ARBITRATION PROCEDURE

Exclusive Remedy: The grievance procedure provided herein shall be exclusive means for the disposition of all grievances.

Definitions: The term "grievance" shall mean any dispute between the Employer and the Union as to the meaning, application or interpretation of any provisions of this Agreement and the parties shall exercise every amicable means to settle or adjust such dispute or grievance as follows:

Time Requirements:

a. Discharge or Layoff: Upon the discharge or layoff of any employee, other than a probationary employee, the Union may dispute the basis for such discharge or layoff by taking it up as a written grievance no later than nine (9) days from the date of discharge or layoff. Failure of the Union to dispute the basis of any discharge or layoff within the time limit herein provided shall constitute waiver of all rights under this Agreement to dispute such discharge or layoff.

b. Pay Discrepancy: Any grievance or dispute claiming alleged errors in computing the amount of pay due an employee shall be limited to one hundred twenty (120) calendar days immediately preceding the date of the filing of the grievance.

c. Other Grievances: All other grievances must be submitted in writing not later than fifteen (15) days from date of occurrence of the incident which led to the grievance.

d. Timeliness: Failure of either party to submit grievances in writing within the time limits herein provided shall constitute waiver of all rights under this Agreement to file such grievances.

Grievance Procedure:

Step 1 Prior to filing a grievance, the matter in dispute may be taken up orally between a designated Union Representative and a designated Employer Representative. Settlements at this level shall not establish any precedent.

Step 2 If a timely grievance has been filed, the matter in dispute shall be taken up in a meeting with the designated Union Representative and a designated Employer Representative.

Arbitration - If a grievance is not satisfactorily adjusted in Step 2, either party may submit the grievance to arbitration for final determination by notifying the other party, in writing, no later than fifteen (15) days following the Step 2 process unless the parties mutually agree, in writing, to extend the time limits set forth herein.

Selection of the Arbitrator: Within seven (7) days after receipt of the written demand for arbitration by the other party, the parties shall attempt to select an impartial arbitrator and if they are unable to agree upon such a selection, the party initiating the arbitration shall forthwith request the Federal Mediation and Conciliation Service to submit a list of seven (7) disinterested persons qualified and willing to act as impartial arbitrators, and simultaneously mail a

copy of such request to the other party. From this list, within seven (7) days after receipt of the panel, the Employer and the Union shall each alternately strike one (1) name until six (6) names have been eliminated and the person whose name remains shall be selected as impartial arbitrator. The parties shall draw lots to determine who shall make the first selection from the list.

Award: The arbitrator shall hear the submitted grievance as expeditiously as possible and shall render an award within thirty (30) days after the conclusion of the last hearing, unless extended by mutual agreement.

Final and Binding: The award shall be final and binding upon all parties.

Limitations on Arbitrator: The arbitrator shall have no powers to:

1. Alter, change, modify or add to or subtract from this Agreement or any provision thereof.

2. Determine any provision to be incorporated in a new Agreement or an extension or a renewal of this Agreement.

Expenses: The jointly incurred costs of arbitration shall be paid by the "loser." In all disputes, the arbitrator shall determine the "loser." Any other expenses shall be paid by the party incurring them.

Time Limits: All time limits provided in this Article may be extended by mutual agreement of the parties, in writing.

ARTICLE 21 - VALIDITY OF PROVISIONS

It is expressly agreed that in the event any provisions herein be declared to be invalid by any court of competent jurisdiction, such invalidity shall not affect the remaining terms and provisions which shall remain in force and effect. Both the Union and the Employer agree they will meet with each other within thirty (30) days after such provision has been declared invalid to negotiate a new clause or language that would conform with the court's decision. If, after thirty (30) days negotiation, no agreement is reached, either party

may, upon written notice to the other party, have the matter submitted to arbitration as provided herein.

ARTICLE 22 - NO STRIKE - NO LOCKOUT

a. During the term of this Agreement, or any extension thereof, the Employer will not lock out the employees covered by this Agreement and the Union will not instigate, encourage, engage in or take part in any strike, sympathy strike, slowdown or stoppage of work in the Employer's operations. The Employer has the right, in its discretion, to discipline employees who take part in any strike, slowdown or stoppage of work in the Employer's operations.

b. If the Employer elects to pursue any remedies it may have as a result of a breach by the Union of paragraph (a) of this Article in any court of competent jurisdiction, the court and not the arbitrator shall determine whether or not paragraph (a) of this Article has been breached.

ARTICLE 23 - HEALTH AND WELFARE/DENTAL PLAN

a. Eligibility Requirements: The Employer shall contribute to a health and welfare/dental plan and eligibility for benefits shall apply for each employee who has worked at least eighty (80) hours for the Employer in the preceding four (4) week month or one-hundred (100) hours in a five (5) week month. This contribution will be applicable to each clerk hired before December 19, 2004, who has been employed with the Employer for a period of six (6) calendar months.

Employees hired before December 19, 2004, except for Courtesy Clerks, qualifying for the first time for health and welfare coverage will be covered under Plan B. Said employees who have not advanced to Plan A as of December 1, 2004, will continue to be covered under Plan B for the first thirty-six (36) months after becoming eligible and a Plan B contribution will be made on behalf of such employees during such thirty-six (36) month period. After that time, said employees will be covered under Plan 501-A.

All employees hired on or after December 19, 2004, subject to satisfaction of a nine (9) month eligibility waiting period, and satisfying the eighty (80) or one-hundred (100) hours worked requirement described above shall be covered under a Plan B1 for the first thirty-nine (39) months of eligibility. The Employer will make the Plan B1 contribution on behalf of such employees beginning after twelve (12) calendar months of employment and such contribution shall continue for thirty-six (36) months. It is understood that during the first fifteen (15) months of eligibility under Plan B1, such employee shall be eligible for employee only coverage. Upon completion of the first thirty-nine (39) months of eligibility under Plan B1, the employee shall be covered for the next thirty-six (36) months of eligibility under Plan B and the Employer shall make the Plan B contribution rate during such thirty-six (36) month eligibility period. Upon completion of the thirty-six (36) months of eligibility under Plan B, the employee shall be covered under Plan A and the Employer shall make the Plan A contribution rate.

No contributions will be made on behalf of Courtesy Clerks hired on or after December 19, 2004, for the first twenty-four (24) months of employment. Once eligible to participate in coverage, such employees shall be limited to participation, on an employee only basis, under a permanent Plan B1 only. Contributions for such employees will be made at the B1 rate only. Courtesy Clerks hired before December 19, 2004, who qualified for Plan B as of December 19, 2004, shall remain in Plan B. Courtesy Clerks hired before December 19, 2004, who are not eligible for coverage as of December 19, 2004, shall become eligible for Plan B1 coverage after their six (6) month eligibility waiting period. Such Courtesy Clerks shall not advance to Plan B and the Employer shall contribute only B1 contributions on behalf of such Courtesy Clerks after six (6) calendar months of employment.

For the purpose of this Article, hours worked shall include hours paid directly by the Company for: straight-time, overtime, premium hours, sick leave, jury duty pay, and vacation.

b. Contributions: The Employer contribution rates for this Agreement shall be as follows:

Fixed hourly Employer contribution rates shall be made on behalf of employees up to forty (40) hours per week and two thousand eighty (2080) hours per year as follows based on June hours:

	Plan A	Plan B	Plan B1
Effective 7/04	$3.50	$2.80	$2.05
Effective 7/05	$3.65	$2.95	$2.15
Effective 7/06	$3.80	$3.10	$2.35
Effective 7/07	$4.00	$3.25	$2.55

Contributions shall not be paid for hours worked during the existing six (6) month or new twelve (12) month (for employees hired after December 19, 2004) waiting periods or first twenty-four (24) months of employment for Courtesy Clerks.

c. Cost Containment: The Trustees are directed to investigate all reasonable cost containment measures and implement those, which the Trustees jointly agree on. The Trustees shall be instructed to review and evaluate the current plan design and funding arrangements for all other plans offered by the Fund to ensure that the plan design can be reasonably supported by the funding available. These plans shall be modified as necessary so that the funding available will support the benefit plan design.

d. Reserves: It is agreed that the Trustees shall maintain at all times a cash reserve in the Fund in an amount which they determine is prudent under the circumstances (taking into account the fact that this is not a "maintenance of benefits" contract). In no event, however, shall the Trustees maintain a reserve amount less than what is sufficient to cover the cost of all benefit and administration costs for participants for a two (2) month calendar period. The calculation of such two (2) month reserve amount will

be made on a rolling three (3) consecutive calendar month period throughout the period of this Agreement.

e. Benefits: The Board of Trustees shall implement, and maintain over time, plan designs that can be supported by the contribution rates above as recommended by the co-consultants. These changes shall first be effective as early as August 1, 2004, or as soon thereafter as legally permitted. Any deadlocked Trustee motion relating to this paragraph shall be arbitrated on an expedited basis, with the arbitration to take place not later than sixty (60) days following the Trustees' meeting at which the deadlock occurs.

f. Legislation: In the event of legislation providing health and welfare or sick leave benefits which are also provided for under this Agreement, the Trustees are directed to immediately amend the plan document deleting duplicated benefits reducing the Employer contributions by an amount which is not attributable to contributions which may be required from the employee. Any cost reductions attributable to employee contributions will be passed on to the employee through other benefit changes or as appropriate.

ARTICLE 24 - PENSION

Desert States Pension Fund

The Parties agree to accept and be fully bound by the terms of the Declaration of Trust and Plan Document of the Desert States Employers and UFCW Unions Pension Fund and any amendments thereto.

Employee groups who in the Collective Bargaining Agreement which expired on March 22, 2003, were covered by the Desert States Pension Fund and all employees hired on or after December 19, 2004, under this Agreement shall be covered under the Desert States Pension Fund as provided herein.

a. Contribution Rates: Effective with December 2004 hours worked, the Employer contribution rate shall be seventy-eight cents ($0.78) per straight-time compensable hour for employees hired before the effective date of this Agreement. Effective December 2005 hours worked, the contribution rate shall be eighty-eight cents ($0.88) per straight time compensable hour for employees hired before December 19, 2004. Effective December 2006 hours worked, the contribution rate shall be ninety-eight ($0.98) cents per straight time compensable hour for employees hired before December 19, 2004. No contribution shall be required for hours worked by an employee hired before December 19, 2004, during his probationary period as provided for in this Agreement.

The Employer contributions for employees hired after December 18, 2004, will commence on the later of one (1) year of service with the Employer or twenty-one (21) years of age and shall be at a rate of forty-eight ($0.48) cents per straight-time compensable hour.

In the event that the Employer is required to make any contributions in excess of the negotiated contribution rates above, in order to avoid funding deficiencies, the Employer shall receive a dollar-for-dollar credit for those additional contributions. When the Board of Trustees reduces benefits to eliminate such future funding deficiencies, the projections used shall anticipate that these contribution credits will be taken as reductions in the negotiated contributions in the next Plan Year.

The Employer shall contribute forty-five ($0.45) cents per straight-time hour worked or paid to the Intermountain Retail Food Industry Pension Fund on behalf of Gas Station Attendants through November 2004. Effective December 1, 2004, the Employer will contribute forty-eight cents ($0.48) per hour to the Desert States Pension Plan on behalf of all employees who were classified as Gas Station Attendants on the effective date of this Agreement who are now classified as All Purpose Clerks. It is understood and agreed that the present Intermountain Retail Food Industry Pension Plan contribution suspension shall be maintained

through the seventy-two (72) month suspension. No contribution shall be required for hours worked by an employee during his probationary period as provided for in the Agreement.

Courtesy Clerks shall become covered by the terms of the pension plan beginning January 1, 1998. The Employer's contribution obligation to the pension plan shall not be increased (i.e., no contributions will be paid on Courtesy Clerk hours).

b. The Trustees are directed to take the following actions to be effective June 20, 2004, subject to compliance with the IRC Section 204-h notice requirement:

For employees hired on or after December 19, 2004:

- Adopt a monthly benefit accrual rate of twenty-five dollars ($25) per year of Benefit Credit
- Eliminate the rule of 85 benefit
- Increase the normal retirement age from 62 to 65
- Increase the early retirement reduction factor from 3.3% per year to .5% for each full month (i.e., 6% for each full year) that benefit commencement precedes normal retirement age
- Eliminate the two hundred dollar ($200) monthly Age 60 Supplement

For employees hired before June 20, 2004, who terminate employment five (5) years or more before reaching their fiftieth (50) birthday:

- Adopt a monthly benefit accrual rate of thirty-five dollars ($35) for the first ten (10) years of Benefit Credit and forty-five dollars ($45) for years of Benefit Credit in excess of ten (10) years, applicable to Benefit Credit earned after June 20, 2004
- Eliminate the Rule of 85 benefit for Benefit Credit earned after June 20, 2004
- Increase the normal retirement age from age 62 to 65 with respect to Benefit Credit earned after June 20, 2004

- *Increase the early retirement reduction factor from* 3.3% per year to .5% for each full month (i.e., 6% for each full year) that benefit commencement precedes normal retirement age for Benefit Credit earned after June 20, 2004

For employees hired before June 20, 2004, who terminate employment less than five (5) years before they qualify for a pension (including employees who terminate by retiring):

- Adopt a monthly benefit accrual rate of thirty-five dollars ($35) for the first ten (10) years of Benefit Credit and $45 for years of Benefit Credit in excess of ten (10) years, applicable to Benefit Credit earned *after June 20, 2004*

c. The following Exhibit A Long Term Funding Policy shall be adopted by the Trustees effective June 1, 2004.

EXHIBIT A

STATEMENT OF PRINCIPLES ON FUNDING AND BENEFITS

Purpose: The purpose of this Statement is to provide the Board of Trustees of the Plan a framework to decide whether they should maintain plan benefits at current levels, or decrease them for a given Plan Year. *This Statement shall be reviewed annually and* whenever the Trustees consider Plan design changes, changes in actuarial assumptions or methods, or any other changes that affect the Plan's actuarial funding status or involve an actuarial cost.

Long-Term Funding Policy: The Board of Trustees is authorized and directed to adopt the following long-term funding policy immediately:

The co-consultants will produce with the annual actuarial valuations, a seven (7) year actuarial projection with the goal of identifying future funding deficiencies (defined as where the negotiated contributions are not enough to satisfy the minimum required contributions under Internal Revenue Code Section 412).

These annual projections will be based on the following:

Projections will take into account only negotiated contributions.

The adoption of actuarial changes as follows:

Effective for the 2003 Plan Year, the actuarial cost method shall be changed from the entry age normal cost method to the unit credit cost method, and for purposes of determining the actuarial value of the Plan's assets, the corridor shall be modified from 90%-110% to 80%-120% of the market value of the Plan's assets.

Using the assumptions in the then current annual actuarial valuation as jointly agreed to by the Fund's co-consultants no unanticipated actuarial gains or losses during the projection time period shall be considered.

If the annual projection indicates any future funding deficiencies during the seven (7) year projection the Board of Trustees is authorized and directed to amend future benefit accruals (or any other non-protected benefits), effective immediately, in order to eliminate the projected future funding deficiencies.

Notwithstanding the above, the projections accompanying the annual valuations for 2006 and 2007 shall end with the year 2012, i.e., any deficiencies projected to occur after 2012 shall not be taken into account until the valuation for 2008.

In the event a reduction or suspension of future benefits is insufficient to eliminate all future funding deficiencies, the contributing Employers may elect to make additional contributions above the negotiated contribution rates in order to avoid such funding deficiencies. If such additional contributions are made, the contributing Employers will receive a dollar-for-dollar credit against future negotiated contributions due to the Plan until such time as such additional contributions have been fully offset.

Any deadlocked Trustee motion relating to a reduction in benefits required under the Long-Term Funding Policy shall be arbitrated on an expedited basis, with the arbitration to take place not later than sixty (60) days following the Trustees' meeting at which the deadlock occurs.

Intermountain Retail Food Industry Pension Trust and UFCW Union and Industry Pension Fund Participants

Employees hired on or before December 18, 2004, whose work groups were covered by either the Intermountain Pension Fund or the UFCW Union and Industry Pension Fund shall continue to be covered under those Funds as provided in Appendix "B" of this Agreement.

ARTICLE 25 - JOB STEWARDS

The Employer recognizes the right of the Union to designate job stewards and alternates from the Employer's seniority lists.

No designated job steward shall be discriminated against because of his activities as a job steward.

It is agreed that the Company will grant a paid leave of one (1) day per year for two (2) employees per store to attend a steward seminar. Payment shall be based on the employee's normal daily schedule and such hours shall not count toward computation of overtime.

The names of those selected to attend the seminar shall be given to the Employer a minimum of two (2) weeks in advance of the meeting date.

ARTICLE 26 - MANAGEMENT RIGHTS

All rights of the Employer which existed prior to entering into this Agreement and not expressly limited by the terms of this Agreement are hereby reserved exclusively to the Employer, including, without limitation, the right to manage the business, direct the workforce and discipline or discharge employees for just cause, to create and enforce reasonable work rules and otherwise efficiently manage the business as determined by the Employer.

ARTICLE 27 - TERM OF AGREEMENT

This Agreement shall be in effect from March 23, 2003, to and including October 25, 2008, and from year to year thereafter, subject to amendment, alteration or termination by either party upon sixty (60) days written notice given prior to the expiration date.

FOR THE UNION:

UNITED FOOD AND COMMERCIAL WORKERS UNION, LOCAL 99

James J. McLaughlin
President
Date

James J. McLaughlin
President

Date 6/1/05

FOR THE COMPANY:

SAFEWAY INC.

Michael W. Pessia
Director of Labor Relations
Date

Michael W. Pessia
Director of Labor Relations

Date 5/27/05

APPENDIX A - WAGES

CLASSIFICATION	Current	Effective 11/04/07
All Purpose Clerks (hired or promoted before December 19, 2004, as a Food Clerk and assigned as a Food Clerk on December 18, 2004) There shall be no future assignment to this classification.		
1st 90 days	$ 5.76	
Next 780 hours worked	$ 6.91	
Next 780 hours worked	$ 8.06	
Next 780 hours worked	$ 9.64	
Next 780 hours worked	$10.33	
Next 780 hours worked	$10.88	
Next 780 hours worked	$11.70	
Next 780 hours worked	$12.66	
Journeyman Clerk	$13.77	$14.02
All Purpose Clerk (hired or promoted before December 19, 2004, as a GMC (Bakery/Deli-GM-Floral-Customer Service/Store Secretary, Pharmacy Clerk) and assigned as a GMC (Bakery/Deli-GM-Floral-Customer Service/Store Secretary, Pharmacy Clerk) on December 18, 2004. There shall be no future assignment to this classification.		
1st 90 days	$ 5.58	
Next 780 hours worked	$ 5.89	
Next 780 hours worked	$ 6.40	
Next 780 hours worked	$ 7.44	
Next 780 hours worked	$ 8.12	
Next 780 hours worked	$ 8.95	
Next 780 hours worked	$ 9.50	
Next 780 hours worked	$10.85	
Next 780 hours worked	$11.05	
Next 780 hours worked	$11.25	
Thereafter	$11.50	
All Purpose Clerk (hired or promoted before December 19, 2004, as a Baker and assigned as a Baker on December 18, 2004). There shall be no future assignment to this classification.		
0 - 1040	$ 9.37	
1041 - 2080 hours	$10.01	
2081 - 3120 hours	$10.66	
3121 - 4000 hours	$12.15	
Thereafter	$13.01	$13.26

CLASSIFICATION		Current	Effective 11/04/07
All Purpose Clerk (hired or promoted before December 19, 2004, as a Cake Decorator and assigned as a Cake Decorator on December 18, 2004).			
There shall be no future assignment to this classification.			
1st 780 hours		$ 5.58	
Next 780 hours		$ 6.14	
Next 780 hours		$ 6.65	
Next 780 hours		$ 7.72	
Next 780 hours		$ 8.56	
Next 780 hours		$ 9.60	
Next 780 hours		$10.10	
Next 780 hours		$11.20	$11.45
Meat Cutters			
0 - 1040 hours	(55%)	$ 9.40	
1041 - 2080 hours	(60%)	$10.25	
2081 - 3120 hours	(70%)	$11.96	
3121 - 4160 hours	(80%)	$13.67	
Journeyman	(100%)	$17.09	$17.34
All Purpose Clerk (former Meat Wrappers on the payroll, on lay-off status, or LOA as of February 1994) who were hired or promoted before December 19, 2004, as a Meat Wrapper and assigned as a Meat Wrapper before December 19, 2004).			
There shall be no future assignment to this classification.			
0 - 1040 hours	(60%)	$ 8.52	
1041 - 2080 hours	(70%)	$ 9.29	
2081 - 3120 hours	(80%)	$10.84	
3121 - 4160 hours	(90%)	$12.39	
Journeyman	(100%)	$15.49	$15.74
All Purpose Clerk (former Meat Wrappers on the payroll hired on or after February 1994) who were hired or promoted before December 19, 2004, as a Meat Wrapper and assigned as a Meat Wrapper before December 19, 2004).			
There shall be no future assignment to this classification.			
0 - 1040 hours	(60%)	$ 7.47	
1041 - 2080 hours	(70%)	$ 8.72	
2081 - 3120 hours	(80%)	$ 9.96	
3121 - 4160 hours	(90%)	$11.21	
Journeyman	(100%)	$12.45	$12.70

CLASSIFICATION

		Current	Effective 11/04/07
All Purpose Clerk (hired or promoted before December 19, 2004, as Seafood Counter Clerks and assigned as Seafood Counter Clerks before December 19, 2004).			
There shall be no future assignment to this classification			
0 - 1040 hours	(50%)	$ 7.14	
1041 - 2080 hours	(60%)	$ 7.85	
2081 - 3120 hours	(65%)	$ 9.28	
3121 - 4160 hours	(75%)	$10.70	
4161 - 5200 hours	(85%)	$12.13	
Journeyman	(100%)	$14.27	$14.52
All Purpose Clerk (hired or promoted as Self Service Deli before December 19, 2004, and assigned as Self Service Deli before December 19, 2004)			
There shall be no future assignment to this classification			
0 - 1040 hours	(50%)	$ 7.35	
1041 - 2080 hours	(60%)	$ 8.81	
2081 - 3120 hours	(70%)	$10.28	
3121 - 4160 hours	(80%)	$11.75	
Journeyman	(100%)	$14.69	$14.94
All Purpose Clerk (hired, assigned or promoted on or after December 19, 2004)			
1st 520 hours worked		$ 5.75	
Next 1040 hours worked		$ 6.00	
Next 1040 hours worked		$ 6.25	
Next 1040 hours worked		$ 6.50	
Next 780 hours worked		$ 6.75	
Next 780 hours worked		$ 7.25	
Next 780 hours worked		$ 7.75	
Next 780 hours worked		$ 8.25	
Next 780 hours worked		$ 9.00	
Next 780 hours worked		$ 9.75	
Next 780 hours worked		$10.50	
Next 780 hours worked		$11.00	
Thereafter		$11.50	
Produce Manager		$14.12	$14.37
Front End Clerk		$14.12	$14.37
Lead Deli		$13.77	$14.02
Market Manager		$17.43	$17.68

CLASSIFICATION

	Current	Effective 11/04/07
Courtesy Clerk		
First 780 hours	Minimum wage	Minimum wage
Next 780 hours	Minimum wage +$.10	Minimum wage +$.10
Next 780 hours	Minimum wage +$.25	Minimum wage +$.25
Thereafter	Minimum wage +$.40	Minimum wage +$.40

Upon ninety (90) days written notice to the Employer by the Union, the November 4, 2007, wage increase may be permanently diverted to the Health and Welfare Plan. Such diversion shall be paid as a monthly lump-sum to the Trust Fund and calculated based on the hours worked in each month by employees at the Thereafter rates that would have been eligible for such rate increase times twenty-five cents ($0.25) per hour. It is understood that upon mutual agreement between the Union and Employer an alternative payment arrangement may be made.

Gas Station Attendants

Gas Station Attendants on the payroll as of December 18, 2004, will be moved to the wage scale of All Purpose Clerk hired, assigned, or promoted on or after December 19, 2004, at the wage rate closest to their current rate and progress through such All Purpose Clerk pay progression thereafter.

The following jobs, when designated by management shall be paid the following premium rates:

Lead Clerk	$0.35 per hour
ICC, FMC	$0.35 per hour
Lead Customer Service	$1.00 per hour
Lead Floral	$1.00 per hour
Cake Decorator	$0.35 per hour
Certified Pharmacy Technician	$2.00 per hour above their assigned rate for All Purpose Clerk not to exceed $14.97 per hour

An employee who is specifically designated by management to perform all of the tasks, duties and responsibilities of a management employee who is absent in excess of one (1) week

due to vacation or leave of absence shall be paid a premium of forty cents ($0.40) per hour worked in such assignment.

Ratification Bonus

All employees in the Group A jobs listed below who have been continuously employed for the fifty-two (52) weeks ending December 18, 2004, and have averaged at least thirty-six (36) hours (worked, vacation, holiday) per week for the fifty-two (52) weeks ending December 18, 2004, shall be paid a $600 lump-sum bonus.

All employees in the Group A jobs listed below who have been continuously employed for the fifty-two (52) weeks ending December 18, 2004, and have averaged at least twenty (20) hours per week but less than thirty-six (36) hours (worked, vacation, holiday) per week for the 52 weeks ending December 18, 2004, shall be paid a $425 lump-sum bonus.

Group A Jobs

Deli Manager	Photo Manager
Food Clerk	Produce Clerk
Floral Manager	Produce Manager
Front End Clerk	
GM/HBC Manager	
Meat Manager	
Meat Cutter	
Head Night Stocker	

All employees in the Group B jobs listed below who have been continuously employed for the fifty-two (52) weeks ending December 18, 2004, and have averaged at least thirty-six (36) hours (worked, vacation, holiday) per week for the 52 weeks ending December 18, 2004, shall be paid a $500 lump-sum bonus.

All employees in the Group B jobs listed below who have been continuously employed for the fifty-two (52) weeks ending December 18, 2004, and have averaged at least twenty (20) hours per week but less than thirty-six (36) hours (worked, vacation, holiday) per week for the 52 weeks ending December 18, 2004, shall be paid a $325 lump-sum bonus.

Group B Jobs

Baker
Bakery Clerk
Bakery Clerk PF
ClerkCake Decorator
Deli Clerk
Deli Clerk PF
Deli Clerk SS
Floral Clerk
Fuel Station Manager
Fuel Station Attendant RT
General Merchandise Clerk
GM/HBC Clerk
Meat Wrapper
Pharmacy Technician
Pharmacy Clerk
Store Secretary
Lead Starbucks
Starbucks Clerk

All Courtesy Clerks who have been continuously employed for the fifty-two (52) weeks ending 12/18/04 and have averaged twenty (20) hours per week (worked, vacation, holiday) shall be paid a one hundred dollar ($100) lump-sum bonus.

Annual Lump-Sum Bonus
On December 17, 2005, and December 16, 2006, employees who were hired or assigned before December 19, 2004, except Courtesy Clerks, who have been continuously employed during the trailing one year period and who are actively employed on each of these effective dates and who are, on the effective date of this bonus, at the top rate for their classification, shall be paid a lump-sum bonus equal to twenty-five cents ($0.25) per hour times their total paid vacation hours, paid holiday hours, and hours worked during the trailing one year (52 week) period. Such bonuses shall not be paid to any employee who on December 18, 2004, was classified at the G.M.C. rate of pay.

APPENDIX "B"

INTERMOUNTAIN AND UFCW INDUSTRY PENSION FUND PARTICIPANTS

Intermountain Pension Fund

(a) It is agreed that the Trust Agreement of the Intermountain Retail Food Industry Pension Trust shall be accepted and adopted by the Employer and by this reference be made a part of this Agreement, together with certain subscription agreements to be executed by the signatory Employer to this Agreement.

(b) Employees who were hired after December 9, 1997, but before December 19, 2004, shall be covered by the Intermountain Retail Food Industry Pension Plan. Employees who were hired before December 19, 2004, and who on the effective date of this Agreement were covered under the Intermountain Retail Food Industry Pension Trust shall continue to be covered under such plan as provided herein.

(c) Contributions shall be made to the Intermountain Retail Food Industry.Pension Trust.

(d) Effective for hours worked beginning January 1, 2001, the Employer agrees to remit seventy-five cents ($0.75) per straight time hours worked or paid to the Intermountain Retail Food Industry Pension Fund, during the term of the Agreement, except as it may be affected by contribution suspensions as provided for herein.

Hours on which contributions will be paid for shall include all hours worked, vacation, holiday, Sunday (as long as such Sunday work is part of a forty (40) hours workweek) and paid sick leave hours.

If the Trustees adopt a long-term funding policy and make benefit reductions for future accrual rates, effective not later than October 1, 2004, then the Employer will agree to increase its contribution rate as follows with the understanding these additional contributions will not be

used to increase plan benefits under the current plan formula, but will be used to improve the funded status of the Fund.

- An additional ten cents ($.10) per straight time hour effective for hours worked September 1, 2004.
- An additional ten cents ($.10) per straight time hour effective for hours worked September 1, 2005.
- An additional ten cents ($.10) per straight time hour effective for hours worked September 1, 2006.

Untied Food and Commercial Workers Union and Industry Pension Fund

For Only: Benson, Bisbee, Douglas, Globe/Claypool, Lakeside, Nogales, Show Low, Sierra Vista, Springerville, Thatcher, and Willcox employees hired prior to December 9, 1997

i. The Employer agrees to contribute one hundred eleven dollars and seventy three cents ($111.73) per month to the United Food and Commercial Workers Union and Industry Pension Fund for each eligible employee. An eligible employee shall be an employee who has worked eighty (80) hours during the previous month. A contribution on behalf of new employees shall be made the first (1st) of the month following completion of thirty (30) days of employment.

ii. It is further agreed that the Trust Agreement of the United Food and Commercial Workers Union and Industry Pension Fund shall be accepted and adopted by the parties and by this reference be made a part of this Agreement, together with certain participation agreements to be executed by the Employer.

iii. The contributions that are due and payable under this Article shall be remitted to the United Food and Commercial Workers Union and Industry Pension Fund no later than the twentieth (20th) day of the month immediately

following the month in which the qualifying hours are worked.

iv. If the Employer has been delinquent in the payment of contributions indisputably owed, or in the payment of an amount due under any note given by the Employer to secure the same, for a period of sixty (60) days or more, the Board of Trustees of the United Food and Commercial Workers Union and Industry Pension Fund may, after thirty (30) calendar days notice as set forth below, exclude such Employer and its employees from further participation in the Pension Trust Fund. Such exclusion shall not relieve the Employer from the obligation to pay contributions on hours worked or paid for prior to the date thereof. No employee shall be entitled to benefits or receive service credits, nor shall contributions be owing, for hours worked or paid for on and after date of exclusion. Exclusion shall be effective no less than thirty (30) calendar days after written notice to the Employer and its employees, unless the Employer pays the amounts owing within such time. Reinstatement may be allowed on such terms and conditions as the Board of Trustees may adopt.

v. In the event it is determined that additional contributions are needed to avoid a reduction in benefits, the Employer agrees to increase its contribution rate to an amount not to exceed a total of one hundred twenty three dollars and eighty nine cents ($123.89) per month, not later than the first pay period of the month following such notification.

December 2, 2004

Mr. James McLaughlin
President
UFCW Local No. 99
2401 N. Central Avenue
Phoenix, Arizona 85004

Re: Safeway Inc. Agreement - Department Listings

Dear Mr. McLaughlin:

In accordance with the provisions of the above referenced collective bargaining agreement, Safeway Inc. hereby gives notice to the Union as to configuration of Departments in its Safeway Stores as of January 1, 2004. The Departments are as follows:

Front-end
Grocery
GM/HBC
Liquor
Produce
Floral
Pharmacy
Bakery
Deli
Starbucks
Meat

Sincerely,

Michael W. Pessia
Director of Labor Relations

LETTER OF UNDERSTANDING
between
UNITED FOOD AND COMMERCIAL WORKERS UNION
LOCAL 99
and
SAFEWAY INC.

COMPETITIVE OPERATIONS

Notwithstanding the provisions of the current Collective Bargaining Agreement between the parties (March 23, 2003, through October 25, 2008) either party upon thirty (30) days written notice, may with mutual agreement, reopen the agreement to negotiate its provisions in the event that a competitor in any major line of services comparable to the Company's commences an operation wherein a competitive advantage is enjoyed.

FOR THE UNION:

UNITED FOOD AND COMMERCIAL WORKERS UNION, LOCAL 99

James J. McLaughlin
President

Date 6/1/05

FOR THE COMPANY:

SAFEWAY INC.

Michael W. Pessia
Director of Labor Relations

Date 5/27/05

UNITED FOOD AND COMMERCIAL
WORKERS UNION, LOCAL 99
2401 N. Central Ave, 2nd Floor
Phoenix, AZ 85004-1331

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