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**December 19, 2011**

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## **UFCW Local 400 Praises Kroger Pension Plan Agreement Urges Giant and Safeway to Follow Model**

LANDOVER, Md., December 19 — Calling it an “innovative win-win solution to strengthening the UFCW members' retirement security, UFCW Local 400 President Tom McNutt today praised the agreement between the UFCW and Kroger to improve and secure pension funds for more than 170,000 retired and active UFCW union members.

The agreement, which was ratified unanimously by Local 400 members working at Kroger in the Roanoke, Va., area, merges four pension plans, protects the current benefits of vested employees, enhances the benefits of new hires, ensures full funding by Kroger, and provides for 10 years of fiscal stability.

“At a time when many pension funds are severely underfunded due to the lost economic decade of the 2000s, and when the very existence of defined benefit retirement plans is under threat, the UFCW and Kroger have shown how to restore these plans to solvency while fully protecting the retirement security of all beneficiaries,” McNutt said.

“With pension plan funding sure to be a major issue in negotiations about to start on a new contract between Local 400 members and Giant and Safeway, I urge management to consider the approach pioneered by the UFCW and Kroger as a model for forging a win-win solution in our bargaining,” McNutt said.

It is especially noteworthy that Kroger will make a contribution of approximately \$650 million to the new fund in January — roughly six times the amount required under the agreement. The company is doing so because the cost of borrowing is at historic lows and because changes in the law will require corporations to report unfunded pension liabilities on their balance sheets next year.

“We applaud Kroger’s farsighted decision to make up the bulk of the new plan’s funding gap in one bold move,” McNutt said. “Kroger will come out ahead financially and the company

will become much more attractive to investors, while our members and retirees will gain greater peace of mind, knowing their pension will be there for them when they need it.

“We hope Giant and Safeway look closely at Kroger’s actions and recognize the clear benefits of working with us to take steps that would have a similarly positive impact,” he added.

Among its provisions, the UFCW-Kroger agreement also includes automatic benefit increases as pay increases with benefits proportionately pegged to salary levels, and it will provide a more secure and stable pension fund in an unstable financial environment. The combined plan also includes a commitment by Kroger to pay off all of the unfunded liability in the new fund covered by the 14 UFCW local unions involved.

UFCW Local 400 represents 40,000 members working in the retail food, health care, retail department store, food processing, service and other industries in Virginia, Maryland, Washington, D.C., West Virginia, Ohio, Kentucky and Tennessee.