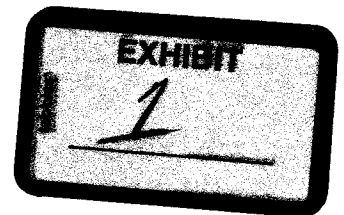


INDEX

FLEMING COMPANIES, INC. *La Crosse, Wisconsin*

ARTICLE I - INTENT AND PURPOSE.....	1
ARTICLE II - COVERAGE.....	1
ARTICLE III - WAGES, HOURS, AND WORKING CONDITIONS.....	3
ARTICLE IV - NIGHT CREW EMPLOYEES.....	3
ARTICLE V - SENIORITY.....	4
ARTICLE VI - WORK SCHEDULES	6
ARTICLE VII - CLERKS WORK CLAUSE	8
ARTICLE VIII - VACATIONS	8
ARTICLE IX - HOLIDAYS	10
ARTICLE X - GRIEVANCE PROCEDURE	11
ARTICLE XI - GENERAL.....	13
ARTICLE XII - HEALTH AND WELFARE.....	14
ARTICLE XIII - LEAVES OF ABSENCE.....	14
ARTICLE XIV - FUNERAL LEAVE / JURY SERVICE	16
ARTICLE XV - SAVINGS CLAUSE	16
ARTICLE XVI - NO STRIKES / NO LOCKOUTS	16
ARTICLE XVII - MANAGEMENT RIGHTS	17
ARTICLE XVIII - TIME RECORDS	17
ARTICLE XIX - PRIOR AGREEMENTS	17
ARTICLE XX - STORE CLOSING	17
ARTICLE XXI - WELLNESS DAYS.....	18
ARTICLE XXII - 401(K) PLAN	18
ARTICLE XXI - TERM OF AGREEMENT.....	19
APPENDIX "A".....	20

June 5, 2000 - May 31, 2003



AGREEMENT

This Agreement, mutually entered into by and between UNITED FOOD AND COMMERCIAL WORKERS UNION, LOCAL 881, AFL-CIO-CLC, chartered by the United Food and Commercial Workers International Union, AFL-CIO-CLC, as party of the first part and hereinafter referred to as the "Union", and **FLEMING COMPANIES, INC., La Crosse, Wisconsin dba Festival Foods**, as party of the second part and hereinafter referred to as the "Employer".

The parties to this Agreement agree that they will not discriminate against any employee or prospective employee because of age, race, sex, creed, color, national origin, or Union affiliation.

ARTICLE I - INTENT AND PURPOSE

1.1 The Employer and the Union each represent that the purpose and intent of this Agreement is to promote cooperation and harmony, to recognize mutual interests, to provide a channel through which information and problems may be transmitted from one to the other, to formulate rules to govern the relationship between the Union and the Employer, to promote efficiency and service and to set forth herein the basic agreements covering rates of pay, hours of work, and conditions of employment.

1.2 The Employer recognizes the Union as the sole collective bargaining agency for all of the employees, as hereinafter set forth, employed at the retail stores of **Fleming Companies, Inc., La Crosse, Wisconsin**, located in Kankakee County.

ARTICLE II - COVERAGE

2.1 The term "Employer", as used in this Agreement, shall refer and relate to Festival Food retail stores now owned by the Employer located at 185 North Kennedy Drive, Bourbonnais, Illinois, and any future company owned Festival Food Stores, if any, located in Kankakee County.

2.2 The term "employees", as used in this Agreement, shall include all employees working in the retail food stores of the Employer, EXCEPT its employees in the Meat Department, one (1) Store Manager, two (2) Co-Managers, one (1) Grocery Manager, one (1) Receiving Clerk, one (1) Deli Manager, one (1) Pricing-Coordinator, one (1) Promotions Coordinator, one (1) Customer Service Manager, one (1) Bakery Manager, and Security Personnel.

2.3 Employees who are hired hereafter shall become and remain members in good standing of the Local Union as a condition of employment on and after the forty-fifth (45th) day following the beginning of their employment, or on or after the forty-fifth (45th) day following the effective date of this Agreement, whichever is the later.

The Employer agrees not to enter into any other agreement with any other labor organization during the life of this Agreement with respect to employees covered by this Agreement.

The Employer agrees not to enter into any agreement with its employees, individually or collectively, which in any way conflicts with the terms and provisions of this Agreement.

2.4 **Dues Check-Off:** The Employer agrees to deduct Union dues and initiation fees from the wages of the employees in the bargaining unit who provide the Employer with a voluntary written authorization which shall not be revocable for a period of more than one (1) year, or beyond the termination date of the Agreement, whichever occurs sooner.

The deduction of the Union dues shall be made on a monthly basis and shall be forwarded to the Union within ten (10) days after such deduction is made. In the event no wages are due the employee, or are insufficient to cover the required deduction, the deduction for such month shall be made in the succeeding month and forwarded to the Union.

Any employee who is delinquent in their payment of Union dues shall be terminated within ten (10) days of notice from the Union of such delinquency, unless satisfactory evidence of the employee having paid such delinquent dues is presented to the Employer within the ten (10) day period.

The Union shall indemnify the Employer against any and all claims, demands, suits, or other forms of liability that shall arise out of or by reason of action taken, or not taken by the Employer, for the purpose of complying with any of the provisions of the check-off.

A.B.C. Check-Off: The Employer agrees to honor and to transmit to the Union contribution deductions to the United Food and Commercial Workers International Union Active Ballot Club from employees who are Union members and who sign deduction authorization cards. The deductions shall be in the amounts and with the frequency specified on the political contribution deduction authorization cards. Such monies shall be remitted to United Food and Commercial Workers Union Local 881 within thirty (30) days after such deduction is made.

ARTICLE III - WAGES, HOURS, AND WORKING CONDITIONS

3.1 Minimum wage rates will be provided in Appendix "A" attached, and made a part hereof.

3.2 The straight-time workweek for all employees shall consist of hours worked Sunday through Saturday, not necessarily consecutive. This Article shall not be construed as a guarantee of a minimum number of hours.

3.3 All work performed in excess of eight (8) hours per day, or in excess of forty (40) hours per week, or work performed on the sixth (6th) day of any week, shall be deemed overtime work and paid for at one and one-half (1 1/2) times the employee's regular straight-time rate of pay.

3.4 Overtime pay shall be figured on a daily basis or weekly basis, whichever is greater, but in no case on both. There will be no pyramiding of overtime.

3.5 All work performed by employees on Sundays and holidays shall be considered as premium work and such work shall be paid for at time and one-half (1 1/2) the employee's rate of pay.

3.6 In the event an adequate staff cannot be obtained voluntarily, the Employer may require employees to work on Sundays and holidays in reverse order of seniority.

3.7 When premium work runs concurrently with overtime work, overtime pay shall not be computed on the premium.

3.8 No split shifts will be permitted, except when an employee agrees and volunteers, in writing. Hours of work shall be consecutive, excepting a meal period of not less than one-half (1/2) hour nor more than one (1) hour at approximately the middle of the workday. No employee will be forced to take a meal period if they work six (6) hours or less. No employee will be required to work more than six (6) hours without a meal period.

3.9 Employees working seven (7) hours or more in a workday shall receive two (2) fifteen (15) minute rest periods during the workday. One in the first part of the workday and the other in the second part of the workday. Employees working less than seven (7) hours in a workday shall receive one (1) fifteen (15) minute rest period during such work period. No rest period shall be scheduled until the employee has worked at least one (1) hour.

ARTICLE IV - NIGHT CREW EMPLOYEES

4.1 "Night crew" employees are defined as any forty (40) hours per week employees who work a majority of their scheduled hours after 10:00 p.m. or before 6:00 a.m.

4.2 All full-time forty (40) hour night crew employees will be scheduled regular nights each week, five (5) nights per week, Sunday through Saturday, and shall be scheduled within two (2) hours of the same starting time each night.

4.3 Night crew employees shall receive a Fifty (.50) Cent per hour premium for all hours worked. This premium shall be computed into vacation, holiday, and sick pay. There shall be an employee designated as a Night Crew Leader, whose duties shall be defined by the Employer. This position shall be appointed by the Employer, and this employee shall receive a twenty-five (.25) cents per hour premium in addition to the night premium, for all hours worked on the night shift.

4.4 With the exception of night crew employees, all employees shall receive Fifty (.50) Cents per hour premium pay for all hours worked between 10:00 p.m. and 6:00 a.m., provided that the majority of their shift is worked after 10:00 p.m.

4.5 Whenever overtime hours also involve premium pay, the overtime rate shall be time and one-half (1 1/2) the regular hourly straight-time rate of pay and the premium shall be added thereto. Premium pay based on Sunday hours shall be paid in addition to premium pay based on night hours on Sunday.

4.6 No employee shall be scheduled without at least ten (10) hours rest between shifts.

ARTICLE V - SENIORITY

5.1 "Seniority" shall be defined as the length of continuous employment from the employee's last date of continuous employment within the individual store covered by this Agreement. Seniority shall rule in all cases of vacations, rehires, and layoffs.

Each employee shall accrue seniority within the following classifications:

- 1) *Full-time clerks* (Checkers, Stockers, Produce, Deli, Bakery, Floral, Sign maker, Front office, H.B.A.).
- 2) *Part-time clerks* (Checkers, Stockers, Produce, Deli, Bakery, Floral, Sign maker, Front office, H.B.A.).

Each employee's seniority will only be broken by the following:

- 1) Discharge for just cause;

- 2) Voluntary quit;
- 3) Absence from work due to layoff for a period of six (6) months;
- 4) Failure to report back to work within seven (7) calendar days after receiving notification, in writing, to return to work following layoff;
- 5) Failure to return to work in accordance with the terms of a leave of absence;
- 6) Promotion to management for a period of six (6) months;
- 7) Absence from work for three (3) consecutively scheduled working days without notifying the Employer.

5.2 When a layoff or reduction in hours becomes necessary in a given store and in a given classification, the person with the least seniority in that classification shall be the first laid off or reduced in hours. When recalling employees, employees will be recalled in the reverse order of layoff.

5.3 For all purposes of this Agreement, except as otherwise provided herein, a "full-time" employee shall be defined as one who has averaged thirty-six (36) hours or more per week for a period of four (4) consecutive weeks.

A "part-time" employee is one who has not met the requirements in the paragraph above.

An employee who has advanced to full-time under this Section and has averaged less than thirty-six (36) hours for four (4) consecutive weeks shall be returned to part-time status. When an employee is advanced to full-time status under this Section, that employee's rate of pay will be adjusted to the appropriate full-time rate of pay, to be determined by adding all regular hours worked from date of hire, dividing total hours by forty (40) to determine months of service earned under full-time classification. When an employee who has averaged less than thirty-six (36) hours per week for four (4) consecutive weeks and returned to part-time status, that employee's rate of pay shall be adjusted to the proper rate classification by receiving credit for total months of part-time and full-time service. Employees who have worked above thirty-two (32) hours under the preceding labor agreement shall continue to be classified as a full-time employee, unless they limit their availability for full-time status, in which case the employee shall requalify for full-time status after averaging thirty-six (36) hours.

5.4 During their first forty-five (45) days of employment, new employees shall be classified as probationary employees. All terms of this Agreement shall apply during such probationary period provided, however, that such employees may be terminated during such period for any reason. Probationary employees shall have no seniority rights, but upon successful completion of their probationary period, seniority rights shall date back to their initial date of employment.

- 2) Voluntary quit;
- 3) Absence from work due to layoff for a period of six (6) months;
- 4) Failure to report back to work within seven (7) calendar days after receiving notification, in writing, to return to work following layoff;
- 5) Failure to return to work in accordance with the terms of a leave of absence;
- 6) Promotion to management for a period of six (6) months;
- 7) Absence from work for three (3) consecutively scheduled working days without notifying the Employer.

5.2 When a layoff or reduction in hours becomes necessary in a given store and in a given classification, the person with the least seniority in that classification shall be the first laid off or reduced in hours. When recalling employees, employees will be recalled in the reverse order of layoff.

5.3 For all purposes of this Agreement, except as otherwise provided herein, a "full-time" employee shall be defined as one who has averaged thirty-six (36) hours or more per week for a period of four (4) consecutive weeks.

A "part-time" employee is one who has not met the requirements in the paragraph above.

An employee who has advanced to full-time under this Section and has averaged less than thirty-six (36) hours for four (4) consecutive weeks shall be returned to part-time status. When an employee is advanced to full-time status under this Section, that employee's rate of pay will be adjusted to the appropriate full-time rate of pay, to be determined by adding all regular hours worked from date of hire, dividing total hours by forty (40) to determine months of service earned under full-time classification. When an employee who has averaged less than thirty-six (36) hours per week for four (4) consecutive weeks and returned to part-time status, that employee's rate of pay shall be adjusted to the proper rate classification by receiving credit for total months of part-time and full-time service. Employees who have worked above thirty-two (32) hours under the preceding labor agreement shall continue to be classified as a full-time employee, unless they limit their availability for full-time status, in which case the employee shall requalify for full-time status after averaging thirty-six (36) hours.

5.4 During their first forty-five (45) days of employment, new employees shall be classified as probationary employees. All terms of this Agreement shall apply during such probationary period provided, however, that such employees may be terminated during such period for any reason. Probationary employees shall have no seniority rights, but upon successful completion of their probationary period, seniority rights shall date back to their initial date of employment.

5.5 When an employee is voluntarily reduced from full-time to part-time their part-time seniority shall date from original date of hire. When a part-time employee is advanced to full-time, their full-time seniority dates from their most recent assignment to full-time work. A full-time employee with six (6) months or more full-time seniority who is involuntarily reduced in hours maintains their full-time seniority date.

5.6 It is understood that the Employer may promote part-time employees to temporary full-time status for the summer on the following basis:

(A) This will apply to students only.

(B) The employee must be fully informed in advance that after averaging thirty-six (36) hours or more per week for four (4) consecutive weeks, they will be advanced one (1) bracket. However, at the end of summer when their hours are reduced, their wages shall be readjusted back to that rate being paid at the time of their temporary advancement to full-time status. Such employee shall, however, receive credit for the purpose of wage progression for all hours worked from date of hire, including "summer time" hours.

(C) It is agreed that when an employee is advanced from part-time to full-time clerk classification that the total hours of part-time employment shall be divided by the basic workweek to establish the full-time rate of pay.

5.7 *Claiming of Hours:* Part-time employees within their seniority group and job classification (Checker, Stocker, Produce, Deli, Bakery, Floral, Sign Maker, Front Office, H.B.A., etc.) after six (6) months of service shall be eligible to claim available hours up to five (5) days per week to a maximum of thirty-five (35) hours per week from a less senior employee provided the employee claiming the hours has the skill and ability to perform the duties of the job. Management reserves the right to determine who has the skill and ability to perform the job. Hours claimed under the provisions of Section 3.3 of this Agreement on the sixth (6th) day in a workweek, shall be paid for at straight time. Claiming of hours is limited to claiming whole shifts only. All claims must be made within a twenty-four (24) hour period of the schedule posting to the Manager on duty at the store.

ARTICLE VI - WORK SCHEDULES

The work schedule for the succeeding week shall be posted by Thursday, 4:00 P.M. for all employees. Employees shall be scheduled by seniority. No change shall be made in said schedule without the consent of the employee, the Union, and the Employer, except in emergency situations beyond the Employer's control, or as provided in paragraph one, herein.

Scheduled days off for full-time employees shall not be changed in an arbitrary, capricious, or discriminatory manner. Any changes therein, not consistent with operating requirements of the business, shall be subject to the Grievance Procedure. Senior employees in each department would get the majority of the earlier scheduled shifts.

6.1 An employee scheduled to work during any week shall receive a minimum of fifteen (15) hours work. However, this does not apply to employees who are available for weekends only.

6.2 Each employee who reports for work is guaranteed not less than four (4) hours work for that day at the appropriate hourly rate of pay, which rate shall include any applicable overtime or premium pay.

6.3 Any employee shall not commence a new shift until at least ten (10) hours have lapsed since the end of their previous shift unless the employee requests otherwise, in writing, or an emergency occurs.

6.4 A full-time employee may state their preference for an off day (Monday through Friday), which preference shall be honored in order of seniority based on available days off. A full-time employee may state their preference for evening or day shift which shall be honored in order of seniority. A full-time employee may change their hours of availability, off day preference, or evening or day shift, any January 1st, June 1st, or September 1st. Any employee election under this Section shall be made by written notice to the Store Manager on forms provided by the Employer.

All part-time employees with eighteen (18) months or more of service may state their preference for a day off, Monday through Thursday (excluding holiday weeks), which shall be honored in order of seniority. Part-time employees may change off day preference any January 1st or June 1st. Any part-time employee election under this Section shall be made by written notice to the Store Manager on forms provided by the Employer by December 1st for January 1st, and May 1st for June 1st. Request for changes past deadlines will not be honored by the Employer.

6.5 Calling in employees out of the posted work schedule for additional hours shall be done according to seniority, within their classifications, provided they are not already scheduled for that day. Such person called shall have the right to refuse the request to work, provided that any employee who is consistently unavailable shall be ineligible for future "call-ins". In that event, the next senior person shall be called until the hours have been filled.

ARTICLE VII - CLERKS WORK CLAUSE

No salesman shall handle or stock any merchandise in the store, EXCLUDING the Meat Department, except rack jobbers and driver-salesmen engaged in servicing the retail stores under prevailing practices with merchandise directly from a delivery vehicle at the point of delivery. It is understood that the above shall not apply in new stores during the first week after the store is opened.

ARTICLE VIII - VACATIONS

Vacation schedules shall be posted in all stores by January 1st of each year. Vacations must be selected by seniority by March 1st of each year. Vacations selected after March 1st shall be on a "first come, first served" basis. Employees must take all earned vacation during the calendar year except that all employees may carry over one (1) week through January 31st of the following year. No employee will receive pay for vacation not taken. All employees who have been in the continuous employment of the Employer for one (1) year or more shall receive a vacation annually, with pay.

- (A) After one (1) year of continuous employment, all employees shall receive one (1) week's vacation, with pay.
- (B) After two (2) years of continuous employment, all employees shall receive two (2) week's vacation, with pay.
- (C) After six (6) years of continuous employment, all employees shall receive three (3) week's vacation, with pay.

In addition to the above vacation schedule, employees hired prior to 7/1/97, will receive an additional day of vacation for each year over ten (10), up to fifteen (15) years [i.e., for a total of five (5) additional days]. These days may be scheduled upon mutual agreement between the company and the employee.

8.1 Employees working less than forty (40) hours per week shall receive a pro-rated vacation with pay equal to the number of hours paid in that year, divided by fifty-two (52), but not to exceed forty (40) hours per week. Vacations for such employees shall be based on the same number of weeks of vacation eligibility as stated on the previous page.

After qualifying for their first one (1) week of vacation, an employee who has completed one (1) year of continuous service [but less than three (3) years] prior to January 1, is eligible for one (1) week of vacation as of January 1.

If an employee qualifies for one (1) week of vacation as of January 1, and is due to complete the service necessary for an additional week of vacation later in the year, they may take the first week early or wait and take both weeks together.

8.2 An employee who has qualified for their first vacation and is subsequently laid off shall receive a pro-rated vacation for each full month of service completed since their last anniversary date of employment.

An employee who is discharged or quits (except discharge for dishonesty or drunkenness), after having worked six (6) months or more since their last anniversary date, shall receive a pro-rated vacation for each month of service completed since their last anniversary date of employment.

Any employee who enters military service shall be paid their pro-rated vacation pay for that which they have earned up to the time of their entering military service. Any veteran returning to work after military service shall receive their pro-rated vacation pay for time paid during the time from their return to the anniversary date of their original hiring date.

All employees eligible for a vacation as outlined in this Section, shall be required to take the time off to qualify for vacation pay, or work and be paid if mutually agreeable between management and the employee.

8.3 If a holiday occurs during an employee's vacation, they shall have the option to be paid an additional day's pay, or receive an extra day off in addition to the vacation pay, provided any day off is to be scheduled at a time mutually agreed upon by the employee and the Employer.

Effect of Leaves of Absence: Leaves totalling ninety (90) days or less in any calendar year shall not affect a vacation earned in that year.

Leaves totalling more than ninety (90) days but not over one hundred eighty (180) days shall reduce vacation pay by one-fourth (1/4th).

Leaves totalling more than one hundred eighty (180) days but not over two hundred seventy (270) days shall reduce vacation and vacation pay by one-half (1/2).

Leaves totalling more than two hundred seventy (270) days shall disqualify the employee for vacation.

Vacation pay will be paid at the prevailing wage rate at the time the vacation is taken, or paid and worked, if mutually agreed between management and the employee.

Where vacation schedules in a store conflict, seniority shall govern. For vacation purposes, full-time employees shall have seniority over part-time employees. Notwithstanding anything to the contrary in this Article, at no time shall more than five percent (5%) of the employees of a store be on vacation.

8.4 An employee who is in the Military Reserves shall not be required to use their earned vacation time to fulfill training obligations with their Reserve Unit.

ARTICLE IX - HOLIDAYS

9.1 The following will be considered as legal holidays for all employees:

New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, or days legally celebrated in lieu thereof.

9.2 All employees shall receive one (1) personal holiday for their birthday.

All employees shall receive one (1) additional personal holiday after six (6) months of service. Personal holidays will be scheduled at a mutually agreed time between management and employees. Every effort shall be made to provide employees with their request of the preferred day off. In the event that too many requests for the same day are made, seniority shall govern. Management has the right to determine the number of employees allowed to be scheduled off for personal holidays in any one (1) day or week.

9.3 All employees with six (6) months of service shall receive one (1) additional holiday, namely, Martin Luther King Jr's. Birthday.

9.4 Holiday pay shall be determined by the number of hours which an eligible employee averages during the normal workweek as follows:

<u>AVERAGE HOURS PER WEEK</u>	<u>HOLIDAY PAY IN HOURS</u>
Less than 26 hours	4 hours at regular rate of pay
26 to 36 hours	6 hours at regular rate of pay
Over 36 hours	8 hours at regular rate of pay

Employees working under the previous labor agreement who were considered full-time after regularly working thirty-two (32) hours per week will continue to receive eight (8) hours holiday pay after completing thirty-two (32) hours in a week which includes a holiday.

The average number of hours per workweek, for purposes of this Article, shall be computed on the basis of the average for the four (4) weeks immediately preceding the recognized holiday, or during the period of employment if the eligible employee has less than four (4) week's employment. All of the foregoing shall be paid provided the employee works their scheduled day before the holiday and their scheduled day after the holiday, unless absence is excused by the Company.

During the week in which holidays occur, other than personal holidays, full-time employees shall receive time and one-half (1 1/2) their regular rate of pay after thirty-two (32) hours of work.

By mutual agreement, forty (40) hour employees may work the fifth (5th) day of a holiday workweek at their regular straight-time rate of pay. The Employer shall make available a volunteer sign-up sheet for these employees seven (7) days prior to the holiday, and shall make this list available to the Union Business Representative upon request.

9.5 Absence during a holiday week, approved by the Employer or illness proven by a medical doctor's slip, shall not disqualify the employee for holiday pay, provided they have performed some work the week previous to, or the week of the holiday.

9.6 No employee shall be required to work after 6:30 p.m. on Christmas Eve Day or New Year's Eve Day and 3:00 p.m. on Easter Sunday and Thanksgiving Day. No employee shall work on Christmas Day. Only volunteers shall work after 6:30 p.m. on Christmas Eve Day or New Year's Eve Day and 3:00 p.m. on Easter Sunday and Thanksgiving Day. If an insufficient number of employees volunteer, then the Employer will schedule the required number of employees on the basis of reverse seniority.

ARTICLE X - GRIEVANCE PROCEDURE

10.1 Any complaint, violation, or infraction of any section of this Agreement shall be submitted within fifteen (15) working days (Monday through Friday) of the incident in the following manner:

- (A) First to be submitted for settlement to the Representative of the Union and the Store Manager, who shall endeavor to settle the same satisfactorily to both parties by conferring with the employee involved.

(B) Should they, however, be unable to settle the same within fifteen (15) calendar days after its initial presentation, then such complaint shall be submitted in writing to the Business Representative of the Union, and the Supervisor, or other person designated by the Employer who shall endeavor to settle the same satisfactorily to both parties.

(C) Should they, however, be unable to settle the same, the matter shall be submitted, in writing, within twenty-one (21) calendar days after its initial presentation as outlined in (A), above, with specific reference to the Article and Section of the Agreement involved, to the Federal Mediation and Conciliation Service. The Federal Mediation and Conciliation Service will submit a list of seven (7) arbitrators. The Union shall strike the first name and the Employer shall strike the next name, and alternately until the person whose name remains shall be the arbitrator. Either party, before striking any names, shall have the right to reject one (1) panel of arbitrators.

(D) The fee and expenses of the arbitrators selected shall be borne equally between the Employer and the Union. This arbitrator shall have authority and jurisdiction to determine the propriety of the interpretation and/or application of the Agreement respecting the grievance in question, but they shall not have the power to alter or modify the terms of the Agreement. The decision of the arbitrator shall be rendered without undue delay and shall be final and binding upon all parties.

(E) The Executive Board of the Union shall have the right to determine whether-or-not the employee's grievance is qualified to be submitted to arbitration by the Union.

(F) If satisfactory to both the Employer and the Union, steps (C) and (D) of the Grievance Procedure outlined in this Article may be waived.

10.2 (A) No grievance will be discussed unless the above procedure has been followed:

(B) No grievance will be considered or discussed which is presented later than fifteen (15) working days (Monday through Friday), after such has happened.

(C) Retroactive wage payments shall not be made for a period longer than six (6) months from the date the grievance is filed.

10.3 It is further agreed that nothing herein contained shall, in any way, prohibit the Employer from discharging any employee, providing it is for just cause.

10.4 A discharge may be handled as a grievance. However, the matter must be submitted as a grievance, in writing, within ten (10) working days from the date of dismissal. Final settlement, including the decision of the Union and management, must be made within ten (10) working days after receipt of such written notice. If the Union and management are unable to reach a decision the procedure, as outlined in Article X, Section 10.1 (C), shall be followed.

10.5 The Employer agrees to permit an authorized representative or officer of the Union to have free access to the store at all hours in which said stores are open for business for the purpose of communicating with the employees employed therein, or for the purpose of conferring with the management, but such representative or officer shall not interfere with the duties of any said members or the business of the Employer. The Union Representative shall notify the Store Manager that they are in the store.

10.6 Employees shall be entitled to a copy of any written corrective action notice upon request.

ARTICLE XI - GENERAL

11.1 The Union Store Card must be displayed in all places where members of the Union are employed. The Store Card shall not be removed in case of a dispute unless the dispute is taken up with proper officials of the Company first.

11.2. The Union shall be furnished space on a bulletin board in each store for posting of Union notices.

11.3 The Employer and the Union agree that there shall be no discrimination to the extent prohibited by Federal or State Law, on account of an employee's race, creed, color, national origin, sex, age, physical handicap, or Union activity.

11.4 The Employer agrees to permit employees to wear buttons of the Union on Company property, providing such insignia have safety clasps.

11.5 Any uniform deemed necessary by the Employer for its employees shall be furnished by the Employer and laundered at the expense of the employee. This paragraph shall not apply to uniforms made available to employees for purchase on an optional basis. Where the Employer makes available a top for a slack uniform, this top shall be furnished at the Employer's expense in lieu of furnishing a dress uniform at the employee's choice.

11.6 The Employer agrees to provide a rest area in each store.

11.7 Union Stewards, upon request made by the Union, shall receive time off once per calendar year for the conduct of Union business. Such request must be made at least two (2) weeks in advance of the expected absence, and shall be limited to one (1) Steward per store where appointed.

11.8 The Union agrees to cooperate with the Employer in maintaining and improving safe working conditions and practices in addition to equipment and machinery.

ARTICLE XII - HEALTH AND WELFARE

12.1 *Health and Welfare:* The Employer agrees to provide a Health and Welfare Plan for all eligible employees who work an average of thirty (30) hours or more per week. A copy of this Health and Welfare Plan shall be made available for all eligible full-time employees.

The Employer shall contribute to the Health and Welfare Plan for all eligible employees who are off due to injury on the job for a period of one (1) month following the month in which the injury occurred. Contributions shall cease immediately in the case of a leave of absence, quit, termination for cause, or absence due to strike.

12.2 During the term of this Agreement, all eligible employees will not be required to make any premium payments or co-payments. All such payments shall be borne, in full, by the Employer.

12.3 The company reserves the right to switch carriers at any time upon notice to the Union, provided the level of benefits remain the same.

ARTICLE XIII - LEAVES OF ABSENCE

13.1 Employees who have a minimum of one (1) year of service with the Employer shall be entitled to written leaves of absence for the following reasons:

(A) Illness, injury, or pregnancy of the employee which requires absence from work. Such absence shall be for a period of up to six (6) months, renewable upon request to a maximum of one (1) year, provided that once each month after six (6) months the employee notifies the Union and the Employer of their whereabouts and status.

Employees on leave of absence shall not be entitled to holiday pay.

(B) In case of compensable injury, employees shall be granted a leave of absence for a period of one (1) year. Where required, two (2) six (6) month extensions shall be granted, provided the employee notifies the Personnel Department in writing that such an extension is needed. In no event shall such a compensable leave of absence exceed a total of two (2) years.

(C) Military service by the employee.

(D) Election or appointment to office in/or as a delegate representing the Union requiring either temporary or full-time leave. Such leave shall not exceed the term of office to which they are elected.

(E) Any other reason acceptable to the Employer.

(F) The Employer agrees to abide by the Family Medical Leave Act of 1988, as amended. Employees on FMLA leave shall not be entitled to holiday pay. Employees will not be required to use up vacation time prior to using FMLA leave.

13.2 Other leaves, as per item (E) above, shall run to a maximum of three (3) months for employees who have completed six (6) months of continuous employment.

13.3 Any employee who is granted a leave of absence and while on such leave of absence accepts employment with another Employer, or who goes into business for themselves, is subject to discharge.

13.4 Employees returning to work from a leave of absence due to sickness or accident may be required to pass a physical examination as requested by the Employer before returning to work. The Employer shall pay the expense of such physical examination to fulfill this requirement.

13.5 Upon return to work from a leave of absence, the employee shall be restored to the job previously held or to a job comparable, with regard to work and rate of pay. Upon notice to the Employer of the employee's availability for work prior to Thursday, 12:00 noon of any week, the employee shall be restored to work to begin not later than Monday following the giving of such notice. If the notice of availability for work is given after Thursday, 12:00 noon of any week, the Employer is required to schedule the employee on the schedule prepared for the following week, and the employee will begin work on the Monday thereafter.

ARTICLE XIV - FUNERAL LEAVE / JURY SERVICE

14.1 The Employer agrees to pay all full-time employees, and part-time employees for necessary absence on account of a death in the immediate family, up to and including a maximum of three (3) scheduled workdays at their regular straight-time rate of pay, provided the employee attends the funeral. The term "immediate family" shall mean; spouse, parent, grandchildren, son/daughter, legal stepchildren, brother, sister, father-in-law, mother-in-law, brother-in-law, sister-in-law, grandparents, or any relative residing with the employee or with whom the employee is residing. A maximum of four (4) days funeral leave shall be granted in the event of the death of an employee's spouse or child.

14.2 All full-time employees, who are subpoenaed for jury service and actually reports, shall receive the difference between eight (8) hours pay at the employee's straight-time rate and the amount received as jury pay up to a total of forty (40) hours. Part-time employees will receive the amount of pay for the number of hours scheduled less the amount received as jury pay up to a total of forty (40) hours pay. Employees will be allowed a maximum of five (5) days.

ARTICLE XV - SAVINGS CLAUSE

Should any clause or provision of this Agreement be declared illegal by a decree of a court of competent jurisdiction, or by legislation, or by decision of any authorized Governmental agency, such invalidation shall not affect the remaining parts of the Agreement, and it shall remain in full force and effect. The parties shall meet as soon as possible and negotiate on a replacement clause for that portion declared illegal.

ARTICLE XVI - NO STRIKES / NO LOCKOUTS

16.1 There shall be no strike, slowdown, picketing, boycott, or other concerted interference with work, called or authorized by the Union. Neither shall there be any lockout of employees by the Employer. The Union, its officers, and agents further agree to use their influence aggressively to prevent any interference whatsoever with the Employer's work during the term hereof.

16.2 It shall not be a violation of this Agreement for any employee to refuse to cross a primary labor picket line that has been sanctioned by the United Food and Commercial Workers International Union. The Employer will be notified, in writing, of the action taken by this Body.

ARTICLE XVII - MANAGEMENT RIGHTS

The management of the business and direction of the working forces, including the right to plan and direct store operations, hire, promote, suspend or discharge for proper cause, transfer or relieve employees from duty because of lack of work or other legitimate reasons only, the right to establish and maintain rules and regulations covering the operation of the stores, a violation of which shall be among the causes for discipline or discharge, are vested in the Employer provided, however, that such rights shall be exercised with due regard for the rights of the employees and subject to the provisions of this Agreement, and without discrimination against any employees. The Union shall be advised regarding changes in store hours.

ARTICLE XVIII - TIME RECORDS

18.1 The Employer shall make suitable provisions through the use of time clocks for recording the hours worked by each employee covered by this Agreement. All employees must punch in and punch out for breaks, dinner hours, and all time worked.

18.2 When requested to do so, the Employer shall make such records available to an authorized representative of the Union for examination.

18.3 Failure of the Employer to comply with this provision shall not jeopardize an employee's right to wages for hours worked as claimed, and any dispute arising between the parties hereto of such failure shall be promptly settled through the grievance and arbitration provision of this Agreement, with full consideration being given to any relevant and pertinent evidence tending to support the employee's claim.

ARTICLE XIX - PRIOR AGREEMENTS

This Agreement shall, except as otherwise expressly provided, supersede any prior understanding made between the parties with respect to employees covered by this Agreement.

ARTICLE XX - STORE CLOSING

20.1 **Store Closing:** In the event the store voluntarily closes and employees are terminated as a result thereof, the Employer shall notify the Union prior to doing so, as per the Workers' Adjustment and Retraining Notification Act (WARN).

20.2 In the event the store voluntarily closes and employees are terminated as a result thereof, the Employer shall continue Health and Welfare contributions on behalf of the employees for a one (1) month period after the effective date of closing.

20.3 Letters of recommendation will be given to all laid off employees at the time of layoff.

20.4 Payment of unused personal days will be paid to employees laid off resulting from the closing.

20.5 Payment of vacation owed, plus any pro-rata vacation, will be paid to employees laid off resulting from the closing.

ARTICLE XXI - WELLNESS DAYS

Effective July 1, 1997, all employees will be credited with one (1) days' wellness pay for each complete calendar quarter, without absence, up to a maximum of four (4) days' pay in any calendar year. Payment will be made in the calendar quarter, following the calendar quarter of the earned wellness day. Workers Compensation shall not be held against an employee for Wellness days.

If his/her employment is terminated (other than for just cause) prior to the end of the calendar year, an employee is entitled to wellness pay based on the number of calendar quarters completed prior to separation date. In order to receive any wellness pay due, such terminated employee must request any such pay to which he/she is entitled in writing on or before December 20th of the year in which the employee is terminated.

No fractional part of calendar quarters will be counted in making the above determination.

ARTICLE XXII - 401(k) Plan

Upon the implementation of the "Supermarket 401(k) Plan", all qualified employees (as defined below) will receive a twenty-five (.25) cent per hour increase over the employees current rate of pay for all regularly compensated hours representing company contributions for the employee's retirement fund. Regularly compensated hours include straight-time hours worked by employees, including hours for which employees receive holiday and vacation pay.

Qualified employees as referred to within this Agreement are defined as who:

- (a) has completed one (1) year of service with the company;
- (b) has signed up for and agrees to participate in the 401(k) Plan through payroll deduction of not less than one (1) percent of wages; and
- (c) must be a citizen of the United States of America

Under such plan, employees will be able to contribute up to fifteen (15) percent of their pre-tax compensation into a tax deferred investment account for retirement purposes. Investment decisions will be made by the employee. All contributions to such plan are the property of the individual and may be transferred to a rollover IRA upon the employee's departure from the company. Furthermore, funds in the employee's 401(k) Plan account may be borrowed against as provided in the 401(k) Plan description.

The Employer agrees that it will pay the cost of the administration of the 401(k) Plan and that any future changes to the plan will be negotiated with Local 881.

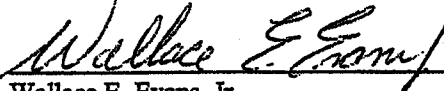
ARTICLE XXI - TERM OF AGREEMENT

This Agreement shall be effective from June 5, 2000, through May 31, 2003, at which time it shall automatically renew itself from year to year provided, however, that either party may give to the other party not less than sixty (60) days notice, in writing, prior to the expiration date or to annual renewal date of its intention to change or terminate said Contract.

FLEMING COMPANIES, INC.
D/B/A Festival Foods



UNITED FOOD & COMMERCIAL WORKERS
UNION, LOCAL 881, AFL-CIO-CLC



Wallace E. Evans, Jr.
Executive Vice President
Director of Collective Bargaining

Date signed

7-28-2000

Date signed

7-18-2000

Letter of Understanding
Between
FLEMING COMPANIES, INC. D/B/A FESTIVAL FOODS
And
UNITED FOOD AND COMMERCIAL WORKERS LOCAL 881

This "Letter of Understanding" between Fleming Companies, Inc., d/b/a Festival Foods and United Food and Commercial Workers Union, Local 881, shall be applicable as follows:

During our recent negotiations, the parties agreed to resolve the following issue:

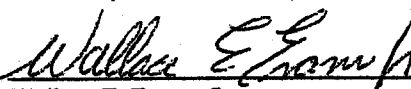
1. The current, one (1) Receiving Clerk (employee), shall be regarded as a Bargaining Unit Employee and shall be entitled to all of the rights and benefits contained in the Collective Bargaining Agreement and shall be subject to all of the obligations contained therein.
2. When the current one (1) Receiving Clerk (employee) ends as this classification, the one (1) Receiving Clerk position shall be deemed to be excluded from the Bargaining Unit, as per Section 2.2 of the Collective Bargaining Agreement.

If this letter confirms to our understanding of the parties agreement, the parties shall sign below.

FLEMING COMPANIES, INC.
D/B/A Festival Foods



UNITED FOOD & COMMERCIAL WORKERS
UNION, LOCAL 881, AFL-CIO-CLC



Wallace E. Evans, Jr.
Executive Vice President
Director of Collective Bargaining

Date signed 7-28-2000

Date signed 7-18-2000

APPENDIX "A"

W A G E S

- 1) Minimum wage rates shall be as follows:

	<u>Effective 6/04/2000</u>	<u>Effective 6/03/2001</u>	<u>Effective 6/02/2002</u>
Produce Manager	\$ 12.40	\$ 12.75	\$ 13.10
Head Cashier	10.90	11.25	11.60
Floral Manager	10.65	11.00	11.35
Overscale	.35	.35	.35

<u>FULL-TIME CLERKS:</u>	<u>6/04/2000</u>	<u>6/03/2001</u>	<u>6/02/2002</u>
0 - 06 Months	\$ 5.95	\$ 6.10	\$ 6.40
7 - 12 Months	6.15	6.30	6.60
13 - 18 Months	6.45	6.80	7.05
19 - 24 Months	6.70	7.05	7.30
25 - 30 Months	7.05	7.30	7.55
31 - 36 Months	7.30	7.55	7.80
37 - 42 Months	8.80	9.05	9.30
43 + Months	10.35	10.65	11.00
Overscale	.30	.30	.35

<u>PART-TIME CLERKS:</u>	<u>6/04/2000</u>	<u>6/03/2001</u>	<u>6/02/2002</u>
0 - 06 Months	\$ 5.70	\$ 5.80	\$ 6.15
7 - 12 Months	5.85	5.95	6.25
13 - 18 Months	6.05	6.15	6.40
19 - 24 Months	6.30	6.40	6.55
25 - 30 Months	6.55	6.65	6.75
31 - 36 Months	6.80	6.90	7.00
37 - 42 Months	7.05	7.15	7.25
43 + Months	8.95	9.25	9.55
Overscale	.30	.30	.30

Employees promoted into a higher wage, shall be slotted into the next highest wage bracket in the wage schedule and continue to progress after completing the required number of months in the slotted bracket; [i.e., six (6) months].

Employees hired in above the wage schedule, shall wait six (6) months and progress thereafter.

*All premiums currently being paid, shall be continued throughout the term of this Agreement.

All wages are retroactive back to 6/4/2000.

2) *Definition of Head Clerk / Premium Pay*

"*Head Clerk*" is defined as a regular full-time or part-time clerk who is appointed by the Store Manager, from time to time, to assist in overseeing operations of the front-end and the entire store.

Such Head Clerk shall receive a premium of fifty (.50) cents per hour over their regular hourly rate of pay for all hours worked. The Store Manager shall have the exclusive right to determine who is qualified to be appointed as a "Head Clerk".

"*Head Clerk*" does not mean any classified employee, or any full-time or part-time employee filling in on the Manager's days off, i.e.; Produce, Deli, Head Cashier, etc. Overtime premium pay shall not be paid on such premium pay.

- 3) Employees who are required to perform the functions of a classified employee for relief of vacations or other absence for four (4) or more days, shall be paid a premium pay of up to One Dollar and Twenty Five Cents (\$1.25) per hour. In no event shall the premium pay plus the employee's regular rate of pay exceed the rate of pay of the classified employee being relieved.

4) *Service In The Industry*

(A) Proven comparable experience not terminating more than one (1) year prior to date of application, and shown on application for employment, shall be the basis for determination of a new employee's rate of pay. Such experience prior to one (1) year before date of application, and ending within the one (1) year period, must be continuous to be counted. U.F.C.W.I.U. Union Card showing experience will be recognized as initial proof of experience.

(B) Claims for rate adjustments based on "previous service in the industry" must be filed in writing within ninety (90) days from date of employment, otherwise the employee forfeits any claims under this provision, except where such experience is shown on the initial "application for employment", in which event said ninety (90) days shall not apply.

(C) *Service in the Industry Formula:* In the application of "service in the industry", rehired or newly hired employees shall receive experience credit on the following basis:

Employees hired shall receive full credit for each month of service up to a maximum of twelve (12) months.

**CONTRACT EXTENSION AGREEMENT
BETWEEN
LOCAL 881 UFCW
UNITED FOOD AND COMMERCIAL WORKERS UNION
LOCAL 881
AND
FLEMING COMPANIES, INC. D/B/A FESTIVAL FOODS**

**UNITED FOOD AND COMMERCIAL WORKERS UNION LOCAL 881, AND
FLEMING COMPANIES, INC. D/B/A FESTIVAL FOODS AGREE TO THE
FOLLOWING:**


**THE CONTRACT, WHICH WILL EXPIRE ON MAY 31, 2003, BETWEEN
UFCW LOCAL 881, AND, FLEMING COMPANIES, INC. D/B/A FESTIVAL
FOODS, WILL REMAIN IN FULL FORCE AND EFFECT UNTIL THE
PARTIES COMPLETE NEGOTIATIONS OF A NEW AGREEMENT.**

**HOWEVER, EITHER PARTY MAY CANCEL THIS AGREEMENT UPON
SEVEN (7) DAYS WRITTEN NOTICE TO THE OTHER PARTY OF THEIR
INTENTION TO CANCEL.**

**IT IS AGREED BETWEEN BOTH PARTIES THAT IF ANY WAGE INCREASES
ARE NEGOTIATED IN THE NEW AGREEMENT SHALL BE RETROACTIVE
TO JUNE 1, 2003.**

FOR THE EMPLOYER:

**FLEMING COMPANIES, INC. D/B/A
FESTIVAL FOODS
185 N. KENNEDY DRIVE
BOURBONNAIS, IL 60914**




Date

5/12/03

FOR THE UNION:

**UNITED FOOD AND COMMERCIAL
WORKERS UNION, LOCAL 881,
AFL-CIO**



Date

5/12/2003