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AGREEMENT

By and Between
ALLIED EMPLOYERS, INC.

For and on Behalf of
FRED MEYER, INC.

and

UNITED FOOD & COMMERCIAL WORKERS UNION
LOCAL #1001

GENERAL MERCHANDISE

Signed:
Effective: February 1, 2004
Through: February 3, 2007

AGREEMENT

By and Between
ALLIED EMPLOYERS, INC.

For and on Behalf of
FRED MEYER, INC.

and
UNITED FOOD AND COMMERCIAL WORKERS
UNION LOCAL #1001

GENERAL MERCHANDISE

THIS AGREEMENT is mutually entered into by and between UFCW Local #1001, of Seattle and vicinity, chartered by the United Food and Commercial Workers International Union, AFL-CIO, CLC, hereinafter referred to as the "Union" and Allied Employers, Inc., on behalf of Fred Meyer, Inc., hereinafter referred to as the "Employer".

ARTICLE 1 - RECOGNITION AND BARGAINING UNIT

1.01 The Employer recognizes the Union as the sole and exclusive bargaining representative with respect to wages, hours, and other terms and conditions of employment for, and this Agreement shall apply to, all employees of the Employer employed in the classification related thereto, in the Employer's present and future retail stores in King and Snohomish counties which handle drugs, drug sundries, and other merchandise presently handled by the Employer under this Agreement.

1.02 All concessions and lessees under the direct control of the Employer shall be covered by this Agreement unless the concession and/or lessee premises are physically separated and/or have a separate entrance from outside and/or from an enclosed mall.

1.03 The Union recognizes Allied Employers, Inc. as the sole and exclusive bargaining agent for and on behalf of its individual Employer members.

1.04 All work and services pertaining to the classifications contained herein, shall be performed only by employees covered by this Agreement.

ARTICLE 2 - UNION SECURITY

2.01 It shall be a condition of employment that all employees of the Employer covered by this Agreement who are members of the Union in good standing on the effective date of this Agreement shall remain members in good standing, and those who are not members on the effective date of this Agreement shall, on the thirtieth (30th) day following the effective date of this Agreement, become and remain members in good standing in the Union. It shall also be a condition of employment that all employees covered by this Agreement and hired on or after its effective date shall, on the thirtieth (30th) day following the beginning of such employment, become and remain members in good standing in the Union. For the purpose of this Section, the execution date of this Agreement shall be considered as its effective date.

2.02 The Employer agrees not to keep in his employ, in the classifications listed herein, anyone whose membership in the Union has terminated because of the failure to tender periodic dues or initiation fees uniformly required as a condition of acquiring or retaining membership in the Union.

2.02.1 Whenever the Union shall require the discharge of any employee in connection with the union security clause of this Agreement, the Union shall hold the Employer harmless and shall indemnify the Employer against loss, as a result of relying upon the direction of the Union in terminating any employee. The Employer agrees that when the Union notifies the Employer, in writing, that the reason for the termination was a bona fide clerical error, the Employer will offer to reinstate the employee within a reasonable time, not later than the beginning of the next scheduled workweek after receipt of such written notice.

2.02.2 Dues Check-Off:

a. Union Dues Check-Off - On a monthly basis the Employer agrees to deduct uniform dues and initiation fees from the paycheck of those covered employees whose individual written unrevoked authorizations are on file with the Employer and to transmit the amounts so deducted to the Union within twenty (20) days of such deductions. Said deduction authorizations shall be in such form as to conform with Section 302(c) of the Labor Management Relations Act of 1947.

b. Authorized initiation fees will be deducted in three (3) installments and remitted to the Local Union monthly.

c. It is understood the Employer is not liable in any manner if the employee is not on the payroll at the time deductions are being processed.

d. Indemnify and Hold Harmless - The Union shall indemnify and hold the Company harmless against any and all claims, demands, suits or other forms of

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liability that shall arise out of or by reason of action taken or not taken by the Company in reliance upon signed authorization cards furnished to the Company by the Union or for the purpose of complying with any of the provisions of this Article.

2.03 Any new employee failing or refusing to secure membership in the Union as provided above shall, upon demand of the Union, be released from the employ of the Employer.

2.04 The Employer agrees that upon hiring or re-hiring any employee coming within the classifications herein set forth, it shall require each applicant employed hereunder to sign a Union supplied form outlining the requirements of 2.01. One (1) signed copy shall be given to the employee at the time of signing and the other copy shall be forwarded to the Union office in a self-addressed, postage-paid envelope supplied by the Union.

2.05 Representatives of the Union shall be permitted to contact the employees covered by this Labor Agreement to make proper investigation for the purpose of determining that this Agreement is being complied with by the Employer and for the presentation and handling of grievances, provided the Union shall not interfere with the conduct of business; provided, however, representatives of the Union shall not go into an area of the store not open to the general public without first notifying the Store Manager or Person-In Charge. Union representatives shall not go behind the pharmacy counter.

2.06 The Employer will provide bulletin board space for the posting of Union notices.

2.07 The Union agrees, in consideration of the signing of this Agreement by the Employer and for the period of the good and faithful performance of its provisions and covenants by the Employer, to lease to each store represented by the Employer, a Union Store Card, the property of and issued by the United Food and Commercial Workers International Union.

ARTICLE 3 - DEFINITIONS

3.01 Senior Clerk - A clerk that may work in any or all departments of the store and designated by management as being in training for a more responsible position.

3.02 General Clerk - Main duties consist of general clerking such as operating the checkstand, selling, housekeeping, ordering, stocking, etc.

3.03 Store Helper - Each store shall be allowed at least one (1) Store Helper. The total hours worked by the Store Helper classification of employment shall not exceed eight percent (8%) of the total hours worked in the stores covered by this Agreement, excluding pharmacy hours. Retail stores with 100,000 square feet or more store area shall be entitled to up to twelve percent (12%). In no event shall there be more than five (5) Store Helpers on the payroll per store at any given time if they perform the primary functions of the General Clerk classification.

3.04 Pharmacy Assistant "A" - An employee who is certified and has been assigned by management the duties of Pharmacy Assistant "A" as defined by the regulations of the Washington State Board of Pharmacy.

3.05 Christmas Extras - Christmas extras shall not be subject to the following provisions of this Agreement:

Section 4.04.1 and 4.04.3;
Article 7 - Holidays;
Article 8 - Vacation;
Article 10 - Health and Welfare & Dental;
Article 11 - Retirement.

Any Christmas extra, hired October 1st or later, who remains on the payroll on or after the second Sunday in January shall be covered by all the provisions of this Agreement, prospectively.

3.06 Regular Rate of Pay - Regular rate of pay shall normally be the rates stated in this Agreement; provided, however, for any employees receiving in excess of the minimum herein provided, the regular rate of pay shall be the actual hourly rate of pay excluding bonuses and commissions.

ARTICLE 4 - WORKING HOURS

4.01 Basic Straight-time Workweek - The basic straight-time workweek shall consist of forty (40) hours, five (5) eight (8) hour days within the calendar week. Work schedules shall be arranged so that employees will not be required to work more than six (6) consecutive days without a day off except in case of unexpected emergency beyond the control of the Employer, or except as provided in paragraph 4.04.2 of this Section. It is the purpose of this Agreement to establish a five (5) day, forty (40) hour work period in the calendar week.

4.02 Basic Straight-time Workday - The basic straight-time workday shall consist of eight (8) hours, to be worked within nine (9) consecutive hours, with a scheduled uninterrupted meal period not less than one-half (1/2) nor more than one (1) hour at approximately the middle of the workday.

4.02.1 Employees shall be allowed a rest period of not less than ten minutes, on the Employer's time, for each four (4) hours of working time. Rest periods shall be scheduled as near as possible to the mid-point of the work period. No employee shall be required to work more than three (3) hours without a rest period. In freestanding five-hour shifts, employees shall receive one (1) 15-minute rest period.

4.03 Employees shall be compensated at the rate of one and one-half (1-1/2) times the regular straight-time rate of pay for all work performed over eight (8) hours in any one (1) day, forty (40) hours in any one (1) calendar week, and when six (6) days are worked on a mandatory basis. On Monday through Saturday, time and one-half (1-1/2) shall be paid for work on the day (other than Sunday) the least number of hours are worked. A Store Helper may work the sixth (6th) day at straight-time on a voluntary basis, except when the 6th day results in the employee working in excess of forty (40) hours in a week.

4.03.1 Overtime shall be figured on the closest one-tenth (1/10th) of an hour. Any employee whose hourly shift has been completed before the closing time of the store shall discontinue doing any further work at the completion of the employee's hourly shift unless the Manager or Employer requests further service of said employee, in which case the employee shall be paid.

4.03.2 Non-Pyramiding - There shall be no pyramiding or combination of one premium pay with another, or of premium pay with overtime pay, but only the highest applicable rate shall be paid.

4.03.3 No employee shall be required or expected to take time off in lieu of overtime pay.

4.04 Premium Hours

4.04.1 All work performed before 4:00 a.m. or after 11:00 p.m. shall be premium time and shall be paid for at the employee's regular straight-time rate plus a thirty cent (30¢) per hour premium. For those stores closing to the public at 11:00 p.m., to facilitate closing the store, schedules may be set for those employees designated, to complete their shift at fifteen (15) minutes after 11:00 p.m. without applying premium night scales.

4.04.2 All work performed on an employee's ninth (9th) consecutive workday and any consecutive day thereafter, shall be premium time and shall be paid for at the rate of time and one-half (1-1/2). This may be waived by mutual agreement between Employer, employee, and the Union; provided, however, the employee will not be discriminated against for reasonable refusal. It is the intent of this provision that back to back scheduling shall only be done where necessary when making shift changes or acceptable in the best interests of both the employee and Employer. In no instance shall this be used to defeat the intent of Article 4, Section 4.01.

4.04.3 Sundays - All work performed on Sunday will be compensated for at an employee's regular straight-time rate of pay, plus a one dollar and sixty-seven and one-half cents ($1.675) per hour premium (see Appendix "B"). Employees hired after February 14, 1989, will be compensated for at the employee's regular straight-time rate of pay, plus one dollar ($1.00) per hour for all work performed on Sunday.

4.05 No Free Time - The Employer shall be responsible for payment for all hours worked, and an employee shall only work those hours specifically authorized by the Employer. Accordingly, it is intended that there shall be no "free or time-off-the-clock" work practices under this Agreement. Any employee found by the Employer or the Union to be engaging in such practice shall be subject to discipline, which may include termination.

4.06 Work Schedule - It is agreed that the Employer will make work schedules for the coming week available to the employees at the end of the shift on Thursday. The work schedule will designate the employee's day off. All employees shall be guaranteed work as scheduled or pay at applicable rates, in lieu thereof, on each day that they report to and remain available for work as scheduled by the Employer, provided the schedule may be changed as required by unexpected emergencies, mutual agreement between the Employer and the employee, or by forty-eight (48) hour notice.

4.07 There shall be no split shifts by any employee, except as provided below:

The Union will not unreasonably withhold permission for an exception to this policy upon the request of any employee who cannot work a continuous guaranteed shift. Said employee shall be allowed to work a split shift provided such work is on a voluntary basis.

4.08 Except in cases of emergency beyond the Employer's control, no employee, except Store Helpers, shall be scheduled less than four (4) continuous hours' employment or equivalent compensation in any day ordered to report for work, compensation to begin at the time of reporting for duty. Store Helpers shall be guaranteed not less than three (3) hours' compensation in any day ordered to report for work.

4.09 Rotation of Work - The Employer may rotate five (5) day salespersons on night and Sunday work, except where such rotation adversely affects the Employer's operation.

4.10 Schedules shall be so arranged that any day in excess of five (5) hours must have a scheduled meal period preferably in the middle of the shift.

4.11 In formulating the work schedule of any employee, a minimum of ten (10) hours shall be scheduled between two (2) consecutive straight-time work shifts. Work performed prior to the ten (10) hours between the two (2) straight-time work shifts, when so scheduled by the Employer, shall be paid at the rate of time and one-half (1-1/2) the employee's regular rate of pay. This provision shall not apply to the Christmas season defined in 3.05.

ARTICLE 5 - SENIORITY, LAYOFFS & REHIRE, RESTRICTION AGAINST REDUCTION OF HOURS, AVAILABLE HOURS

5.01 Attainment of Seniority

5.01.1 Regular part-time and regular full-time employees shall attain seniority after six (6) months of continuous employment with one (1) Employer.

5.01.2 Upon completion of this period, seniority shall date back to the last date of hire.

5.02 Application of Seniority

5.02.1 Seniority shall be applicable on an individual store basis, except as otherwise provided under Sections 5.02.2, 5.02.3, 5.02.4, and shall apply only to the extent provided in this Article.

5.02.1 (a) Where an employee is assigned hours of work in more than one store, the employee's seniority rights shall apply to the store where the employee works the most average weekly hours in the three month previous period.

5.02.2 An employee's seniority shall not be broken if the Employer mandatorily transfers an employee to a different store of the same Employer covered by this Agreement, or agrees to an employee's request for transfer to a different store of the same Employer covered by this Agreement.

5.02.3 In the event an Employer terminates the operation of any of its stores in the bargaining unit, the Employer may transfer affected employees in accordance with the terms of Section 5.02.2. Any employee not transferred to another store prior to the actual closure shall have preferential recall rights to fill available openings at any two (2) other locations of the Employer as designated by the employee, subject to both 5.02.2 and 5.05/d.

5.03 Layoff - Where there is a reduction of the number of employees performing comparable work, the last employee hired shall be the first employee laid off, provided qualifications and ability are equal, except as otherwise provided in the Agreement.

5.04 Rehire - Where there is an increase in the number of employees performing comparable work, the last employee laid off from such comparable work shall be the first employee rehired, except as otherwise provided in this Agreement.

5.05 Loss of Seniority - Except as otherwise provided in Article 9 - Leaves, seniority shall be broken and employee's service shall be terminated for the following reasons:

a. Mandatory retirement;
b. Voluntary quit;
c. Discharge in accordance with Section 13.01 (Discipline & Discharge);
d. If on layoff three (3) months or more.

5.06 Prohibition Against Reduction of Hours - Regular employees shall not have their hours arbitrarily and capriciously reduced for the purpose of forcing the employee to quit.

5.07 Available Hours - The parties recognize that it is necessary to utilize both full-time and part-time employees in the Employer's business. Nevertheless, it is the policy of the Employer to utilize as many full-time employees (up to 40 straight-time hours per week) as is practical, taking into consideration the needs of the Employer's business. The Employer retains the sole and exclusive right to determine the needs of business and to establish weekly work schedules in accordance with said needs, and nothing in this Agreement shall restrict these rights. An employee with seniority, as provided in Section 5.01.1, performing a comparable work assignment within the same job classification as a junior employee who has been assigned a longer weekly work schedule, shall be entitled, upon request, to said junior employee's work schedule up to a maximum of forty (40) straight-time hours per week, provided that the senior employee's qualifications and ability are equal, that said employee is available to perform the longer weekly work schedule, and that said employee has previously notified the Employer, in writing, of the employee's desire to work additional hours. The senior employee's request for said longer weekly work schedule shall be made in writing to the employee's immediate department or section supervisor within twenty-four (24) hours of the publication of the weekly work schedule in question. Nothing herein shall be construed as a guarantee of daily or weekly hours of work. It shall be the obligation of the Employer to promptly investigate alleged abuses upon presentation, and to rectify such abuses when justified within the meaning of this section.

5.08 Nothing set forth in this Article 5 shall be interpreted or applied to require any compensation for time not worked.

ARTICLE 6 - WAGES AND CLASSIFICATIONS

6.01 Rates and Classifications - Refer to Appendix "A".

6.02 Employees' Work Record - The Employer shall be responsible for payment for all hours worked and an employee shall only work those hours authorized by the Employer. It is agreed that an accurate method shall be used for the recording of time of all employees by which the actual hours worked will be recorded.

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

6.04 Progression increases provided for in Apprentice Clerk brackets as listed under Appendix "A", shall be placed in effect on the beginning of the Employer's nearest or actual pay period following the employee's completion of the required number of hours to advance the employee to the next wage bracket.

6.04.1 The apprentice pay bracket formula is based entirely on actual hours of comparable experience in the retail industry, experience which is absolutely essential for proper understanding of the responsibilities and satisfactory performance of the job or position. However, for those individuals who go into the military service prior to becoming a Journeyperson, such an employee will be re-employed at the next higher wage rate above the employee's rate at the time of entry into the military service, if the employee applies for re-employment within ninety (90) days following discharge.

6.05 Prior Experience - Where an employee is hired in a department where comparable past experience is applicable, all past experience for an Apprentice shall apply if the Apprentice has worked within the two (2) years prior to employment. The Employer shall be the sole judge of the comparability of prior experience and such judgment shall not be arbitrary or capricious. Past experience for employees who were formerly a Journeyperson shall be applied as follows:

a. Comparable experience means having performed similar kinds of work and handling similar general kinds of merchandise at a Fred Meyer store.

b. Apprentices - If less than two (2) years have elapsed since last employed in comparable experience, full credit is given; if more than two (2) years, no credit shall be given.

c. Journeyperson - If less than two (2) years have elapsed, an employee shall be considered a Journeyperson. If two (2) to three (3) years have elapsed, an employee shall be considered a Step 4 Apprentice; if three (3) to four (4) years have elapsed, an employee shall be considered a Step 3 Apprentice. If more than four (4) years have elapsed, no credit shall be given.

6.05.1 Prior hours of experience must be claimed on the employment application. The burden of providing proof of previous comparable experience rests solely with the employee. Should the employee and/or the Union fail to provide, within thirty (30) days from date of application with the Union, acceptable proof of actual hours of previous experience, the Employer is under no obligation to make any adjustments whatsoever.

6.06 Bonus Payments - All bonuses, discounts, and commissions paid or given to the employee shall not be considered as wages, but are to be considered for the purpose of this Agreement as extra compensation over and above the minimum wage provided for in this Agreement. All bonuses, discounts, and commissions are at the option of the Employer and may be changed or discontinued at any time without notice. Bonuses, discounts, and commissions shall not be used to defeat the wage provision of this Agreement.

6.07 Contract Minimums - Except as provided in this Agreement, the terms herein are intended to cover only minimums in wages, hours, and working conditions, and the Employer may place superior wages, hours, and other terms and conditions of employment in effect and may reduce the same to the minimums herein prescribed without the consent of the Union.

6.08 New Classifications - Should the Employer introduce a new classification of work it shall assign a rate to such work classification. The Union shall have the right to question the reasonableness of such new rate and the Employer agrees to meet with the Union for this purpose. If agreement is not reached within ten (10) days thereafter, either side may request that it be settled by arbitration as provided for in this Agreement.

ARTICLE 7 - HOLIDAYS

7.01 The following days shall be observed as holidays on the date established for each:

New Year's Day
Memorial Day (last Monday in May)
Independence Day
Labor Day (1st Monday in September)
Thanksgiving Day
Christmas Day
Two (2) Personal Holidays (after 1 year of employment)

Personal Holidays shall be scheduled by mutual agreement between the Employer and the employee, provided the employee shall give the Employer fourteen (14) days' advance notice of the days they desire as their personal day. After the first year of employment, such Personal Holidays must be taken each year before the employee's anniversary date. Personal Holidays may not be accumulated or carried over from one year to the next. By mutual agreement, the employee may receive pay in lieu of a day off for their Personal Holiday.

7.02 After six (6) months' employment, employees, provided they normally work the hours as specified in Section 7.03 (who work during the week in which the holiday occurs), and report for work their last scheduled working day preceding and their next scheduled working day immediately following the holiday, shall be paid for holidays specified in Section 7.01 of this Article not worked as provided for under Section 7.03, if such employee works sometime during the workweek that the holiday occurs; provided, however, the

requirement that the employee work sometime during the workweek shall not apply to an employee who has been regularly employed with the Employer in excess of one (1) year if the employee was absent because of a bona fide illness or authorized leave of absence commencing within fifteen (15) days prior to the holiday specified in Section 7.01 and who returns to work regularly within fifteen (15) days following such holiday.

7.03 Employees normally working sixteen (16) hours or more per week shall be paid for the holiday on the basis of one-fifth (1/5th) of the employee's normal hours worked per week, up to a maximum of eight (8) hours of pay per holiday. The Employer shall use a standard computing period of no less than four (4) calendar weeks preceding the holiday week to determine the "hours normally" worked.

7.04 After six (6) months of employment, if an employee works on a holiday, in addition to the pay set forth in Section 7.03, the employee shall be paid for all work performed on the holiday at the rate of time and one-half (1-1/2) the employee's straight-time rate, except for work performed on Christmas Day, which shall be paid for at the rate of two (2) times the employee's straight time rate.

7.05 Holiday work shall be on a voluntary basis. If there are not enough employees who volunteer to work to properly operate the store, then the necessary employees shall be scheduled to work beginning with the least senior employee, provided qualifications and ability are equal.

ARTICLE 8 - VACATIONS

8.01 Employees working a minimum of 800 hours in an anniversary year of employment shall be entitled to the following vacation based upon continuous years of service with one (1) Employer:

After completion of one (1) continuous year -	One (1) week
After completion of two (2) continuous years -	Two (2) weeks
After completion of seven (7) continuous years -	Three (3) weeks
After completion of fourteen (14) continuous years-	Four (4) weeks

8.02 Employees working a minimum of 800 hours in an anniversary year of employment shall earn vacation time on each anniversary date of continuous employment based upon the following formula:

Employees With Less Than Two (2) Years of Continuous Service:
One (1) hour vacation pay for each fifty-two (52) hours compensated for.

Employees Completing Two (2) to Seven (7) Years of Continuous Service:
Two (2) hours' vacation pay for each fifty-two (52) hours compensated for.

Employees Completing Seven (7) to Fourteen (14) Years of Continuous Service: Three (3) hours' vacation pay for each fifty-two (52) hours compensated for.

Employees Completing Fourteen (14) or More Years of Continuous Service: Four (4) hours' vacation pay for each fifty-two (52) hours compensated for.

8.02.1 Compensable time, as used in 8.02 shall mean all straight time and overtime hours worked, paid vacation hours, paid holiday hours, paid funeral leave hours, and paid jury duty.

8.02.2 In addition to 8.02.1, employees shall be allowed up to eighty (80) hours per year of scheduled work loss because of bona fide illness or accident.

8.02.3 The hours calculated under Section 8.02 shall be paid for at the employee's straight-time rate.

8.03 The sale by the Employer of his business shall not relieve such Employer of the obligation to his employees for accrued vacation pay to the date of sale.

8.04 Vacations are to be scheduled at mutually agreeable times in accordance with the individual store needs. Seniority shall prevail where two (2) or more employees select the same vacation period, provided the senior employee applied for vacation prior to March 1 of each year. After March 1, vacation shall be granted on a first-come, first-serve basis. Employees shall request vacation in writing and vacation requests shall be responded to within two (2) weeks of the request. Vacations can be requested in the computer.

8.05 Vacation may not be waived by employees nor may extra pay be received for work during that period; provided, however, that by prior mutual agreement between the Employer, the employee and the Union, this provision may be waived.

8.06 Vacations may not be cumulative from one (1) year to another.

8.07 If a holiday named under Article 7 of this Agreement falls within the vacation period of any employee, the employee shall be granted an additional day off with full pay or a day's pay in lieu thereof.

8.08 Upon ten (10) days prior notice by the employee on a form furnished by the Employer, vacation compensation shall be paid on the normal payday immediately preceding the beginning of the vacation period.

8.09 After one (1) year of continuous employment in which a minimum of 800 hours has been worked, any vacation accrued under Section 8.02, but not taken, shall be paid to the employee at the time of termination, in accordance with the Employer's regular payroll period; provided, however, that vested vacation and accrued vacation will be considered

waived by the employee in the event the employee is terminated for dishonesty or gross misconduct.

ARTICLE 9 - LEAVES

9.01 Emergency Leave - Any employee may take an emergency leave of absence not to exceed two (2) weeks in the event of certified, serious illness or injury of the employee, or serious illness, injury or death in the employee's immediate family without prior notice; provided that the employee makes every reasonable effort to notify the Employer within twenty-four (24) hours of the commencement of said leave. Failure to report to work immediately following a leave of absence in this section will result in a break of seniority and the employee's service shall be terminated.

9.01.1 All employees with one (1) year or more of continuous services shall be entitled to a leave of absence without pay for the following bona fide reasons:

a. Non-occupational illness or injury where the employee has less than three (3) years' seniority shall run to a maximum of three (3) months;

b. Non-occupational illness or injury where the employee has three (3) years or more seniority shall run to a maximum of six (6) months;

c. Where there is a serious illness or injury in the employee's immediate family, the length of such leave shall not exceed thirty (30) days;

d. Leaves due to occupational illness or injury shall run to a maximum of twelve (12) months, unless the employee and Employer mutually agree to a longer period.

9.01.2 Leaves for personal reasons may be granted at the sole discretion of the Employer to regular employees regardless of length of service.

9.01.3 Any request for a leave of absence under the terms of paragraphs 9.01 and 9.02 shall be in writing and state the following information:

a. Reasons for such request;

b. Date leave is to begin; and

c. Date of return to work.

9.01.4 The employee must be qualified to resume his regular duties upon return to work from an approved leave of absence.

a. A doctor's certificate verifying that the employee is able to resume his normal duties must be furnished if requested by the Employer.

b. The employee shall then return to the job previously held or to a job comparable with regard to the rate of pay, on the first weekly schedule prepared after the Employer has received notice in writing of the employee's availability.

9.02 Injury On The Job - When an employee is physically injured on the job, there shall be no deduction from the employee's pay for the day in which the employee was injured and reported for medical care; provided, however, that if after medical care the doctor releases the employee to return to work, the employee will be required to return and complete his scheduled shift. When such employee returns to work following the injury, and is certified as ready and able to perform all regular duties but requires medical treatment as a result of the same injury, the Employer shall adjust the work schedule without penalty to the employee to provide both the time for medical care and the number of hours of work for which the employee is regularly scheduled.

9.03 Military Service - In the event any employee covered by this Agreement shall be called or conscripted for the United States Military Service in any capacity, he shall retain, consistent with his physical and mental abilities, all seniority rights hereunder for the period of this Agreement or any renewal or extension thereof, provided application for re-employment is made within ninety (90) days after being honorably discharged from such military service. In the event the re-employment of any veteran necessitates the reduction of the working force, such reduction may be made by the Employer without penalty. Also, any further veteran legislation enacted by Congress shall be considered binding by both parties.

9.04 Funeral Leave - After their first year of employment, employees who are regularly employed twenty-four (24) hours or more per week shall be allowed up to three (3) days off with pay for loss of their normal scheduled hours of work for the purpose of attending the funeral of a member of the immediate family. Funeral leave will be paid only with respect to a workday on which the employee would otherwise have worked and shall not apply to an employee's scheduled days off, holidays, vacation, or any other day in which the employee would not, in any event, have worked. Funeral leave shall be paid for at the employee's regular straight-time hourly rate. Immediate family shall be defined as spouse, son, daughter, stepchildren residing therein, mother, father, brother, or sister, current mother-in-law, or father-in-law.

9.05 Jury Duty Pay - After their first year of employment, employees who are regularly employed eighty (80) hours or more per month who are called for service on a superior court, federal district court, municipal court or district court jury shall be excused from work

for the days on which they serve, up to a calendar year maximum of five (5) days per year of an employee's scheduled hours, and shall be paid the difference between the fee they receive for such service and the amount of straight-time earnings lost by reason of such service up to a limit of eight (8) hours per day, forty (40) hours per week; provided, however, an employee called for jury duty who is temporarily excused from attendance at court must report for work if sufficient time remains after such excuse to permit him to report to his place of work and work at least one-half (1/2) his normal workday. In order to be eligible for such payments, the employee must furnish a written statement from the appropriate public official showing the date and time served and the amount of jury pay received. The Employer will not reschedule employees to circumvent the requirements of this Article.

9.06 Witness Pay - Any employee who appears as a witness in court or at any other hearing on behalf of the Employer, shall be paid for such time at straight time. If the employee appears on the employee's day off or at a time of day when they are not scheduled to work, then they shall be paid as though it is work time.

ARTICLE 10 – SICK LEAVE

10.01 Employees, after one (1) year of service, during each twelve (12) months following their last date of employment (after the first and each succeeding year of continuous employment with their current Employer), shall be entitled, as set forth below, to paid sick leave at their current regular straight-time hourly rate for bona fide illness or injury-off-the-job.

10.02 Sick leave pay shall be accrued by an employee depending upon the number of straight-time hours worked, including vacation and holiday hours, in each twelve (12) months as follows:

Hours Worked	Hours of Sick Leave Pay
1248 – 1679	24
1680 – 1999	32
2000 or more	40

10.03 Sick leave pay, to the extent it has been earned, shall begin on the third (3rd) normally scheduled working day of illness or injury off-the-job or the first (1st) normally scheduled working day, if the employee is hospitalized (includes day/outpatient surgery) on such first (1st) day of illness thereafter, and shall be in an amount per day equal to the average number of straight-time hours worked per day by the employee during the past twelve (12) months; provided, (1) the daily total of sick leave pay under this Article and disability payments provided by the Health and Welfare Plan shall not exceed the current regular straight-time rate for the employee's average hours up to eight (8) hours per day; and (2) not more than five (5) days' sick leave pay shall be required in any one (1) work week.

10.04 Sick leave pay shall be cumulative from year to year, but not to exceed a maximum of one hundred twenty (120) hours.

10.05 In order to receive sick leave benefits, a doctor's certificate or other authoritative verification of illness may be required by the Employer.

10.06 Any employee found to have abused sick leave benefits by falsification or misrepresentation shall thereupon be subject to disciplinary action, reduction or elimination of sick leave benefits (including accumulated sick leave) and shall further restore to the company amounts paid to such employee for the period of such absence, and may be discharged by the company for such falsification or misrepresentation.

10.07 Sick leave benefits shall apply only to bona fide cases of illness and injury-off-the-job and shall not apply to on-the-job accidents.

10.08 Employees shall be permitted family leave in accordance with RCW 49.12 on the same terms and conditions (including eligibility requirements) as set out in this Agreement.

ARTICLE 11 - HEALTH & WELFARE, DENTAL AND VISION

11.01 Health, Welfare, Dental, and Vision Benefits - The Health and Welfare and Dental program established by the parties to this Agreement is set forth in a separate document known as the Retail Drug Employees Welfare Trust dated January 1, 1959, and as subsequently amended, the provisions of that Agreement shall be considered a part hereof.

11.02 The Employer and the Union agree to be bound by the terms and provisions of the Trust Agreement creating the Retail Drug Employees Welfare Trust dated January 1, 1959, and as subsequently amended. The Employer accepts as its representatives, for the purpose of this Trust Fund, the Employer Trustees serving on the Board of Trustees of said Trust Fund and their duly appointed successors.

11.03 Contributions – Effective April 1, 2004, on March 2004 hours, the Employer contribution shall be adjusted to three dollars and one cent ($3.01) per compensable hour. Effective March 1, 2005, on February 2005 hours, the Employer contribution shall be adjusted to three dollars and thirty-seven cents ($3.37) per compensable hour. Effective March 1, 2006, on February 2006 hours, the Employer contribution shall be adjusted to three dollars and seventy-three cents ($3.73) per compensable hour. The Employer will contribute these amounts to fund the current level of benefits. Required contributions in excess of these amounts shall be funded by a wage reduction.

11.04 Dependent Coverage - Full family coverage is provided except that, each eligible employee desiring dependent medical coverage under the Trust shall authorize the Employer to deduct from their wages the appropriate amount as set from time to time by the Board of Trustees. The Employer shall deduct such amounts on a pre-tax basis.

11.05 Eligibility - Each employee who is compensated for 100 hours or more per month shall be entitled to benefits under the rules established by the Board of Trustees.

11.06 Liability Insurance - The Employer will either self-insure or carry an insurance policy for each person in each accident in order to protect the pharmacy personnel, while working on the job against any civil losses for incorrect compounding of prescriptions. The Employer shall make available to the Union evidence of such coverage.

ARTICLE 12 - RETIREMENT

12.01 Payments Required – Effective January 31, 2004, the Employer shall pay into the Seattle/King County Retail Drug Employees Retirement Trust Fund twenty cents (20¢) per compensable hour. Effective January 2005 hours, the contribution shall be increased by eight cents (8¢) per compensable hour. This increase will not be included for the purpose of benefit credit but will be used solely for the purpose of deficit reduction.

Employer contributions shall be computed monthly to include all hours compensated for in pay periods ending in that month. The total amount due for each such month shall be remitted in a lump sum not later than ten (10) days after the last day of each month.

During an employee's probationary period the Employer contribution for pension is five cents (5¢). Effective January 2005 hours, the contribution shall be increased by two cents (2¢) per compensable hour. This increase will not be included for the purpose of benefit credit but will be used solely for the purpose of deficit reduction.

12.02 The Employer and the Union agree to be bound by the terms and provisions of the executed Trust Agreement dated January 1, 1959, and as subsequently amended, and known as the Seattle/King County Retail Drug Employees Retirement Trust Fund. Further, the Employer accepts as its representatives, for the purpose of such Trust Fund, the Employer Trustees who serve on the Board of Trustees of said Trust Fund and their duly appointed successors.

ARTICLE 13 - GENERAL CONDITIONS

13.01 Required promotional sales or other store meetings shall be considered time worked for the purpose of determining time and one-half (1-1/2) after 40 hours worked. Sections 4.07 and 4.08 shall not apply to such meetings.

13.02 Whenever the Employer requires the wearing of uniforms or head coverings, the same shall be paid for, laundered (except for drip dry uniforms) and cleaned by the Employer.

13.03 It is agreed that the Employer will pay charges incident to the hiring of employees which are incurred due to the requirements of the Employer, such as medical examinations, bonding, and if such services are specifically requested by the Employer, employment agency fees.

13.04 Whenever any employee is required to work in more than one (1) store during the same day, such employee shall be compensated at his normal rate of pay. The mileage allowance, when the employee uses his own car for business purposes, shall be 37.5¢ per mile or the Company policy, whichever is greater.

13.05 Except as herein clearly and explicitly limited in the express terms of this Agreement, the rights of the Employer in all respects to manage its business operation and affairs, including but not limited to the right to make and enforce reasonable rules to assure the orderly and efficient operation of the business, shall be unimpaired. The above rights of management are not all-inclusive but indicate the type of matters, or rights, which belong to and are inherit to management.

13.06 Drug and Alcohol Policy - Employees shall be subject to the Employer's Drug and Alcohol Policy, as those standards may be modified or amended by the Employer from time to time; provided, however, that prior to implementing any change in the Drug and Alcohol policy, the Employer will give the Union notice of the proposed change and an opportunity to bargain. Any request to bargain must be received by the Employer within fifteen (15) calendar days after receipt of the proposed changes by the Union.

ARTICLE 14 - DISCIPLINE, DISCHARGE AND DISCRIMINATION

14.01 Probationary Period - In order for the Employer to have ample time within which to properly evaluate the performance of an employee, it is hereby agreed that the Employer has ninety (90) calendar days after the initial date of employment in which to evaluate the employee. Within the said probationary period, the Employer may terminate the employee without recourse.

14.02 Notice of Intention to Quit - Any employee who intends to quit shall, to the extent possible, give two (2) weeks' notice. Any employee who gives such notice shall not be terminated or have hours reduced solely for said reason.

14.03 Polygraph Tests - The Employer agrees not to require any employee or prospective employee to take or be subjected to any lie detector or similar tests as a condition of employment or continued employment, except as provided in Washington State Law.

14.04 Non-Discrimination - The Employer and the Union agree that each will fully comply with applicable laws and regulations regarding discrimination and will not discriminate against any employee or applicant for employment because of such person's race, religion, color, national origin, sex, disability or age. Any reference to gender in this Agreement

includes both genders. Both parties recognize in all cases of conflict between the Americans with Disabilities Act (ADA) and any provision of this Agreement, or any practice under any of its provisions, the ADA shall prevail.

14.04.1 When the gender "he" or "she" is used within this Agreement, it is for explanatory purposes only and does not refer to the actual sex of any person.

14.05 Disciplinary Action - The Employer shall be the judge as to the competency of his employees and continuity of employment shall be based upon the Employer's judgment of the merit and ability of the individual employee, provided that such judgment shall be fairly and reasonably exercised and provided however, that no employee shall be discharged or discriminated against for any lawful Union activity or for performing service on a Union committee outside of business hours, or for reporting to the Union the violation of any provisions of this Agreement.

14.05.1 No employee shall be disciplined or discharged except for just cause. The Employer shall be the judge of the competency and qualification of his employee and shall make judgment fairly. The Employer's judgment is subject to review by an arbitrator.

ARTICLE 15 - GRIEVANCE PROCEDURE

15.01 Any dispute or grievance arising between the parties to this Agreement as to the proper interpretation or application of the Agreement, shall be adjusted by the accredited representative of involved Employer and the accredited representative of the Union. If these parties fail to reach a satisfactory adjustment within thirty (30) calendar days from the date the grievance is filed in writing, as required by Section 15.06, by either party upon the other, the moving party must refer the matter for final adjustment to a Labor Relations Committee selected as follows: One (1) member from the Employer and one (1) member from the Union, or the grievance shall be deemed waived. If the Labor Relations Committee fails to reach an agreement within five (5) calendar days from the date of the Labor Relations meeting, the moving party must request arbitration or the grievance shall be deemed waived.

15.02 If arbitration is requested, within five days of such request, the moving party must request a panel of eleven (11) arbitrators from the Federal Mediation and Conciliation Service. Upon the parties' receipt of said FMCS panel, the parties shall, within 15 days, select an arbitrator and schedule a mutually agreeable hearing date. The method of selecting an arbitrator shall be by alternately striking a name from the FMCS panel until one (1) name remains as the arbitrator chosen by the parties.

15.02.1 The parties to the arbitration have the right to request and receive information needed to prepare for arbitration or for the renegotiation of this Agreement to the extent permitted under Federal law. The requesting party shall pay all reasonable costs incurred as the result of such request.

15.03 The parties shall notify the arbitrator at the time of selection of the requirement that he or she must render a final and binding decision within thirty (30) days from the close of the arbitration hearing, or from the arbitrator's receipt of the post-hearing briefs, whichever is later. In the event the selected arbitrator is unable to agree to such requirement, the parties shall contact the remaining arbitrators provided by FMCS in inverse order of their striking until agreement to comply with the above condition is obtained. Upon proper receipt, the decision of the arbitrator shall be final and binding upon both parties to this Agreement. The Arbitrator shall not have the power to alter, change or modify this Agreement in any respect.

15.04 Either party may obtain a transcript of the arbitration at the party's expense for its sole use, unless the other party wishes a copy, in which case the expense of the transcript shall be shared equally. The fees of the arbitrator shall be borne by the losing party. The arbitrator shall have authority to appropriately apportion costs between the parties in the event of a split decision and/or award. In cases where it is concluded that an employee has been improperly discharged, the arbitrator may reinstate the improperly discharged employee. The arbitrator may not render an award which requires the employer to pay an improperly discharged or suspended employee for time that the employee has not actually worked in excess of the wage and benefits the employee would have earned had he worked his normal schedule during the ninety (90) calendar days immediately following the date of discharge or suspension.

15.05 During the process of making adjustments under the rules and procedures set forth in this Section, no strike or lockout shall occur.

15.06 Grievances shall not be recognized unless received in writing by the accredited representative of either party, with a copy to the Employer involved, describing as fully as possible the matter at issue and the section(s) of the Agreement allegedly violated, within thirty (30) calendar days from the date the grieving party knew or should have known of the occurrence causing the complaint or grievance, except as otherwise provided herein. Following the filing and the response to the grievance, neither party is permitted to add to, subtract from, modify, or change its contractual position, as required by this Section, at any time prior to the final decision by an arbitrator, except where newly acquired evidence is documented. In such case, either party shall have the right to modify its contractual position in writing based upon the newly acquired evidence; provided that in any event it is prior to requesting arbitration, as provided for under Section 15.01.

15.06.1 Overtime or backpay claims must be received in writing within fifteen (15) calendar days of the payday such shortage appears. Such claims shall be limited to the amount involved in the thirty (30) days immediately preceding the date upon which the grievance was received in writing, except that where there is an automatic apprentice wage bracket adjustment due under the terms of Appendix "A", the period of adjustment shall be extended to one (1) year.

15.06.2 Claims for unjust suspensions and discharge must be received in writing within fifteen (15) calendar days from the date of suspension or discharge.

15.06.3 Where grievances arise upon the dismissal of an employee which involves claims for adjustment of wages received during the employment, said grievance must be received, in writing, within fifteen (15) calendar days following the dismissal, or receipt of final paycheck, whichever is later.

15.07 Any grievance not originally filed in accordance with the time limits of Article 14 shall be deemed waived. Any time limitation established herein may be extended only by mutual agreement of the parties.

ARTICLE 16 - RIGHTS AND RESPONSIBILITIES

16.01 Picket Lines - It is understood and agreed that the grievance and arbitration procedure of this Agreement and the judicial and administrative remedies provided by law are the sole and exclusive means for settling any dispute between the employees and/or the Union and the Employer, whether relating to the application of this Agreement or otherwise.

16.01.1 Accordingly, for the duration of this Agreement and any extension thereof, the Union agrees that neither the Union, its officers, agents, representatives and members, nor any employees covered by this agreement shall in any way, directly or indirectly authorize, cause, assist, encourage, participate in, ratify or condone any strike (whether it be an economic strike, unfair labor practice strike, sympathy strike, or otherwise), sit-down, sit-in, slowdown, walkout, cessation or stoppage of work, picketing (including any refusal to cross any other labor organization's or other party's picket lines), handbilling or any other activity which interferes, directly or indirectly, with the Employer's operations at any location.

16.02 Separability - The provisions of this Agreement are deemed to be separable to the extent that if and when a court of last resort adjudges any provisions of this Agreement in its application between the Union and the undersigned Employer to be in conflict with any law, such decision shall not affect the validity of the remaining provisions of this Agreement, but such remaining provisions shall continue in full force and effect; provided further, that in the event any provision or provisions are so declared to be in conflict with a law, both parties shall meet immediately for the purpose of re-negotiation and agreement on provision or provisions so invalidated.

16.03 Sales or Transfer of Store - Upon the sale or transfer of a store, the former owner shall be responsible for any and all monetary benefits that employees have accrued under this Agreement to the date of sale or transfer. Within twenty (20) days after any such sale or transfer, the former owner shall notify the Union, in writing, of such sale or transfer, including the name and address of the new owner or transferee.

ARTICLE 17 - EXPIRATION AND RENEWAL

17.01 Except as provided below, this Agreement shall be in full force and effect as of the 1st day of February, 2004, through the 3rd day of February, 2007, and shall be automatically renewed each year thereafter upon each anniversary of said date, unless written notice to the contrary be given to either party by the other on or before sixty (60) days prior to the expiration date.

IN WITNESS WHEREOF, we attach our signatures this 2nd day of August, 2004.

ALLIED EMPLOYERS, INC.
For and on Behalf of
Fred Meyer, Inc.

By _____
Randall L. Zeiler
Executive Director

UNITED FOOD AND COMMERCIAL
WORKERS UNION LOCAL #1001

By _____
Dave Schmitz
President

APPENDIX "A"

WAGES

CLASSIFICATIONS	CURRENT	7/4/04	11/6/05
Journeyperson	$11.20	$11.45	$11.70
Step 8 (5201-6240 hours)**		10.35	10.50
Step 7 (4681-5200 hours)	9.35	9.50	9.65
Step 6 (4161-4680 hours)	8.40	8.55	8.70
Step 5 (3641-4160 hours)	8.15	8.30	8.45
Step 4 (2601-3640 hours)	7.90	8.05	8.20
Step 3 (1561-2600 hours)	7.65	7.80	7.95
Step 2 (521-1560 hours)	7.40	7.55	7.70
Step 1 (0- 520 hours)*	7.16	7.31	7.46
Store Helpers/ Christmas Extras *	7.16	7.16	7.16
Senior Clerk	11.62	11.87	12.12
Pharmacy Assistant "A"			
Thereafter	15.45	15.79	16.14
Step 4 (4161-6240 hours)	14.00	14.15	14.30
Step 3 (2773-4160 hours)	13.15	13.30	13.45
Step 2 (1041-2772 hours)	11.65	11.80	11.95
Step 1 (0-1040 hours)	10.65	10.80	10.95
Teller			
Thereafter	12.30	12.57	12.85
Step 3 (2081-3120 hours)	10.40	10.55	10.70
Step 2 (1041-2080 hours)	9.90	10.05	10.20
Step 1 (0-1040 hours)	9.40	9.55	9.70

All employees paid above the Journeyperson rate will receive the same increases as the Journeyperson rate in each year of the Agreement.

*These rates may be increased by changes to the state minimum wage.

** This Step is applicable only to Employees Hired After May 24, 2004.

APPENDIX "B"
Sunday Scale for Employees hired prior to February 14, 1989
(Subject to conditions of 10.03)

CLASSIFICATIONS	CURRENT	7/4/04	11/6/05
Journeyperson	$12.88	13.13	13.38
Step 8 (5201-6240 hours)		12.03	12.18
Step 7 (4681-5200 hours)	11.03	11.18	11.33
Step 6 (4161-4680 hours)	10.08	10.23	10.38
Step 5 (3641-4160 hours)	9.83	9.98	10.13
Step 4 (2601-3640 hours)	9.58	9.73	9.88
Step 3 (1561-2600 hours)	9.33	9.48	9.63
Step 2 (521-1560 hours)	9.08	9.23	9.38
Step 1 (0- 520 hours)	8.84	8.99	9.14
Store Helpers/ Christmas Extras	8.84	8.84	8.84
Senior Clerk	13.30	13.55	13.80
Pharmacy Assistant "A"			
Thereafter	17.13	17.47	17.82
Step 4 (4161-6240 hours)	15.68	15.83	15.98
Step 3 (2773-4160 hours)	14.83	14.98	15.13
Step 2 (1041-2772 hours)	13.33	13.48	13.63
Step 1 (0-1040 hours)	12.33	12.48	12.63
Teller			
Thereafter	13.98	14.25	14.53
Step 3 (2081-3120 hours)	12.08	12.23	12.38
Step 2 (1041-2080 hours)	11.58	11.73	11.88
Step 1 (0-1040 hours)	11.08	11.23	11.38

All employees paid above the Journeyperson rate will receive the same increases as the Journeyperson rate in each year of the Agreement.

*These rates may be increased by changes to the state minimum wage.

APPENDIX "B-1"
Sunday Scale for Employees hired after February 14, 1989
(Subject to conditions of 10.03)

CLASSIFICATIONS	CURRENT	7/4/04	11/6/05
Journeyperson	$12.20	$12.45	$12.70
Step 8 (5201-6240 hours)**	11.20	11.35	11.50
Step 7 (4681-5200 hours)	10.35	10.50	10.65
Step 6 (4161-4680 hours)	9.40	9.55	9.70
Step 5 (3641-4160 hours)	9.15	9.30	9.45
Step 4 (2601-3640 hours)	8.90	9.05	9.20
Step 3 (1561-2600 hours)	8.65	8.80	8.95
Step 2 (521-1560 hours)	8.40	8.55	8.70
Step 1 (0- 520 hours)	8.16	8.31	8.46
Store Helpers/ Christmas Extras	8.16	8.16	8.16
Senior Clerk	12.62	12.87	13.12
Pharmacy Assistant "A"			
Thereafter	16.45	16.79	17.14
Step 4 (4161-6240 hours)	15.00	15.15	14.45
Step 3 (2773-4160 hours)	14.15	14.30	14.45
Step 2 (1041-2772 hours)	12.65	12.80	12.95
Step 1 (0-1040 hours)	11.65	11.80	11.95
Teller			
Thereafter	13.30	13.57	13.85
Step 3 (2081-3120 hours)	11.40	11.55	11.70
Step 2 (1041-2080 hours)	10.90	11.05	11.20
Step 1 (0-1040 hours)	10.40	10.55	10.70

All employees paid above the Journeyperson rate will receive the same increases as the Journeyperson rate in each year of the Agreement.

*These rates may be increased by changes to the state minimum wage.

** This Step is applicable only to Employees Hired After May 24, 2004.

APPENDIX "C"

EXEMPTIONS

Notwithstanding the requirements of Section 2.01, the following exemptions (per store) shall not be required to be members of the Union nor shall they be covered by the terms of the Agreement*:

HOM – 7	ALE – 4	All Student Interns
NCR – 1	MMK – 1	PEM – 3 (Combination MMK & PEC)
JLY – 1	PEC – 2	

*The Employer shall be allowed one (1) Management Trainee for each 50 bargaining unit employees in the Employer's total unit.

LETTER OF UNDERSTANDING

INTERPRETATION AND APPLICATION

This is to confirm the following understanding, reached regarding the proper interpretation and application of this Labor Agreement:

ARTICLE 2 – UNION SECURITY

The parties agree that under this Article the sole remedy for an employee's failure to be a member in good standing is termination. If an employee is rehired following termination under this Article, such employee will be considered a new employee for all purposes.

ARTICLE 5 – SENIORITY

Sections 5.03, 5.04, 5.07 – The parties agree that the employer is not precluded from taking the position that the junior employee has greater qualifications and abilities than the senior employee even though the senior employee has acquired seniority and the junior employee has not. If neither of the involved employees has acquired seniority, then seniority will not be a factor. Also, the terms of these sections are not applicable to the exemptions set forth under Appendix "A", including management trainees.

CONFIRMED: 8/2/04 (Date)

ALLIED EMPLOYERS, INC.
For and on behalf of
Fred Meyer, Inc.

BY _____
Randall A. Zeiler
Executive Director

UFCW UNION LOCAL 1001

BY _____
Dave Schmitz
President

LETTER OF UNDERSTANDING

CCK EMPLOYMENT

Employees covered by this Agreement who are interested in working in the CCK Department must advise the Store Director in writing.

Interested employees will be considered and interviewed for openings in the CCK Department. Such consideration shall be at the sole discretion of the Employer and not subject to the grievance procedure.

In the event an interested employee is placed in a CCK position, they will be given their equal or next higher rate of pay on the CCK progression.

In the event a UFCW Local 1001 unit employee operates a CCK checkstand, that employee shall receive the appropriate CCK rate of pay for the time spent cashiering in CCK.

CONFIRMED: 8/2/05 (Date)

ALLIED EMPLOYERS, INC.
For and on behalf of
Fred Meyer, Inc.

BY _____
Randall L. Zeiler
Executive Director

UFCW UNION LOCAL 1001

BY _____
Dave Schmitz
President

LETTER OF UNDERSTANDING

DOCTOR'S NOTE FOR VERIFICATION OF ILLNESS

The Employer agrees that it will not require a doctor's verification of illness in every absence situation.

CONFIRMED: 8/2/04 (Date)

ALLIED EMPLOYERS, INC.
For and on behalf of
Fred Meyer, Inc.

BY _____
Randall L. Zeiler
Executive Director

UFCW UNION LOCAL 1001

BY _____
Dave Schmitz
President

LETTER OF UNDERSTANDING

SECTION 2.04

Store locations will provide Local 1001 the following information no more than once per month: employee names, addresses, social security numbers, dates of hire, department and hourly rate of pay.

CONFIRMED: 8/2/04 (Date)

ALLIED EMPLOYERS, INC.
For and on behalf of
Fred Meyer, Inc.

BY _____
Randall L. Zeiler
Executive Director

UFCW UNION LOCAL 1001

BY _____
Dave Schmitz
President

LETTER OF UNDERSTANDING

UNION LEAVE OF ABSENCE

Requests from employees for leaves to conduct Union business will not be automatically rejected for that reason. Requests are limited to four (4) per year in this bargaining unit and in no event will any leave exceed a three-month duration.

CONFIRMED: 8/2/04 (Date)

ALLIED EMPLOYERS, INC.
For and on behalf of
Fred Meyer, Inc.

BY _____
Randall L. Zeiler
Executive Director

UFCW UNION LOCAL 1001

BY _____
Dave Schmitz
President

LETTER OF UNDERSTANDING

ARBITRATOR SELECTION

Allied Employers, Inc., (on behalf of Fred Meyer, Inc.) and UFCW Local 1001 may, at any time during the term of this Agreement, mutually agree to adopt the following list of arbitrators rather than following the process set out in Section 14.02.2.This is a consensual arrangement that may be terminated (with reasonable notice), by either party at any time during the term of the agreement. Prior to any mutual agreement on this subject, the parties must agree on a process for replacing arbitrators, who for whatever reason are no longer serving as arbitrators.

Michael H. Beck	Sandra Gangle	Carlton J. Snow
Mike Cavanaugh	Alan R. Krebs	Jane Wilkinson
Joe Duffy	George Lehleitner	Tim D. W. Williams
Janet Gaunt	Marsha Saylor	

The method of selecting an arbitrator shall be by alternately striking a name from the list until one (1) name remains.

CONFIRMED: 8/2/04 (Date)

ALLIED EMPLOYERS, INC.
For and on behalf of
Fred Meyer, Inc.

BY _____
Randall L. Zeiler
Executive Director

UFCW UNION LOCAL 1001

BY _____
Dave Schmitz
President

LETTER OF UNDERSTANDING

ATTORNEY FEES

The parties hereby agree that in all arbitration matters arising under this collective bargaining agreement the parties shall be responsible for their own attorney's fees. This includes, but shall not be limited to cases where the Union is seeking back wages on behalf on an employee.

CONFIRMED: 8/2/04 (Date)

ALLIED EMPLOYERS, INC.
For and on behalf of
Fred Meyer, Inc.

BY _____
Randall L. Zeiler
Executive Director

UFCW UNION LOCAL 1001

BY _____
Dave Schmitz
President

LETTER OF UNDERSTANDING

VACATION HOURS

Employees may request vacation hours be used to meet health and welfare eligibility provided the employee has enough scheduled hours in a month to meet eligibility requirements (100 hours).

CONFIRMED: 9/2/04 (Date)

ALLIED EMPLOYERS, INC.
For and on behalf of
Fred Meyer, Inc.

BY _____
Randall L. Zeiler
Executive Director

UFCW UNION LOCAL 1001

BY _____
Dave Schmitz
President

LETTER OF UNDERSTANDING

DUES CHECK-OFF

The deduction of uniform dues and initiation fees as required in Section 2.02.1 does not include any additional deductions for assessments or strike funds.

CONFIRMED: 8/2/04 (Date)

ALLIED EMPLOYERS, INC.
For and on behalf of
Fred Meyer, Inc.

BY _____
Randall L. Zeiler
Executive Director

UFCW UNION LOCAL 1001

BY _____
Dave Schmitz
President