

March 8, 2023

Dear Lunds & Byerlys / UFCW 663 Bargaining Committee:

Thank you for the time you invested in bargaining this week. We appreciated the dialogue and feedback you offered relating to the Company's Healthcare Proposal. Given that healthcare is a sensitive and personal matter, we will be happy to answer the list of questions you provided in the March 8, 2023 - 10:15 AM session. This will be our best, most complete response possible given the tight timeline imposed.

One item we wanted to immediately address was the committee's shared concern switching plans would disrupt the care and relationships you have established with your current healthcare providers. We heard your concern, and we understand the stress the conversation may have caused. To address the concern, we requested that our benefits consultant speak with UMR / UnitedHealth Group to determine whether the medical provider network would be any different for the MRMC H&W Plan than Lunds & Byerlys. I can answer your question with certainty that the medical provider network you enjoy today will not be different under a healthcare plan with Lunds & Byerlys.

Attached to this letter are materials that either have been revised or have not been extended to you until now regarding our healthcare proposal. These materials include:

- L&B H&W Proposal,
- L&B H&W Outline of Coverage by Classification,
- Detailed Benefit Plan Comparison of Lunds & Byerlys Plan to MRMC's Plan,
- Nice Healthcare overview, and
- L&B Healthcare Plan infographic examples.

We also want to highlight a few advantages of the Lunds & Byerlys Healthcare Plan, which are:

Quicker Coverage -

- Significantly shorter waiting period for FT, PT Modified, and Qualifying Life Events for the same

We believe this will attract more prospective team members and help us retain current team members by elevating us to standard industry practices and making us more competitive in our labor market.

Coverage Confidence -

- No grace weeks
- H&W coverage will be maintained regardless of hours worked while in eligible employment
- Monthly coverage will replace the existing weekly coverage model

With monthly coverage, our employees will:

- Always have coverage through the end of the month in which a triggering event occurs (i.e. employment separation, moving to a non-benefit eligible position, transition to a non-benefit protected leave of absence, etc.)
- Know in advance when coverage will begin and when it will end so they can plan accordingly

Better Benefits and more Flexibility -

- FT can choose between several tiered coverage options - pay only the premium for the coverage needed

- FT-Employee Only premium is \$10/week,
- FT-Employee + Child(ren) premium is \$14/week,
- FT-Employee + Spouse premium is \$16/week, or
- FT-Family premium is \$20/week
- PT Modified-Employee Only premium is \$10/week
- Robust replacement for Doctor On Demand - Nice Healthcare, which can provide substantial cost savings
- Greater short-term disability benefit value - 75% of weekly earnings instead of 60%, with no weekly cap on amount
- Medical deductibles - \$50 less for individuals and \$150 less for family
- Medical max out-of-pocket - \$100 less for individuals and \$200 less for family
- New Flexible Spending Account options available that can reduce your taxable income when paying for both medical, dental, vision, and childcare eligible expenses
- Basic Life Insurance
 - Employee coverage 1x salary – not limited to \$25,000
 - Spouse coverage higher by \$1,000
 - Child coverage higher by \$500
 - Supplemental Life available

Lunds & Byerlys has maintained a very stable health and welfare benefit offering for its non-union employees. In fact, it is our belief that the Company's plan provides a better overall benefit without any labor union oversight as compared to the current benefit offered by the MRMC Health & Welfare plan.

It should be noted, we have made the proposal to withdraw from the MRMC Health & Welfare plan only after expressing to union leadership time and time again our concerns with the Union's proposal of redirecting \$7.65 million dollars' worth of funds away from its H&W plan. Below is a summary of the Company's concerns we've previously discussed:

1. \$7.65 million dollar redirect of funds away from the Health & Welfare plan would bring plan reserves from roughly 10 months down to roughly 8 months
2. In past MRMC H&W plan modernization work that had been done but not implemented, it was discussed that grace weeks would be eliminated from this plan and all participants would be reimbursed for any remaining grace weeks they had available in the MRMC plan. We estimate this to cost roughly \$3 million dollars, which would further reduce plan reserves.
3. The MRMC plan currently does not carry Stop Loss insurance due to the amount of plan reserves that exist. However, we anticipate after the redirect mentioned in bullet point #1 and all modernization improvements are implemented, the plan could be burdened with new costs in the form of stop loss insurance. The plan previously carried stop loss insurance and at that time the most recent premium amounted to \$410,000 per year. We also know based on experience that costs associated with this specific coverage have increased substantially in recent years.

Given the above, we still do not understand why the Union has continued to hold on their position of redirecting funds away from the MRMC Health & Welfare plan, which only stands to serve the minority of its members whose employers have not withdrawn from the MRMC Pension plan. As you know, Lunds & Byerlys invested nearly \$58 million dollars into the MRMC Pension plan to satisfy its liability associated with its employees' pension retirement benefit. We received no special financial assistance such as what the Union is offering currently to the minority share of employers participating in said pension fund, and because of this we are unclear and have been unable

to get an answer from the Union as to why the minority share of employers could not instead follow the new 10-year rehabilitation plan as written. Furthermore, we, too, made an information request and served it to union leadership on February 14, 2023 that related to your proposal on this topic and have not yet received the requested information.

Additionally, we did receive a letter from your legal counsel that accuses Lunds & Byerlys of colluding with other employers to depress employee terms of employment within the market. You can expect to hear from our legal counsel on this matter, however, you should recall that it was the Union's recommendation to convenience bargain as one industry at the start of negotiations. Time spent convenience bargaining as one industry has actually consumed more time in negotiations than we've had negotiating with just our bargaining committee. Any accusations of unlawful collusion, information sharing, and/or other anticompetitive activity are misguided and reckless.

We are committed to bargaining in good faith and want to work towards reaching an agreement on a new contract. Our hope is that we can receive a counter proposal from the bargaining committee yet this afternoon to continue making progress.

Best regards,

A handwritten signature in black ink, appearing to read "Casey Enevoldsen". The signature is fluid and cursive, with the first name being more prominent.

Casey Enevoldsen
Vice President, Employee Experience