



75 Valley Stream Parkway
Malvern, PA 19355

610.889.4000

January 6, 2010

Dear ACME Associates:

As you know, we've been negotiating for more than four months to reach agreement with UFCW Local 1360 on a new contract for you and your coworkers. I wanted to give you an update on our negotiations, which you may also have heard during meetings with your store directors.

In mid-December, ACME shared a fair, comprehensive offer with Local 1360 that included wage increases, no major changes to our health and welfare contribution level, and improved security of your pension plan. In response, the union declined five negotiation dates we had offered to meet to try to bridge the gaps between us.

However, in an effort to reach a deal, we provided the union with an even better offer last week, which included no weekly health and welfare premiums paid by you, increased the company's level of health and welfare contributions in the last years of a new contract, and provided a \$750 annual payment to a health savings account for retirees 65 years of age or older.

The offer was fair, competitive and beneficial to you, and it addressed a pension deadline that both sides faced on Dec. 31. Unfortunately, the union rejected it without giving you the opportunity to vote.

We're disappointed that the union turned down our offer because we believe it was very competitive and in the best interests of everyone involved. But we're more concerned that because pension rules mandate significant increases in pension contributions effective January 1, we had to withdraw our offer, and we can't make the same offer again.

The union knew about the Dec. 31 pension deadline and the importance of reaching a deal before the required increase on pension rates. Unlike all the other ACME locals, who reached agreements with us to lock in lower pension rates, Local 1360 ignored the issue. Now, we're faced with paying pension contributions that could be more than double what we could have locked in 2009. In order to pay those rates, we will be looking at other areas of our contract to find cost savings.

We will continue to work with the union to reach an agreement that will protect our shared future. Our goal is still to provide you with steady jobs with good wages, access to quality, affordable health care and a more secure pension. We hope the union will work with us in good faith, especially now that the pension situation has changed.

We appreciate everything you have done to serve customers as we've continued our negotiations – and especially your focus and dedication during the holiday season. If we can answer any of your questions about our negotiations, please let us know.

Sincerely,

Judy Spires
President