



July 26, 2016

To: Our Associates/Teamster Members at Distribution Centers in Houston, Memphis, Hutchinson and Goddard and Dairies in Indianapolis (Crossroad Farms) and Michigan

Subject: **Update on Central States Pension Fund**

Thank you for your patience as we continue to pursue our shared goal of protecting your pension. Company and union representatives met last week with Thomas Nyhan, executive director, and several other staff members from the Central States Pension Fund.

While Kroger and the IBT continue to pursue a transfer of your benefits from Central States to a new pension fund, we have not yet received a commitment from Central States regarding the transfer of your pension.

Recall that Kroger and the International Brotherhood of Teamsters reached and ratified an agreement that would protect your pension. We recognized the severe financial difficulties facing the Central States Pension fund put your pension benefits at risk. The fund is projected to go insolvent, as liabilities far exceed assets and income.

Our plan protects your pension by transferring your pension from the Central States Pension Fund to a new fund. The new fund would be the International Brotherhood of Teamsters (IBT) Consolidated Pension Fund.

Central States Pension Fund trustees need to agree to transfer your benefits to the new IBT fund. In our meeting last week, we discussed the transfer and other potential options. We did not reach any resolution.

Both Kroger and the International Brotherhood of Teamsters remain committed to doing everything we can to protect your pension benefits. Our plan is a good one. Our plan protects the pensions of thousands of Kroger employees and retirees and it removes the anxiety they face. It leaves the Central States Pension Fund no worse off. And it requires no government funding.

Again, thank you for your patience. We will keep you posted as we have new information. You can stay up to date on www.ibtkrogerpension.com

Sincerely,

A handwritten signature in black ink that reads 'Steve Vairma' with a stylized flourish at the end.

Steve Vairma
Secretary-Treasurer IBT Local 455
Western Region International Vice President, IBT
President Joint Council 3
Warehouse Division Director IBT

A handwritten signature in black ink that reads 'Jon McPherson' in a cursive style.

Jon McPherson
Vice President, Labor Relations
The Kroger Co.