



News Release

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Amended Complaint Filed By N.G.A. and Others in Class Action Antitrust Lawsuit Against Visa, MasterCard and Major U.S. Banks

Arlington, VA. - On April 24, 2006 the National Grocers Association, Affiliated Foods Midwest Cooperative, Coborn's Incorporated, D'Agostino Supermarkets and other national trade associations and merchants filed a consolidated amended complaint against Visa, MasterCard and a number of major banks in the United States District Court for the Eastern District of New York. Other national associations joining in the consolidated complaint include the American Booksellers Association, National Association of Convenience Stores, National Association of Truck Stop Operators, National Community Pharmacists Association, National Cooperative Grocers Association, and National Restaurant Association.

The consolidated complaint follows N.G.A.'s and its representative members' prior complaint that was filed on November 25, 2005 and is part of the consolidation of the over 40 other class action complaints that were filed by other associations and merchants. The complaint alleges that "America's largest banks unlawfully fix the fees charged to merchants for transactions over the Visa and MasterCard Networks and enact restrictions that prevent merchants from protecting themselves against those fees."

"Soaring interchange fees are devastating the retail industry and increasing costs for all American consumers regardless of the form of payment. In a free market, with low interest rates, fraud down, and transaction volume up, competition would cause interchange fees to decrease. However, interchange fees continue to grow exponentially because there is no competitive market," said Thomas K. Zaucha, N.G.A. President and CEO. "N.G.A., on behalf of its members, has joined in the litigation as part of its efforts to end the collective price fixing of interchange and level the playing field for second and third tier grocery retailers and protect consumers from needless costs."

N.G.A. is one of the founding members of the Merchants Payments Coalition, a coalition of some 20 trade associations representing retailers, restaurants, supermarkets, drug stores, convenience stores, gas stations, on-line merchants and other businesses that accept debit and credit cards. Merchants have been fighting for relief through litigation, legislative, and regulatory efforts from Visa and MasterCard Networks that collectively fixed interchange fees.

"The system is clearly broken," said Mallory Duncan, chairman of the MPC and senior vice president and general counsel at the National Retail Federation. "In virtually every other market, competition results in lower prices for consumers, but that's not the case with interchange fees. Instead Visa and MasterCard compete to charge the highest interchange fees in order to provide the banks that issue their cards with maximum profits. Whether debit or credit cards, the fact is that Visa and MasterCard charge Americans some of the highest interchange fees in the world," he said.

"It's not just that the fees are fixed, they're also hidden," Duncan said. "Credit card companies forbid merchants from disclosing the fees and – since they're hidden – can increase the fees by any amount any time they want."

Several members of the MPC are litigants in the lawsuit, including the National Association of Convenience Stores, the National Grocers Association, the National Restaurant Association, and the National Association of Truck Stop Operators.

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N.G.A. is the national trade association representing the retail and wholesale grocers that comprise the independent sector of the food distribution industry. An independent retailer is a privately owned or controlled food retail company operating a variety of formats. Most independent operators are serviced by wholesale distributors, while others may be partially or fully self-distributing. Some are publicly traded but with controlling shares held by the family and others are employee owned. Independents are the true "entrepreneurs" of the grocery industry and dedicated to their customers, associates, and communities. N.G.A. members include retail and wholesale grocers, state grocers associations, as well as manufacturers and service suppliers. For more information about N.G.A. and the independent sector of the industry, see the N.G.A. website: www.NationalGrocers.org.