

RETAIL DRUG AGREEMENT

July 13, 2008 - July 15, 2012

between

CVS PHARMACY

and

UFCW LOCALS
135, 324, 770, 1036, 1167, 1428 and 1442

COMMON QUESTIONS ASKED ABOUT A CONTRACT

WHAT IS A CONTRACT?:

A Contract is a negotiated Agreement. It establishes rules at the worksite. It spells out what is required of your Employer, and what your Employer can require of you.

WHAT DOES THE CONTRACT COVER?:

Wages, working conditions, health and welfare and pension benefits, seniority and grievance procedure, just to name a few. For a complete list, please refer to the INDEX.

IS THIS A GOOD CONTRACT?:

Yes, absolutely! We achieved substantial improvements in many categories of the Contract as a result of the Union's hard work and your resolve during the negotiations. This is one of the best Drug Clerk Contracts throughout the UFCW.

WHY SHOULD I READ THE CONTRACT?:

The better you know and understand your Contract, the more prepared and able you will be to make it work for you. If you don't know your rights, you can't know if and when they are being violated. Also, if you don't exercise your rights, you will lose them over time. The Contract requires that you must protest/grieve a violation of your rights (including wages) within certain time limits. Knowing your rights under the Contract will help make sure you are never taken advantage of on the job. It will also contribute significantly to making your Union stronger.

WHAT SHOULD I DO IF I AM ACCUSED OF A VIOLATION OF COMPANY POLICY?:

If your Employer believes you violated a Company Policy, you could receive some form of discipline. If you receive a written warning, a suspension or are terminated, call the Union office as soon as possible and speak with your Union Representative or the "Rep of the Day". Remember, you must sign all warning notices, but signing them is not an admission of guilt. It only means that you have received a copy.

WHAT SHOULD I DO IF MY EMPLOYER VIOLATES THE CONTRACT?:

If your Employer violates the Contract, such as, asking or requiring you to work "off-the-clock" or does not pay you correctly, you don't have to go it alone. Remember, your Employer has agreed to follow the Contract, so do not hesitate to exercise your contractual rights. Call the Union office as soon as possible and speak with your Union Representative or the "Rep of the Day". **WE ARE HERE TO HELP!**

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RETAIL DRUG AGREEMENT

July 13, 2008 - July 15, 2012

This Agreement is entered into and effective as of this 13th day of July 2008, between CVS Pharmacy, hereinafter referred to as “Employer,” and UFCW LOCALS 135, 324, 770, 1036, 1167, 1428 and 1442, chartered by United Food & Commercial Workers International Union, hereinafter referred to as the “Union” and the parties agree as follows:

ARTICLE 1 - MANAGEMENT RIGHTS

The Employer retains the exclusive right to manage the business, to direct and control the business and workforce, and to make any and all decisions affecting the business, including, but not limited to the following: the exclusive right to plan, determine, direct and control the nature and extent of all its operations and commitments; to determine, install, introduce, remove, discontinue or modify the methods, procedures, materials and operations to be used or to discontinue their use by employees of the Employer; to maintain efficient operations; to hire, train, promote employees; to set standards and methods of performance; to create, modify, and abolish work shifts, the starting and ending times of the work shifts and work schedules; to promulgate, amend and enforce reasonable work rules, regulations, policies and procedures; to determine, modify, change and otherwise set the work duties of employees; to determine, modify, change and otherwise set job content and qualifications; to determine whether to offer light duty and to determine employee eligibility for light duty; to change job content and qualifications; to change job descriptions; to modify the methods, procedures, materials and operations to be used or to discontinue their use by employees of the Employer; to change standards and methods of performance; and in all respects to carry out, in addition, the ordinary and customary functions of management, whether exercised or not. The rights and waivers herein shall extend beyond the expiration of this Agreement until a successor agreement is reached.

Should a specific provision of this Agreement or State or Federal Law directly conflict with, modify or restrict an enumerated right under this Article, the specific provision of the Agreement or the State or Federal Law shall prevail over the enumerated right.

ARTICLE 2 - BARGAINING UNIT

A. **UNION RECOGNITION.** The Employer recognizes the Union as the sole collective bargaining agent with respect to work, rates of pay, hours, and terms and conditions of employment for the appropriate bargaining unit composed of all employees, except as limited below, who perform work within drug stores operated under contract with UFCW Locals 135, 324, 770, 1036, 1167, 1428 and 1442 on July 13, 2008.

B. **INCLUDED BARGAINING UNIT WORK.**

1. **Current Work.** All work performed on the premises in the nature of work generally performed by employees of the bargaining unit shall not be assigned to any person not in the bargaining unit or contracted for with any other union.

2. **Future Work.** Any future work of the nature generally performed by bargaining unit employees which is created by the Employer within the drug stores shall be performed by members of the bargaining unit as herein set forth.

3. Employee Definitions. For the purpose of this Agreement, the following definitions shall apply:

a. An intern pharmacist is a registered non-licensed pharmacist permitted to practice pharmacy under the direct supervision of a licensed pharmacist.

b. A retail clerk includes all other employees covered by this Agreement.

c. Hereinafter “employees” or “all employees” shall mean employees covered by this Agreement.

d. A full-time employee is one employed and/or scheduled to work forty (40) hours per week. Any employee who is scheduled and works ten (10) consecutive weeks at forty (40) hours per week will be classified as a full-time employee. This requirement shall not apply during the Christmas (November 1 - January 15) or vacation season (June 1 - August 31) or where an employee is scheduled forty (40) hours due to the absence of another employee in excess of three (3) consecutive weeks. Provided, however, that forty (40) hour weeks worked immediately prior to any of the above exceptions and those worked immediately following the exception shall be considered continual for the purpose of calculating the ten (10) consecutive weeks.

e. A part-time employee (intern pharmacist or retail clerk) is one employed and/or scheduled to work less than forty (40) hours per week.

f. Probationary Employees. The first (1st) sixty (60) calendar days of employment shall be considered a probationary (trial) period, provided, however, that a part-time employee shall be considered as probationary for the first (1st) ninety (90) days of employment. During such probationary period an employee may be terminated for any reason and the employee shall have no recourse to the grievance procedure set forth in this Agreement.

g. Pharmacy Service Associates. Selection of Pharmacy Service Associates shall be determined by giving factors such as seniority, qualifications, performance and intent to remain with the Employer full consideration. Pharmacy Service Associates are those clerks who are assigned to assist in clerical and pharmacy related duties (including the running of the pharmacy register if it is in combination with clerical pharmacy duties), directly connected with the pharmacy and under the supervision of the pharmacist. A clerk who works in a pharmacy to operate a cash register, retrieve prescriptions or direct customers, shall not be considered a pharmacy service associate. Pharmacy Service Associates employed as of July 1, 1995 shall not be adversely affected by such clerks.

h. Special Classifications. Selection of the Photo Lab Supervisor, Shift Supervisor A, Shift Supervisor B, Beauty Advisor, and Coordinator shall be determined by giving factors such as seniority, qualifications, performance and intent to remain with the Employer full consideration. The Employer shall not employ less than an average of two (2) Special Classifications per store covered by this Agreement. There shall be no demotion of employees classified as Special Classifications except as provided for in Article 4-D. This Article shall not apply in new store openings until one hundred eighty (180) days after the date the new store opens to the public.

i. Pharmacy Technicians. Pharmacy Technicians shall be licensed by the California Board of Pharmacy pursuant to current laws and regulations. Employees shall be selected for the position of pharmacy technician on the basis of ability and skill, and where they are relatively

equal, seniority shall govern. The Employer believes that the safety of its customers and the public is the fundamental guiding concern behind the establishment of this classification. To this end, the Employer shall provide mandatory training, on Employer time, as required by the regulation, for those individuals who are selected for the classification of pharmacy technician. Because of safety and quality control factors, the pharmacy technicians will be subject to the immediate and personal supervision of a registered pharmacist. Immediate and personal supervision in the case of a pharmacy technician requires that a pharmacist verify and document any function performed by a pharmacy technician in connection with all activities surrounding the dispensing of a prescription. It is understood and agreed that pharmacists, as trained professionals, have the ultimate responsibility for dispensing prescriptions. If any of the above becomes a conflict with the regulations of the California Board of Pharmacy, regulation shall control. The Employer agrees to provide additional training at its own cost in the event new laws or regulations mandate such training.

j. Lead Technician. The Employer, in its sole discretion, may select Pharmacy Technicians to become Lead Technician, whose additional duties may include, but not limited to: training and development of personnel for/in pharmacy; assist or be responsible, as directed by a Pharmacy Manager, for workflow processes, product ordering, inventory control, returns, financial record keeping, price changes, third party administration, customer service programs, special projects or any other duties as may be assigned. Minimum requirements are an AE rating or higher, 1 year as a pharmacy technician and successful completion of the Employer's training and certification program(s). Lead Technician positions shall remain at the Employer's sole discretion. After successfully completing the Employer's Lead Technician program and being assigned an available Specialist position, CVS Pharmacy shall provide a \$.75 per hour premium to Lead Technicians in this position.

C. **EXCLUDED BARGAINING UNIT WORK.** The following individuals shall be excluded from the coverage of this Agreement:

1. Management Exclusions.

a. One (1) store manager, two (2) operating managers and a third (3rd) assistant manager/or trainee(s) shall be excluded from the coverage of this Agreement at the sole discretion of the Employer and shall be allowed to perform any and all work designated by the Employer within a store or any department without restriction so long as the total number of excluded management personnel does not exceed an average of four (4) exclusions per store covered by this Agreement. Upon request to the Employer's Regional Human Resource Manager, a list of excluded management personnel and their locations will be provided to the Union.

b. It is agreed that only two (2) excluded supervisory management employees (operating manager and assistant managers) shall be permitted to perform bargaining unit work on Sunday or holidays (excluding load day) where the combined working hours of the store's full-time and part-time employees total less than one thousand (1,000) hours per week.

2. Outside Employees. It is agreed that the Employer and the Union have a common interest in protecting work opportunities for all employees covered by this Agreement. It is further agreed that the displaying, servicing, ordering and demonstrating of merchandise for sale can be handled at the Employer's discretion by nonbargaining unit displaymen, salesmen, vendor representatives, or any other employee of vendors which are servicing their merchandise to the Employer.

In no event, however, shall any bargaining unit employee be laid off or reduced in hours as a result of work being performed by any salesman, vendor or displayman described above.

3. Demonstrators who do not make sales or display merchandise for pick-up by customers.

4. Inventory employees whose function is strictly limited to taking inventories.

5. Office employees who are limited to office-clerical work and whose combination of duties does not include any of the clerks' work.

6. Future concessionaires or sublessees or their employees whose duties do not include work generally performed by members of the bargaining unit.

7. Licensed Pharmacists, including one (1) Pharmacy Manager per pharmacy.

8. Should any of the classifications hereinabove excluded in Paragraphs 2, 3, 4, 5, and 6, designate by a majority thereof the undersigned Union as their bargaining agent, the Employer agrees to recognize and bargain for said employees in accordance with the law.

D. INDIVIDUAL AGREEMENTS.

1. All Employees. The Employer agrees not to enter into any agreement or contract, either orally or written, with its employees covered by this Agreement, individually which in any way conflicts with the terms and provisions of this Agreement.

2. New Employees. During the period an employee is not a member of the Union, the regular wages, as herein specified for the classification of said employee and all other provisions of this Agreement shall apply.

ARTICLE 3 - UNION AFFAIRS

A. REQUIRED UNION MEMBERSHIP.

1. Union Shop. All employees shall, as a condition of employment, become members of the Union not later than the thirty-first (31st) day of their employment or the thirty-first (31st) day following the date of signature or the effective date of this Agreement, whichever is later, and shall remain members in good standing as a condition of continued employment.

2. Seven Day Notice. The Union will advise the Employer in writing when any employee has failed to acquire or maintain Union membership as required by this Agreement. Immediately upon receipt of said notice, the Employer shall advise said employee(s) that they will no longer be scheduled for hours of work on the subsequent weekly schedule until said employee(s) give evidence of compliance or the Union notifies the Employer of such compliance. Failure to comply within seven (7) days after removal from the schedule said employee(s) shall be terminated, if such termination is not in violation of existing law.

B. INFORMATION FOR UNION.

1. New/Transferred Employees. The Employer's general office shall mail a list of new employees hired in a preceding month to the Union. Said list shall contain the name of such employees, their dates of employment, Social Security number, store number and initial rate of pay. The Employer will provide the new hire reports electronically on a weekly basis.

The Employer will provide weekly initiation fees and regular union dues electronically to all Southern California Union Locals.

2. Store Employee Lists. The Employer agrees to permit the Union to check the list of employees covered by this Agreement, and their respective wage rates of preceding months, and to furnish the Union a complete payroll list for all employees covered by this Agreement and wage rates effective the first (1st) payroll period each January and September. Said lists shall include hire dates, birth dates, and Social Security numbers from current records.

3. Payroll Data. In case of a dispute over wages the Union representative shall, upon request, have the right to a copy of the necessary payroll information relative to employees covered by this Agreement. The Union reserves the right to require, in such disputed instances as it deems necessary, that owed wages of employees be paid through the office of the Union or a notarized statement submitted to the Union of gross amounts paid and deductions made. Either method may be used by the Employer.

4. Time Records. Time cards or other time records which the employee shall be required to record work on a daily basis shall be available for inspection upon request by the Union representative entitled to such information.

C. STORE VISITS. In order to observe conditions existing under this Agreement and to settle grievances, representatives of the Union shall have the right to visit the stores.

It is the general policy of the Union for its representatives not to visit the stores during the busy afternoon hours, Saturdays or days preceding holidays. However, upon receipt of a reported violation, a Union representative shall have the right to visit such store at any time for the purpose of investigating such violation.

The Union further agrees that it will arrange with the Store Manager for such investigation of reported grievances and that any meetings between employees and Union representatives shall be limited to one (1) employee at a time and shall be conducted with the least possible interference with store operations. Such meetings shall be held on the premises in a place designated by the Store Manager. In instances where employees are working during hours that the stores are closed to the public, the Union may request a list of the employees involved, and the hours worked.

D. UNION BULLETIN BOARDS. The Union may supply each store with one (1) bulletin board not to exceed two (2) feet by three (3) feet in size for the purpose of posting notices of official Union business. Bulletin boards shall not be used to post notices of a political or adversarial nature. The implementation of this program shall be coordinated by the Employer's Regional Human Resource Manager.

E. UNION PRINCIPLES.

1. New Employees. When new or additional employees are needed, the Employer may immediately notify the Union of said need. The Employer reserves the right to select the particular applicant to be hired, but there shall be no discrimination against any applicant by reason of membership or nonmembership in the Union or in any way affected by Union membership, bylaws, rules, regulations, constitutional provisions, or any other aspect or obligation of Union membership, policies, or requirements.

2. Union Principles/Picket Lines. The Employer shall not discharge or discriminate against any employee for upholding Union principles, as long as such act does not constitute a violation of this Agreement, and nothing herein shall be so construed as to abrogate an employee's rights under the law, including the right individually to refuse to cross a bona fide picket line established in a bona fide dispute by any bona fide labor organization. For the purpose of this Paragraph, a sanctioned picket line shall be one which is sanctioned by the Local Union signatory to this Agreement and the Food and Drug Council or the appropriate County Federation of Labor, AFL-CIO.

F. UNION BUSINESS. Employees shall be granted time off without pay for the purpose of attending negotiations, adjustment or arbitration hearings or for other bona fide Union business.

The Employer agrees to schedule any employee who is an officer, or representative of the Union in any capacity, for hours of work that will permit the employee to attend meetings of the Union where the Union has given such notice in writing to the Employer, provided it involves not more than one (1) employee per store. The Union agrees to give the Employer no less than ten (10) days' notice of such meetings.

While the employee/representative of the Union serves in this capacity, they will not be subject to Article 5(A), Employer Transfer of Employees, or Article 5(B), Inter-Union Transfer.

The Employer recognizes the right of the Local Union to appoint two (2) stewards per store. The Union will notify the Labor Relations Department of the names and store number of the stewards. Upon three (3) weeks' notice to CVS's Labor Relations Department, one (1) Union steward per store will be designated by the Union to attend a one (1) day stewards' training seminar per calendar year and will receive one (1) day of pay by the Employer upon proof of attending such training seminar, provided CVS organizing activity is not solicited at such training seminar. One (1) day of pay for the union steward annual meeting is only for maximum of one steward per store of the stores per Local Union covered by this labor agreement

ARTICLE 4 - DISCIPLINE/VOLUNTARY QUILTS

A. REGISTER SHORTAGES/IRREGULARITIES.

1. No employee may be required to make up cash register shortages, unless the employee is given the privilege of checking the change and daily receipts upon starting and completing the work shift, and unless the employee has exclusive access to the cash register during the work shift, except as specified below.

2. No employee may be required to make up register shortages when management exercises its rights to open the register during the employee's work shift, unless the register is opened in the presence of the employee and the employee is given the opportunity to verify all withdrawals and/or deposits.

3. When, as the result of a shopper's report, an employee, subsequent to the shopping incident, is called upon for an interview by a security agent, the employee may, upon receipt of such advice or during such interview, request the presence of a Union representative during the interview. Such Union Representative must be available within a reasonable period of time but in no event later than twenty-four (24) hours after such request, or the interview may proceed without a Union Representative.

When an employee is the subject of a shopper's report or multiple reports and is to be counseled on said report or reports by the Employer, the counseling will take place within a reasonable time period not to exceed thirty (30) days from the date of the last report affecting the employee. The employee and the Union Representative will, by request, be given an opportunity to read said reports during counseling.

4. An employee discharged for cash register irregularities resulting from a shopper's report or multiple reports shall at the time of the discharge be provided with a copy of such reports, including the observer's report, together with the shopper's report. Failure to provide such reports shall convert any discharge into a ten (10) day layoff.

5. A warning notice shall not be required in the case of a discharge for cash register irregularities but such alleged irregularities must constitute good cause for the purpose of sustaining said discharge. Such alleged irregularities shall not constitute good cause for discharge when the Employer fails to follow the procedures set forth in Article 4, Paragraphs A-1 and A-2, unless the alleged irregularities are not affected by failure to follow said procedures.

B. INVESTIGATION/INTERVIEW. In any instance where an employee is to be interviewed and/or interrogated by the Employer or an Employer representative in respect to any alleged violation of the collective bargaining agreement or alleged infraction of Employer policies which may result in disciplinary action, the employee shall be afforded the opportunity of calling a Union Representative and having a Union Representative present during such interview or interrogation.

C. DISCIPLINE.

1. Good Cause. Non-probationary employees shall not be discharged except for good and sufficient cause such as dishonesty, insubordination, incompetency, intoxication, unbecoming conduct or failure to perform work as required. Non-probationary employees who are discharged for incompetency or failure to perform work as required (including excessive absenteeism or excessive tardiness) shall first have had two (2) prior warnings in writing within twelve (12) months preceding the discharge of such incompetency or of related or similar failure to perform work as required, with a copy sent to the Union. The employee so notified shall be required to sign such notice, but such signing shall in no way constitute agreement with the contents of such notice. Age, sex, creed or color shall not be grounds for the termination of an otherwise qualified employee.

2. Discharge for Incompetency. It is understood that a discharge for incompetency shall occur only at the end of an employee's weekly schedule after the employee has completed the probationary period.

3. Notice. Any employee who is discharged shall be informed in writing at the time of discharge of the immediate cause of discharge, with a copy sent to the Union within ninety-six (96) hours thereafter, excluding Saturday, Sunday and holidays.

D. **DEMOTION.** No Special Classification employee, Pharmacy Service Associate, or Pharmacy or Lead Technician shall be demoted from his or her position because of deficient performance in the job without first (1st) having received a prior warning notice in writing, copy to the Union, spelling out the deficiencies.

E. **NOTICE OF INTENTION TO QUIT.** An employee who intends to quit the job shall, to the extent possible, give two (2) weeks' notice of the intention to quit. An employee who gives any notice of the intention to quit his job shall not be terminated or otherwise discriminated against during the current workweek and the workweek following the date on which the employee gives such notice, but in no event can the employee insist upon working later than the designated quit date if a replacement employee has already been hired.

ARTICLE 5 - TRANSFERS/SENIORITY

A. **EMPLOYER TRANSFER OF EMPLOYEES.** The Employer may transfer employees to meet the necessities of the business as long as, in so doing, the employee does not exceed the mileage time limits set forth below. Reasonable tolerance of these time limits shall be allowed for temporary transfers such as vacation relief and store openings. For good and sufficient reason, an employee may refuse a transfer from the jurisdictional area of one (1) Local Union to another or any store on the basis of seniority. An employee with more than one (1) year's continuous service with the Employer may file an application for transfer within the Employer to a store near his or her home. The Employer will give full consideration to such requests and attempt to grant them if it does not have an adverse affect on the business of the Employer. The requests will not be refused arbitrarily.

When the transfer of an employee becomes necessary, due to slackening of business, the Employer shall not require said employee to travel one (1) way more than fifteen (15) miles (radius) between the employee's place of residence and the new location. In making transfers under this Paragraph, the Employer will make every effort to assign employees on a nondiscriminatory basis to the store which would cause the least hardship to the employee and require the least travel time. Such transfer shall not be used for disciplinary purposes.

B. **INTER-UNION TRANSFER.** If an employee is transferred from one (1) UFCW Union's area to another in Southern California, the employee shall retain all seniority, but during a period of six (6) months from date of transfer, shall not displace any other employee, or reduce the employee's hours. This clause shall not be applicable in the event of the application of Article 5(E).

C. **SENIORITY.**

1. Definition. Seniority is the length of continuous employment of an employee with an individual Employer. Seniority shall apply across the Southern California UFCW Clerk bargaining units. Temporary absence from work in accordance with the provisions of this Agreement shall not break seniority. Seniority can be broken only by the following:

- a. Quit.
- b. Discharge.
- c. Layoff for more than nine (9) months.
- d. Failure to return in accordance with the terms of a leave of absence or when recalled after a layoff.

2. Seniority After Job Reclassification. When an employee is transferred from one (1) job classification to another, the seniority acquired with the store and the Employer shall be retained, and new seniority in the new classification shall commence as of the time of transfer. Transfers shall not be made for the purpose of displacing another employee. Should a layoff or reduction in hours occur in a new job classification, the employee shall be permitted to reclaim the position the employee formerly vacated, or whatever equivalent job the employee is able to perform and to which the employee is entitled by the combined seniority in the old and new classification.

Drug Clerks and Pharmacy Service Associates promoted to Pharmacy Technicians shall receive the next higher rate of pay of Pharmacy Technicians and shall progress through the remaining progression steps based on additional months worked.

3. Seniority After Vacation Relief. The seniority of a newly hired employee shall not take effect until the employee has completed the probationary period as provided under Article 2-B-3-f of this Agreement and shall then be retroactive to date of hire. However, the seniority of employees hired for vacation relief periods shall not take effect until sixty (60) days of employment and then shall be retroactive to date of hire. Said sixty (60) day period shall be between May 1 and August 31.

4. Seniority After Christmas Season. The seniority of employees hired as Christmas extras shall not take effect until seventy-five (75) days of employment and then shall be retroactive to date of hire.

D. **ABILITY AND SKILL.** When seniority is invoked by an employee, the employee's ability and skill in performing the work claimed shall be the determining factors in establishing such rights.

E. **LAYOFFS/RECALLS/HOURS REDUCTIONS.**

1. Full-Time Over Part-Time. Full-time employees shall have seniority rights over part-time employees as provided herein this Agreement.

2. Full-Time. A full-time employee who is to be laid off or reduced to part-time status due to legitimate business reasons may either:

- a. Claim, in writing, the least senior part-time position in the employee's store at the time of the layoff, or

- b. Claim, in writing, the least senior full-time position within the Employer's district in which the employee is employed, at the time of the layoff.

3. Part-Time. A part-time employee who is to be laid off due to legitimate business reasons may claim, in writing, the least senior part-time position within the Employer's district in which the employee is employed.

4. Layoff Timing. A layoff shall occur only at the end of an employee's weekly schedule after the employee has completed the probationary period.

5. Recall. Laid off employees shall be recalled within their store on the basis of the last laid off shall be the first (1st) recalled.

a. A laid off employee who becomes eligible to return to work under the seniority provision must appear for work within ninety-six (96) hours, excluding Saturday and Sunday, after the Employer has notified the Union in writing of recall to work. The Employer may notify the employee directly and simultaneously serve notice upon the Union. Notice to the Union shall constitute notice to the employee, and the Employer's obligation to reinstate shall cease after said ninety-six (96) hours.

b. A full-time employee who has been reduced to part-time employment because of legitimate business reasons or for medical reasons, must be offered the first (1st) full-time job that opens in the store in which the employee is employed, provided that the employee is able to fill that job.

F. **FULL-TIME POSITIONS**. A part-time employee shall have the right to claim a full-time position when one becomes available within the Employer's operating district, based upon seniority, provided:

Such part-time employee has the qualifications and ability with the Employer to perform the duties of the claimed position; and

Such part-time employee has notified his/her Store Manager and the Store Manager at the requested store(s), in writing, in advance of the opening of the request for such full-time position. Full-time employees who have been reduced to part-time status due to lack of work shall have priority over part-time employees who have not been full-time and involuntarily reduced. Failure to accept an offer of full-time at one (1) of the designated stores shall thereafter result in the employee being treated as any other part-time employee.

ARTICLE 6 - WORKDAY/WORKWEEK/SCHEDULES

A. **STORE HOURS**. The Employer shall have the sole right to fix and determine the opening and closing hours of its stores.

B. **WORKDAY DEFINED**. For the purposes of this Agreement a working day is the period from midnight to midnight. Where shifts overlap into two (2) working days, payment shall be made for the hours worked on each working day in accordance with the rates established for such days.

C. **WORKDAY GUARANTEES**.

1. Full-Time/Scheduled Day. All full-time employees reporting for work on their scheduled workday shall be guaranteed a full day's work of eight (8) hours with pay; except if a full-time employee is scheduled to work six (6) days in any workweek, the employee shall be guaranteed

four (4) hours' work on the sixth (6th) day. The four (4) hour day need not be the actual sixth (6th) day, but may be, in the Employer's discretion, any one (1) of the workdays in the weekly work schedule except Sunday.

The integrity of the eight (8) hour full-time day shall be preserved and all time worked shall be paid for. Part-time jobs shall not be created or scheduled for the purpose of destroying the eight (8) hour full-time day.

2. Full-Time/Predesignated Day Off. Any full-time employee called for work on the employee's predesignated day off, as established in the work schedule provisions, shall be guaranteed eight (8) hours' work at the overtime rate of pay.

3. Part-Time. Upon reporting for work, all part-time employees and those replacing employees in an emergency shall be guaranteed not less than four (4) hours' work with pay. Only registered school students who are under age eighteen (18) shall be allowed to work less than four (4) hours per shift during the period the student is attending school.

4. On Call. If the Employer requires an employee to remain at home "on call" the Employer shall guarantee the employee four (4) hours' pay at the appropriate rate for such day. All Employer requests for an employee to remain available for "on call" duty shall be in writing to the employee.

D. WORKWEEK GUARANTEES.

1. Full-Time. The workweek shall be Sunday through Saturday. Eight (8) hours shall constitute a regular day's work, and forty (40) hours, consisting of five (5) eight (8) hour days shall constitute a regular week's work. All employees hired to work on a full-time basis or who are scheduled and work at least forty (40) hours in ten (10) consecutive weeks shall be guaranteed forty (40) hours' work per week, except in a holiday week, in which it shall be thirty-two (32) hours, provided the employee is available and able to work the required work schedule. Part-time jobs shall not be created or scheduled for the purpose of destroying the full-time forty (40) hour week principle.

2. Part-Time. All non-probationary part-time employees shall be guaranteed a minimum of twelve (12) hours work per workweek unless it is operationally unfeasible. Unfeasible shall be defined as follows:

a. The employee is called in to cover an absence or illness of another bargaining unit employee or an emergency.

b. The employee is unable to work the scheduled hours or declines to work twelve (12) hours per workweek.

c. The employee working more than twelve (12) hours per workweek declines or refuses to work additional hours when requested to do so.

d. The provisions of Article 7-F-3 of this Agreement shall not be applicable to part-time employees.

3. Part-Time Guarantee. All part-time employees shall, after six (6) months of service, be scheduled a minimum of twenty-four (24) hours per workweek provided the employee is available to

work the scheduled hours. The employee must have a completed Availability Form on record with the Employer. This minimum guarantee is subject to the following conditions:

a. The employee must be available for five (5) out of seven (7) days including Saturdays and Sundays; and five (5) evening shifts (up to one (1) hour after store closing) or up to 11 p.m. if employed in a 24-hour store, but not scheduled to work overnight.

b. An associate may occasionally seek one (1) day or one (1) partial day off in advance of the schedule without reducing the twenty-four (24) hour guarantee. The twenty-four (24) hour guarantee shall include paid time off (such as holidays, jury pay, funeral pay, etc.) and shall not apply as provided in Article 6(E). The associate must work as scheduled.

c. The twenty-four (24) hour guarantee will not apply to an associate who is only available to work four (4) hours per day (thereby triggering a sixth (6th) day at overtime).

d. Past scheduling practices regarding an associate are not controlling. Example, a person who has not been working evenings would have to be available for evening work to be guaranteed twenty-four (24) hours. Management reserves the right to schedule the person twenty-four (24) or more hours without evening hours.

e. The twenty-four (24) hour guarantee shall not require an increase in overall hours.

f. Grievances regarding the twenty-four (24) hour guarantee must be filed by 4 P.M. of the Friday following any Thursday schedule posting or by 4 P.M. on the Monday following any Friday schedule change or shall be forever waived.

g. If hours at a store need to be reduced due to business reasons, the part-time associates with the twenty-four (24) hour guarantee may be transferred to another location pursuant to Article 5(A) or waive the twenty-four (24) hour guarantee in lieu of transfer.

h. Schedule changes shall not arise due to disciplinary reasons, however, the Company reserves the right to determine associate schedules.

i. Eligible employees may elect to work less than twenty-four (24) hours per workweek. Such election must be in writing with a copy to the Union. In such cases the employee will be scheduled pursuant to the twelve (12) hour minimum provided for above. An employee who waives the right to the 24-hour guarantee may revoke this decision with a two (2) week notice, up to a maximum of two (2) times in a rolling twelve (12) month period.

E. **NON-APPLICABILITY OF GUARANTEES.** In the event operations cannot commence or continue for reasons beyond the control of the Employer including, but not limited to, acts of God, fire, flood, insurrection, war, nuclear alarm or disaster, civil disturbance, governmental shut down, or failure of public utilities, the foregoing guarantees shall not be applicable.

F. **WORK SCHEDULE.**

1. **Ready for Work.** All employees shall report for and be ready for work at their scheduled starting time. The term “ready for work” shall include appropriate or required dress.

2. Work Schedule. The Employer shall post a work schedule for a one (1) week period in advance in ink for all employees, showing their surname and first initial, not later than noon on the Thursday preceding the first (1st) day of the following workweek. Any alteration in such work schedule must be made not later than noon on Friday. If the work schedule within any day is changed after noon on Friday without reasonable cause, the matter may be subject to the grievance procedure. The Employer agrees that changes after the Thursday posting will only be made for operational purposes and shall not be made for arbitrary and capricious reasons. An employee shall be guaranteed pay for the specific days in a workweek upon which the employee is scheduled to work, provided the employee is available for such work, subject to Article 6-E of this Agreement.

All employees shall be included on one (1) schedule or two (2) schedules (one pharmacy schedule and one non-pharmacy schedule) which are posted alongside one another. The schedules shall show total number of hours scheduled for each employee. Information shall be posted alongside the schedule indicating employee classification and full-time/part-time status. The Employer will post an agreed upon notice reminding employees to raise schedule issues no later than 2 P.M. on the Friday following the Wednesday posting. Such notice will be posted in the same area where the schedule is posted.

In the event that a new schedule is not posted, the previous weeks' schedule shall apply. In formulating the work schedule of any employee, a minimum of ten (10) hours shall have elapsed between the two (2) consecutive work shifts unless the weekly rotation of Sunday and night shifts is involved, provided, however, that this provision shall not apply to an employee designated by the Store Manager to act in the Store Manager's absence, nor shall it apply in the event of emergencies. Work performed prior to the ten (10) hours' elapsed time in violation of this Paragraph shall be paid at the rate of time and one-half (1½).

The Employer shall endeavor to rotate all clerks on night and Sunday work, except where such rotation adversely affects the Employer's operation, and provided such rotation is agreeable to the employee.

All five (5) day full-time employees shall have one (1) weekend (Saturday and Sunday) off each month except November and December. Any employee not wishing to be scheduled for one (1) weekend off per month shall give notice to this effect in writing to the Store Manager. (In such instances, Article 7-D-3 will apply.)

3. Part-Time Scheduled Hours. More senior part-time employees shall not be scheduled fewer hours in a store than less senior part-time employees, who are qualified to perform the same work in the same store when availability is equal. Alleged violations of this Paragraph must be grieved by 2 P.M. Friday following any Thursday scheduled posting or by 4 P.M. on the Monday following any Friday schedule change or shall be forever waived. Reduction of hours of a less senior employee necessitated by the scheduling of more hours to a senior employee shall not give rise to any schedule/pay grievance by a less senior employee. The Employer agrees that it will not flat schedule all part-time employees in any store.

4. Rest Periods.

a. More Than 6 Hours. An employee working more than six (6) hours in a day shall receive two (2) fifteen (15) minute uninterrupted rest periods during such day. Each fifteen (15) minute rest period includes travel time. The first (1st) rest period shall be given in the first (1st) half of the shift and the second (2nd) period during the second (2nd) half of such shift.

b. More Than 2 Hours. An employee working more than two (2) hours and not more than six (6) hours shall receive one (1) fifteen (15) minute uninterrupted rest period. Each fifteen (15) minute rest period includes travel time. This shall be given during the first (1st) four (4) hours of the employee's shift.

c. All Employees. All employees who are required to work a minimum of an additional one (1) hour of overtime shall be entitled to a ten (10) minute rest period as the total elapsed time away from performing assigned duties prior to the start of such overtime work. Insofar as practicable, rest periods shall be in the middle of each work period. The rest period shall be considered uninterrupted when the employee is not ordered back to work by someone in charge. Should an employee's rest period be interrupted, the employee shall be given a new uninterrupted rest period as soon as possible.

5. Meal Period. All hours shall be worked consecutively, except for a meal period which shall be one (1) hour. No eight (8) hour employee shall be scheduled for more than five (5) hours or less than three (3) hours before a meal break. However, by mutual agreement in writing between the Store Manager and the employee, less than one (1) hour may be established to meet business conditions, but in no event may less than one-half (½) hour be given. If the Union becomes aware of abuse it reserves the right to revoke the option at any location(s) after first covering the Steps 1 and 2 of the grievance procedure contained in Article 16.

6. Sixth/Seventh Day. No employee shall be required to work seven (7) days in any workweek except in an emergency. It shall not be a violation of this contract, nor shall it constitute cause for discharge, if an employee declines to work on the sixth (6th) day of the workweek unless scheduled to work on such day.

7. Sunday Ratio. The Employer may schedule no more than three (3) short shifts [less than eight (8) hours] for every one (1) eight (8) hour shift scheduled.

8. Holiday Ratio.

a. Shift Ratio. The Employer may schedule no more than three (3) short shifts [less than eight (8) hours] for every one (1) eight (8) hour shift scheduled.

b. Less Than 9 Hour Stores. In those stores open for less than nine (9) hours on holidays, full-time employees who have been scheduled for four (4) eight (8) hour days will be permitted to work less than eight (8) hours on the holiday, but will be guaranteed the number of hours the store is open, less a lunch hour if the shift exceeds six (6) hours. Such employees shall receive no less than five (5) hours' pay at the holiday premium rate. If said employees perform work before the store opening and/or after the store closing, the eight (8) hour guarantee at the holiday premium rate of pay shall apply, and all hours worked in excess of eight (8) hours shall be compensated at the holiday premium rate of pay. This exemption from the holiday guarantee shall apply to full-time employees only, unless no full-time employees are available.

9. Holiday Scheduling.

a. Christmas Eve and New Year's Eve. Employees working on the day of December 24th or December 31st shall be scheduled on the basis of inverse seniority to allow the most senior employee(s) the early shift on Christmas and New Year's Eves.

b. For all employees, work on Thanksgiving and Christmas Day shall be voluntary. If the Employer is unable to staff the store with qualified employees on a voluntary basis, the Employer will by inverse seniority schedule qualified employees to work on Thanksgiving and Christmas Day, and if the work schedule has been posted the employee shall be required to work said day.

c. Holiday Work Preference. Written requests by the employee made to the Store Manager prior to the posting of the schedule to work on any holiday shall be given first (1st) preference based on seniority. Written requests must be turned in to the person in charge five (5) days prior to the posting of the work schedule. This provision shall not be a requirement on the Employer to create overtime work.

10. Overtime Preference. Employees shall be given preference for overtime and holiday work by seniority, provided they are qualified to perform such work and available on a timely manner based upon the needs of the business. This provision shall not be a requirement on the Employer to create overtime work.

11. Inventory Work. The present inventory taking practice shall continue; provided, however, that employees covered by this Agreement shall be paid for all time spent taking inventory at the appropriate contractual rate. No inventory work shall be required to be performed by employees covered by this Agreement on the evenings before Thanksgiving, Christmas and New Year's Day.

12. Full-time/Part-time Ratio. The Employer agrees to a ratio that will provide an overall ratio of thirty-seven percent (37%) full-time employees and sixty-three percent (63%) part-time employees, throughout the jurisdiction of this Agreement. It is agreed that all UFCW bargaining unit employees shall be included within the calculation, excluding only employees classified as Christmas extras. The Employer acknowledges that this ratio shall be accomplished through attrition or as provided for in Article 5(E) of this Agreement.

The full-time ratio shall be determined on an all Southern California UFCW Locals basis for clerks. The Employer shall provide to the Union Locals a semi-annual list of bargaining unit employee names, social security number, full-time or part-time status, store and Local Union number. The Employer shall provide to the Union Locals a semi-annual list of the names and store number of non-bargaining unit full-time pharmacists employed at clerk represented stores for ratio verification purposes only. These semi-annual lists shall only be run for the second (2nd) payroll week ending each March and second (2nd) payroll week ending each September and shall automatically be provided to the Union locals.

It is expressly understood by the parties that the Employer may count all full-time pharmacists employed in the bargaining unit stores in the full-time ratio for the purpose of this Section.

13. Working Employees Past Scheduled Hours. Employees shall not be required to stay past their scheduled hours provided the employee has a valid reason and the Employer can obtain another qualified employee to volunteer or through inverse seniority. The Employer shall attempt to provide notice as early in the shift circumstances permit, but in no event less than one (1) hour before the shift ends. Also, no employee required to stay shall be required to stay longer than one (1) hour

beyond the scheduled quitting time. Both one (1) hour requirements do not apply in case of emergency.

ARTICLE 7 - WAGES

A. ALL EMPLOYEES.

1. Base Rates. Attached to and made a part of this Agreement is Appendix A which sets forth the straight-time hourly rates for all employees covered by this Agreement.

2. Prior Industry Experience.

a. New hires shall be credited with prior experience and paid at no less than the wage rate they were last receiving prior to leaving the industry. The number of years employed at the previous Employer shall be counted toward an employee's six (6) year increase and seven (7) year top rate entitlement [five (5) year top rate entitlement for Pharmacy Technicians].

b. New hires not previously employed by the Employer or its predecessor Company who are entitled to prior experience shall receive the entry level wage rate during the first (1st) thirty (30) days of employment and the six (6) month rate during the next ninety (90) days of employment. Thereafter the employee shall be paid in accordance with paragraph (a) above.

c. New hires previously employed by the Employer shall receive full credit for prior experience with the Employer in the type of work to be performed.

d. Definition of Prior Experience. Prior industry experience is defined as experience under UFCW collective bargaining agreements in the State of California in the drug and discount industry or general merchandise in the food agreement during the ten (10) year period prior to employment under this Agreement. Only such experience stated on the employee's application and confirmed by the Employer or acceptable proof shall be credited.

3. Christmas Extra Employees. Clerks hired specifically to work during the period of November 1st through January 15th shall be paid at the clerk minimum rate(s).

4. Journeyman. With reference to clerks hired prior to July 1, 1986, the Employer agrees not to replace them with employees hired on or after July 1, 1986, for the purpose of taking advantage of the lower rates effective on or after July 1, 1986.

B. PREMIUMS.

1. Evening Premium. This Section shall not apply to employees hired on or after July 5, 2004. For all time worked by employees, after 7 P.M. and before 10 P.M., a premium of twenty-five cents (25¢) per hour shall be paid.

2. Night Premium. For all time worked by employees after 10 P.M. and before 7 A.M., a premium of one dollar (\$1.00) per hour shall be paid.

3. Sunday Premium. For all time worked on Sunday by employees, a premium of one dollar (\$1.00) per hour shall be paid. This provision shall not apply to employees hired on or after July 1, 1986.

C. SPECIALTY CLASSIFICATIONS. Each Pharmacy Service Associate, Photo Lab Supervisor, Shift Supervisor A, Shift Supervisor B, Coordinator, and Beauty Advisor, as defined in Article 2-B-3-g and h, who is primarily and regularly responsible for such activity, will be compensated in accordance with Appendix A Wages-Position Premiums.

D. OVERTIME.

1. Daily/Weekly Overtime. All work performed in excess of the regular day's work of eight (8) straight-time hours in any one (1) day, or in excess of the regular forty (40) straight-time hours in any one (1) regular workweek, or thirty-two (32) straight-time hours in any holiday week exclusive of work on the holiday, shall be deemed overtime and paid for at the overtime rate of time and one-half (1½) the employee's regular straight-time rate of pay, or at a higher premium rate, if such is applicable.

2. Sixth Day Overtime/Full-Time. Time and one-half (1½) shall be paid to a full-time employee who works on said sixth (6th) day in a workweek, provided the employee completes the scheduled workweek.

3. Seventh Consecutive Day Overtime/Full-Time. When a five (5) day, full-time employee is scheduled to work more than six (6) consecutive days in any combination of workweeks, said employee shall receive time and one-half (1½) (or such higher premium as may apply) for all time worked after the sixth (6th) consecutive day, until such time as the consecutive days of work have been interrupted by a prescheduled day off. The above shall not apply to regularly scheduled six (6) day employees, provided that overtime or premium rates are paid where applicable. The sixth (6th) day of work within one (1) workweek, whether prescheduled or not, shall act as an interruption in the continuity of consecutive days worked. Where the application of this sixth (6th) day provision would interfere with the rotation of days off, overtime shall be paid after the seventh (7th) consecutive day. This paragraph shall not apply when the seventh (7th) consecutive day is necessary to accommodate the employee's written request for specific days off.

4. Predesignated Day Off Overtime/Full-Time. Time and one-half (1½) pay shall be paid to a full-time employee for work on the employee's predesignated day off as established in the work schedule.

5. Sixth Day Overtime/Part-Time. Part-time employees shall be paid time and one-half (1½), or such premium rate as may apply, for all work performed on the sixth (6th) day of work as such, in any regular workweek, or on the fifth (5th) day of work in any week in which a holiday falls, excluding the holiday, as provided in this contract, except that this Paragraph shall not apply when a part-time employee desires, in writing, additional work, including work on a sixth (6th) workday and the Employer accommodates said employee. If the Union becomes aware of abuse it reserves the right to revoke the option at any location(s) after first covering the Steps 1 and 2 of the grievance procedure contained in Article 16.

6. Early/Late Meal Periods. Eight (8) hour employees who are required to work less than three (3) hours before commencing their meal period shall receive overtime pay for the time between the start of the meal period and the three (3) hour mark. An eight (8) hour employee who is required

to work in excess of five (5) hours without a meal period shall receive overtime pay from the end of the fifth (5th) hour until the meal period commences.

7. Overtime Basis. The overtime rate for employees who receive a wage scale in excess of the rates in this contract shall be based on said employee's actual rate of pay.

8. Nonpyramiding. The following are penalty rates: overtime rates, premium rates (night and Sunday), and holiday rates. No penalty rate of any kind shall be pyramided or paid in addition to any other penalty rates, and only the single highest applicable penalty rate shall be paid for any given hour of work.

E. **PAY PERIOD AND WAGE STATEMENT**. All employees shall be paid on a weekly or biweekly basis. The Employer shall designate a payday not to exceed six (6) days following the completion of the applicable pay period, and employees must be paid on that day. The Employer agrees to furnish each employee with a weekly itemized wage statement showing the name of the employee, period covered, straight-time and overtime or premium hours worked, total amount of straight-time, overtime and premium wages paid, the hourly rate of pay and for apprentices the accumulated hours worked to date, and all deductions made. An employee scheduled off on a payday shall be paid on the employee's last scheduled working day before the payday, if checks are available.

It is understood and agreed that the Employer contemplates changing the method of payment to employees from the present weekly method to a biweekly method of payment. The Union agrees that such a method of payment will be permissible during the term of this Agreement so long as the Employer gives the Union and the employees no less than six (6) weeks' notice in writing.

F. **TIME RECORDS**.

1. Daily Records. The Employer shall furnish forms, either timecards or other time records, on which the employee shall be required daily to record time worked on each day. Such daily record shall be verified by the Employer and employee at least weekly.

2. Collusion or Coercion. In the event of falsification of time records through collusion or coercion, where it is established that both the employee and the Employer had knowledge of such falsification, the employee shall be paid for all time worked, by check mailed to the Union.

G. **TRAVEL TIME PAY**. Whenever an employee is required by the Employer to change from one store to another during the same day, all time consumed by said employee in going either to or from one store to another shall be considered and paid for as part of the employee's regular duties.

H. **INJURY ON THE JOB**. When an employee is 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. 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 schedules 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.

I. **LEGAL PROCEEDINGS**.

1. Required Appearance. Any employee served with a legal notice, citation or subpoena which involves any facet of the Employer's operation, or which may require the employee to appear

in legal proceedings during scheduled work time, shall immediately inform the Employer of such service.

2. Requested Appearance. Employees shall be paid as time worked under the terms of this Agreement for time spent at appearances in legal proceedings at the request of the Employer.

3. Work Related Appearance. In addition, employees shall be paid as time worked under this contract for time spent at appearances or required standby in legal proceedings under subpoena issued by the court when the event, or events, giving rise to the issuance of the subpoena occurred while the employee was on duty working for the Employer, and so long as the Employer is not a party defendant or respondent in such proceeding, and no relief of any kind is sought against the Employer nor the imposition of any penalty or punishment upon the Employer.

4. Former employees who at the time of the legal appearance are no longer employed by the Employer, shall be paid by such Employer at the rate of straight time for the time spent at the legal appearance, with a minimum guarantee of four (4) hours per day. In no sense is it to be construed that the former employee becomes an employee as a result of such payment.

J. STORE/EMPLOYER/VENDOR MEETING PAY.

1. Store Meetings/Employer Meetings. No store and/or Employer meetings shall be held as to conflict with the regular meetings of the Union, and upon three (3) days' notice to the Employer of a special meeting, the Employer agrees to hold no store meetings in conflict therewith. Time spent at store meetings shall be considered as time worked and paid for in accordance with this Agreement, but shall not constitute hours worked with respect to overtime provisions of Article 7-D-2, 3, 4 and 5 or any other premium pay and report-in pay provisions of Article 6-C-1, 2 and 3 for the first (1st) four (4) store meetings held in each calendar year. The Employer will consider reasonable excuses by employees for not attending a meeting on their scheduled day off.

2. Vendor Meetings. If the Employer requests an employee to attend a meeting of any vendor, the Employer shall pay the employee as time worked.

K. AUTO ALLOWANCE. Personnel who travel in behalf of the Employer and who are members of the bargaining unit shall receive all improvements in auto allowance for other personnel who travel for the Employer, but no less than the amount they are presently receiving.

L. TRAINING SCHOOL FEES. Where, as a condition of employment, the Employer requires attendance at a school or training establishment, and where a fee is charged for such instruction or training, the fee shall be borne by the Employer.

M. BOND FEES. Whenever the Employer requires the bonding of any employee or the carrying of any insurance for the indemnification of the Employer, the premiums for the same shall be paid for by the Employer. Should an employee be refused bond by a bonding company, after the first (1st) thirty (30) days of employment, the Employer agrees to make a reasonable effort to secure a bond in an appropriate case without added cost to the Employer.

N. REQUIRED HEALTH EXAM FEES. The Employer shall pay the cost for any city, county or state health examination required of employees who are covered by this Agreement.

O. NO REDUCTION IN RATES. It is further agreed that no employee shall suffer any reduction in rates or general working conditions by reason of the signing of this Agreement. No employee receiving hourly rates in excess of the rates herein shall be replaced by another employee at a lesser hourly rate for the purpose of avoiding any of the provisions of this Agreement.

P. WAGE/PRICE CONTROLS. If by Presidential decree or legislative enactment, wage and price controls are instituted which cause any provisions of this Agreement to affect either of the parties adversely, such provisions may be reopened for negotiations. The party adversely affected must give fifteen (15) days' written notice to the other party in order to so reopen this Agreement. Any issues unresolved as a result of such reopening may be submitted to final and binding arbitration by either party under the procedures set forth in Article 16.

Q. CHARITY. The Employer shall not conduct or handle any campaign or drive for charitable purposes among the employees except where the cooperation and contributions of the employees are voluntary.

ARTICLE 8 - VACATIONS

A. ENTITLEMENT.

1. One Year. All full-time employees who have been continuously employed by the Employer for one (1) year shall receive one (1) week's vacation with full pay.

2. Two Years. All full-time employees who have been continuously employed by the Employer for two (2) years shall receive two (2) weeks' vacation with full pay.

3. Five Years. All full-time employees who have been continuously employed by the Employer for five (5) years shall receive three (3) weeks' vacation with full pay.

4. Fifteen Years. All full-time employees who have been continuously employed by the Employer for fifteen (15) years shall receive four (4) weeks' vacation with full pay.

5. Twenty Years. All full-time employees who have been continuously employed by the Employer for twenty (20) years shall receive five (5) weeks' vacation with full pay.

6. Continuous Employment Defined. Continuous employment for the purpose of this Article shall be measured from the last date of hire with the Employer. However, where there has been continuous leave of absence in excess of one (1) year, the period of continuous employment shall be reduced by the number of full years of such absence. When a first (1st) contract is signed, the period of employment for vacation eligibility shall be measured from the last date of hire with the Employer.

B. PAY.

1. Full-Time Vacation Pay. The term "full pay" shall be defined as forty (40) hours' pay at the employee's straight-time hourly rate which was in effect at the time the vacation became due on the employee's anniversary date provided, however, that if the Employer does not pay the vacation pay on the anniversary date, the payment of vacation pay shall be based on straight-time hourly rate of pay in effect at the time the employee takes the vacation.

Absence from work up to seven (7) weeks or 280 (two hundred eighty) straight-time hours within the period of fifty-two (52) consecutive weeks, immediately preceding the employee's anniversary date, due to sickness, injury or temporary layoff, or other bona fide emergencies, shall be considered as time worked for the purpose of determining eligibility for full vacation pay. In the event that an employee is absent from work in excess of seven (7) weeks, as set forth above, whatever vacation pay the employee is entitled to shall be prorated according to the ratio that the straight-time hours actually worked bear to 2,080 (two thousand eighty) hours. Hours worked shall include paid holidays, paid vacations and paid jury duty.

2. Part-Time Vacation Pay. Part-time employees shall be entitled to vacation pay on each anniversary date of their employment, prorated on the basis of the average straight-time hours worked during the preceding year, according to the vacation formula set forth in this Article 8-A. Said vacation pay shall be based on the straight-time hourly rate in effect on the employee's anniversary date provided, however, that if the Employer does not pay the vacation pay on the anniversary date, the payment shall be based on the straight-time hourly rate of pay in effect at the time the employee takes the vacation.

3. Payment Date. The Employer, in his discretion, must pay the employee the vacation pay due either on the employee's anniversary date or the week in which the vacation is taken. If an employee has not been paid their vacation on their anniversary date, and the employee wishes to be paid in advance of their vacation, the employee may request payment for their vacation two (2) weeks prior to their vacation week. The payment of an employee's vacation pay shall be by separate check or computed at the same tax rate schedule as the computation of regular wages per week. Termination vacation pay is due in accordance with California State Law.

4. At Termination.

a. General. Upon termination of employment for any reason other than discharge for proven or admitted dishonesty, an employee shall receive whatever vacation pay is due, prorated on the basis of the number of straight-time hours worked, provided that the employee has been in the continuous employ of the Employer for six (6) months or longer. Said vacation pay shall be prorated according to the ratio that the straight-time hours actually worked bear to 2,080 (two thousand eighty) hours. Employees terminated for proven or admitted dishonesty shall forfeit all vacation pay.

b. After 6 Months. Employees whose employment is terminated, and who have been in the continuous employ of the Employer more than six (6) months, but less than one (1) year, shall not be entitled to such pro rata pay where termination of employment is due to a discharge or to a voluntary quit, but shall receive prorated vacation only where termination of employment is due to a layoff.

c. After 12 Months. Any employee who has been in the employ of the same Employer for twelve (12) consecutive calendar months, but not to exceed eighteen (18) consecutive calendar months, shall upon termination of employment be entitled to receive a pro rata of the earned vacation on the basis of one (1) workweek consisting of forty (40) hours at straight-time pay for all months for which no vacation has been paid.

d. After 18 Months. When an employee has been in the employ of the same Employer in excess of eighteen (18) consecutive calendar months, the employee shall receive upon termination, a pro rata of accrued vacation pay on the basis of eighty (80) hours at straight-time pay

for all months for which no vacation has been paid, but in no event shall vacation pay for the first (1st) year's employment exceed one (1) week's pay. It is further provided that employees who voluntarily quit after eighteen (18) consecutive calendar months of employment with the same Employer, and prior to two (2) years' employment with the same Employer, shall receive pro rata of accrued vacation pay on the basis of forty (40) hours at the straight-time rate of pay.

e. After 5 Years. An employee who has been in the employ of the same Employer for five (5) years or more shall, upon termination, receive accrued vacation pay on the basis of three (3) weeks per year for all time in excess of five (5) years for which no vacation pay has been received.

f. After 15 Years. An employee who has been in the employ of the same Employer for fifteen (15) years or more shall, upon termination, receive accrued vacation pay on the basis of four (4) weeks per year for all time in excess of fifteen (15) years for which no vacation pay has been received.

g. After 20 Years. An employee who has been in the employ of the same Employer for twenty (20) years or more shall, upon termination, receive accrued vacation pay on the basis of five (5) weeks per year for all time in excess of twenty (20) years for which no vacation pay has been received.

5. No Carryover. Vacation may not be waived by an employee, 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.

C. INDUSTRY VACATION. Additional vacation pay based on industry experience shall be provided in accordance with the provisions of the Trust Fund set forth in Article 14. Said additional vacation pay shall be paid to the employee by the Trust Fund. Any employee entitled to vacation pay as herein provided shall not suffer any loss of credits for health and welfare benefits or pension benefits that are provided under Article 14 of this Agreement.

D. SCHEDULING.

1. Posting/Selection/Scheduling. The Employer shall prepare and post in each store a vacation schedule not later than January 15th of each year and such vacation schedule shall remain posted until March 1st for the purpose of enabling the employees to select their vacation period. Vacation periods shall be fixed by the Employer to suit the requirements of the business, but as far as possible and practicable, vacations will be given during the summer months (through October if requested by the employee), and for employees with school-age children during the school summer vacation. In scheduling a vacation of an employee, the Employer shall give as much notice as possible prior to the date of beginning the vacation but not less than thirty (30) days. Vacation period shall be unbroken except by mutual consent between Employer and employee.

Vacation periods other than those listed above may be applied for to management and full consideration will be given to grant the request unless it has an adverse effect on the Employer's business.

The Employer shall be required to give vacation time off based on the number of weeks of vacation due the employee from the Employer and from the vacation trust fund. Within the limits set forth in this Paragraph, vacations shall be scheduled by seniority.

2. No Accumulation. Vacations may not be cumulative from one (1) year to another.

3. Holiday During Vacation. If a holiday named under Article 9 of this Agreement falls within the vacation period of an employee, the employee shall be granted an additional day of vacation with full pay, or an additional day's pay in lieu of the holiday. The additional day of vacation shall be counted as a day worked for the purpose of weekly overtime computation during the week in which the employee returns to work.

ARTICLE 9 - HOLIDAYS

A. PAID HOLIDAYS.

1. Eligibility. The following days shall be holidays (although the Employer may be open for business on any or all of them notwithstanding Paragraph 2 below) and granted without reduction in pay except during the first (1st) six (6) months of their employment, employees shall not be entitled to pay for time not worked on the holiday, or to overtime for the first (1st) eight (8) hours on the fifth (5th) day of such week.

New Year's Day	Christmas Day
Memorial Day	Personal Holiday (effective 1/1/2009)
Independence Day	Personal Holiday (effective 1/1/2009)
Labor Day	Personal Holiday
Thanksgiving Day	

Employees shall be eligible for personal holidays in accordance with the schedule below:

(a) An employee, who completes 1 year of employment shall be eligible for a personal holiday that shall be taken any time during the remainder of the year except for the month of December;

(b) An employee, who completes 2 years of employment shall be eligible for 2 personal holidays that shall be taken any time during the remainder of the year except for the month of December;

(c) An employee, who completes 3 years of employment shall be eligible for 3 personal holidays that shall be taken any time during the remainder of the year except for the month of December;

(d) Effective January 1st each year, employees who have completed three or more years of service as of that date shall be eligible for 3 personal holidays that shall be taken any time during the calendar year except for the month of December.

Personal holidays are expected to be scheduled and taken. Each employee shall give the Employer no less than 2 weeks' advance notice of the date on which he wishes to observe his personal holidays. Personal holidays may not be celebrated in the month of December. In the event an employee is unable to schedule and take a personal holiday(s), the pay for that holiday(s) will be paid in December each year.

Any unused personal holiday pay, will be paid upon termination.

No employee shall receive pay for any holidays not worked unless such employee has reported for work on the regular working day next preceding and next following said holiday. Employees shall be deemed to have reported for work if absence on said day before and said day after said holiday is due to express permission from or action of the Employer, provided the employee has worked during the holiday week, except that if the employee is absent during the entire holiday week due to illness or injury, then the employee must have worked at least one (1) day during the week immediately preceding the holiday week in order to be entitled to holiday pay.

2. All contractual holidays shall be observed on the holiday itself.

B. HOLIDAY PAY.

1. Worked Holiday Rate. Work as such on a holiday shall be compensated for at two and one-half (2½) times the straight-time hourly rate of pay for all hours worked after an employee's first (1st) six (6) months of employment. Said two and one-half (2½) times shall include any premium pay or overtime that may be applicable, and includes pay for the holiday itself.

2. Full-Time Holiday Week Pay and Schedule. A regular holiday workweek shall consist of the holiday itself and four (4) other eight (8) hour days. All full-time employees shall receive forty (40) hours of straight-time pay for thirty-two (32) straight-time hours of work excluding the holiday. A full-time employee, not working on a holiday, shall receive eight (8) hours' pay for the holiday, in addition to the pay specified in this Agreement for the other four (4) days referred to above. All time worked over the thirty-two (32) hours, exclusive of the holiday, shall be paid for at the rate of time and one-half (1½) the employee's regular rate of pay.

The following hypothetical examples accurately reflect the intention of the parties set forth above with respect to employees after one (1) year of employment.

	(Holiday)							Total Hours Worked	Hours of Pay at Straight Time
	<u>Su</u>	<u>M</u>	<u>Tu</u>	<u>W</u>	<u>Th</u>	<u>F</u>	<u>Sa</u>		
Example #1									
Hrs. wkd.	0	0	8	8	8	8	0	32	
Pay for	0	8	8	8	8	8	0		40
Example #2									
Hrs. wkd.	0	0	8	8	8	8	8	40	
Pay for	0	8	8	8	8	8	12		52
Example #3									
Hrs. wkd.	0	8	8	8	8	8	0	40	
Pay for	0	20	8	8	8	8	0		52
Example #4									
Hrs. wkd.	8	0	8	8	8	8	8	48	
Pay for	8	8	8	8	8	12	12		64
Example #5									
Hrs. wkd.	0	8	8	8	8	8	8	48	
Pay for	0	20	8	8	8	8	12		64
Example #6									
Hrs. wkd.	0	4	8	8	8	8	0	36	
Pay for	0	14	8	8	8	8	0		46
Example #7									
Hrs. wkd.	0	4	8	8	8	8	8	44	
Pay for	0	14	8	8	8	8	12		58
Example #8									
Hrs. wkd.	0	9	8	8	0	8	8	41	
Pay for	0	22½	8	8	0	8	8		54½

3. Part-Time Holiday Pay. Part-time employees with six (6) months or more continuous service with the Employer shall receive holiday pay of five (5) hours if they do not work on the holiday. All hours worked on the holiday will be paid in accordance with Article 9.B.1. If the Employer's accounting period consists of less than four (4) weeks, the Employer and Union shall discuss said developments for the purpose of this Article.

C. VOLUNTARY HOLIDAY CLOSING. When the Employer voluntarily closes the store to the public because of any commemoration day or celebration day, or on any holiday other than those set forth in Paragraph A, above, it is agreed that the employees shall suffer no reduction in straight-time weekly earnings on account of such closing.

ARTICLE 10 - SICK LEAVE PAY

A Eligibility. All employees covered by this Agreement who have been continuously employed by the Employer for a period of at least one year shall be entitled to forty-eight (48) hours of sick leave with pay, and on each anniversary date of employment thereafter they shall be entitled to forty-eight (48) hours of paid sick leave (subject to Paragraph 10(F) of this Article). Sick leave shall be payable only for bona fide illness or injury beginning with the first (1st) working day's absence. Any

working day on which an employee works more than four (4) hours shall not be considered the first (1st) day of absence.

B. Pro Rata. Part-time employees, and full-time employees who failed to work the full year, shall be entitled to sick leave on the basis set forth above on a pro rata of total hours worked or paid for during the year preceding the anniversary date as a ratio to two thousand eighty (2,080) hours.

C. Supplementary Disability Benefits. Supplementary Disability Benefits will be provided in accordance with provisions of Article 14 hereof.

D. Sick Leave Integration. Sick leave pay shall be integrated with the Supplementary Disability Benefits provided under the Trust Fund and California Disability Insurance or California Workers' Compensation Temporary Disability Benefits, or both, so that the sum of the sick leave pay hereunder, and the aforesaid State disability daily benefits which may be payable to an employee shall not exceed one hundred percent (100%) of the employee's daily wage at straight time. If the sick leave pay allowable to an employee hereunder when so combined with any such Supplementary Disability Benefits from the Trust Fund and California Disability Insurance or California Workers' Compensation Temporary Disability Benefits, or both, exceeds one hundred percent (100%) of the employee's daily wage at straight time for any one (1) day, then such sick leave pay for that day shall be reduced accordingly. Any portion of the day's sick leave pay not received by the employee by reason of any such reduction shall be retained as part of the accumulated sick leave pay credit subject to the provisions of Paragraph 10 (F), Unused Sick Leave Pay, of this Article.

E. Sick Pay Defined. For the purpose of this Paragraph sick pay shall mean pay at the employee's regular classification rate for those days and hours which the employee would have worked had the disability not occurred, calculated at straight time.

F. Unused Sick Leave Pay. Commencing with the employee's second (2nd) and succeeding anniversary dates of employment, any sick leave not utilized by the employee during the anniversary year shall accumulate to a maximum of two hundred forty (240) hours. Earned sick leave hours in excess of two hundred forty (240) will be paid out annually on the employee's anniversary date. All accumulated sick leave shall be available for use by employees who are unable to work because of illness or injury as specified in Paragraph 10 (A) of this Article. Employees who retire from the company will receive a payout of all accumulated sick leave hours.

For purposes of this Article in regard to the payment of unused sick leave pay, "retirement" shall apply to an associate who is at least 50 years old, has at least 5 years of continuous service with the Employer, immediately qualifies for a pension under the Southern California UFCW and Drug Employers Pension Plan and advises the Employer, in writing, at least 14 days in advance, that the employee is retiring.

ARTICLE 11 - BEREAVEMENT LEAVE AND/OR PAY

Leave for all employees shall be provided because of death of a member of the employee's immediate family provided, however, that employees shall not be entitled to bereavement pay during their probationary period, but will be given up to three (3) days off without pay. Pay for such leave shall be at the straight-time rate for the hours scheduled for each workday lost because of such absence to a maximum of three (3) consecutive days. Verification of time required for such paid leave shall be supplied to the Employer by the employee, if requested. Immediate family shall be defined as the

employee's spouse, child, mother, father, stepparent, brother, sister, mother-in-law, father-in-law, grandchild, grandparent, stepchild, legal guardian, domestic partner, or other relative living in the employee's home.

ARTICLE 12 - JURY DUTY LEAVE AND/OR PAY

When a full-time employee is required to be in any court or courthouse for jury service the full-time employee shall be scheduled for a day shift from the hours of 8:00 A.M. to 5:00 P.M. on each day that the full-time employee is scheduled for jury service, and on a Monday-through-Friday workweek and shall receive pay during such workweek for each day on such jury service at the rate of eight (8) hours times his straight-time hourly rate. A full-time employee shall be entitled to receive jury duty benefits after the probationary period of employment.

If such full-time employee in addition works for the Employer on Saturday, the full-time employee shall be paid at the rate of straight time. If the full-time employee works for the Employer on Sunday, the full-time employee shall be paid at the Sunday rate of pay.

If a full-time employee is excused, temporarily or permanently from jury service on any scheduled day, i.e., Monday through Friday, the full-time employee shall immediately report for work to complete the remaining hours of the scheduled work shift. Failure to so report shall disqualify a full-time employee from any pay for jury duty for the day in question as long as the transportation time will permit the full-time employee to return to work prior to one (1) hour before the end of the shift.

When a non-probationary, part-time employee is required to report for jury service and such service deprives the employee of pay he otherwise would have earned during the workweek, he shall be paid lost pay based on his average hours worked in the four (4) weeks immediately preceding the first (1st) week of jury service less any compensation received by him for such jury service. Hours paid for jury service will be counted as hours worked toward the minimum weekly hour guarantee. No part-time employee will be required to work on a day in which they have served jury duty.

The Employer may require proof of attendance for jury service. A non-probationary employee must report immediately that he or she has been called for jury service and shall cooperate with the Employer in securing release from such service as appropriate in the circumstances then existing and with regard to the work performed by the individual concerned.

A non-probationary employee shall be eligible for jury duty pay for a maximum of thirty (30) days only during the life of this Agreement. Jury duty pay shall not be required for Grand Jury service. In the event a non-probationary employee is called for a second (2nd) tour of duty during the term of this Agreement, the Employer shall join the non-probationary employee in seeking the non-probationary employee's excuse from service if such service would cause a financial hardship to the non-probationary employee.

ARTICLE 13 - OTHER LEAVES OF ABSENCE

A. EMERGENCY LEAVE. Non-probationary employees may take an automatic 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 Store Manager, or in his or her

absence, notice to the Assistant Store Manager within twenty-four (24) hours of the commencement of said leave. Said two (2) weeks automatic emergency leave of absence shall be a part of the time limits set forth in Paragraph B below.

B. **AUTHORIZED LEAVE.** Employees with six (6) months seniority shall be entitled to leaves of absence for the following reasons and up to the following maximum periods:

1. **Death in Family.** Death in the employee's immediate family or other personal reasons deemed sufficient by the Employer up to a three (3) month period, except when covered by Paragraph 4 below. (Family Care Leave of Absence)

2. **Illness/Injury.** Certified illness, injury, or pregnancy of the employee requiring absence from work up to six (6) months renewable for up to an additional six (6) month period.

3. **Workers' Compensation.** In absences covered by Workers' Compensation, the employee's leave of absence shall be continuous until such time as the employee has been released from his period of temporary disability and is available and qualified for work, provided, however, such leave of absence shall not exceed fifteen (15) months.

4. **Family Care Leave of Absence.** Any employee with at least six (6) months of continuous service, shall be eligible to receive a family care leave of absence without pay for a period of up to four (4) months. The leave may be used following the birth of an employee's child; the adoption and placement of a child with the employee; or for the serious health condition or death of the employee's spouse, child, step-child, parent, step-parent, sister or brother; or of the mother-in-law, father-in-law, grandparent, grandchild, legal guardian or other relative by blood or marriage, provided that such person resides in the same household as the employee.

The leave of absence may be taken in one (1) or more periods of at least one (1) payroll week each [not to exceed a total of four (4) months] within a twenty-four (24) month period from the date the leave began, unless otherwise agreed upon by the employee and the Employer. When combined with a maximum pregnancy-related disability leave, a family care leave would be limited to one (1) additional month.

Leaves may not be granted to both parents of a child at the same time [or at a time when one (1) parent is unemployed] or may be limited to a four (4) month period between both parents.

The Employer may deny a request for family care leave if the leave would cause undue hardship to the Employer.

In cases where the leave is foreseeable, employees must provide the Employer with reasonable advance notice. The Employer can require employees to schedule family care leave so as to minimize disruption of its operations, provided the need for family care leave is foreseeable and the health care provider approves the schedule.

Before approving a leave request, the Employer may request a certificate from a health care provider containing the following information:

- a. The date the serious health condition began.

b. Probable length of the condition.

c. A time estimate from the health care provider on how long the employee needs to care for the individual. (The Employer may request re-certification upon expiration of the time estimate provided by the health care provider.)

d. A statement that the serious health condition requires a family member to provide care to the individual.

Family care leaves must be requested in writing by the employee on available Employer forms and approved by the Human Resource Manager prior to the beginning of the leave period.

An approved family care leave of absence and return to active employment permits the employee to retain his employment date and continuous service date. An employee returning from an approved leave of absence will receive the same or comparable position as he had prior to the leave.

C. UNION BUSINESS. An employee in good standing with the Employer, whose acceptance of employment with the Union takes him from his employment with the Employer, shall, upon written request to the Employer by the Union, receive a leave of absence for the period of his service with the Union, of not less than thirty (30) days, nor more than six (6) months. A Union's request for such a leave of absence, and for the return of an employee to work at the conclusion of such a leave, shall each be served upon the involved Employer, in writing, a minimum of four (4) calendar weeks immediately preceding the date of the proposed commencement of the requested leave and the proposed return to work respectively. Not more than one (1) employee shall be given such a leave from the same store during the same period of time, nor shall more than seven (7) employees in the Company be on such a leave at one (1) time. An eligible employee shall not be granted more than one such leave of absence during the term of this Agreement, nor shall such a leave of absence be granted the employee, who, at the time of his request for such leave of absence, is on a leave of absence from the Employer for any other reason. Upon his return, he shall be reemployed at work similar to that in which he was engaged immediately prior to his leave of absence in accordance with Article 13, Section E. During the period of the authorized leave of absence, the Union shall be obligated to make Trust Fund contributions on behalf of the involved employee. An employee granted a union business leave shall not engage in any union activity involving his or her Employer.

D. LEAVES IN WRITING. All leaves of absence shall be in writing and copies shall be given the Union and the employee.

E. REINSTATEMENT AFTER A LEAVE. Upon a return from a leave of absence the employee shall be restored to the job and location the employee left. If this is impractical, the employee shall be restored to as comparable a job as possible, or to a store which is as close to the person's home as geographically possible within the travel limitations. In said event, if the employee desires to work at his original store after reinstatement at another store, he shall submit a written transfer request to the Store Manager of his original store or shall have the right to claim an open position or the position of a probationary employee in the original store.

F. EMPLOYMENT DURING LEAVE. If an employee works for remuneration during a leave of absence, without receiving written permission from both the Employer and the Union, the employee shall be considered a quit.

G. TERMINATION AFTER A LEAVE. Any employee on a leave of absence who fails to return to work at the expiration of said leave, shall be automatically terminated by the Employer and shall then forfeit all vacation pay and sick leave pay owed under the contract. However, this forfeiture shall not arise if the employee gives written notice, prior to the end of the leave, to the Employer of the employee's decision not to return to work.

ARTICLE 14 - TRUST FUNDS

A. BENEFIT FUND.

1. The existing Health and Welfare Trust Fund known as the Southern California Drug Benefit Fund (hereinafter "Benefit Fund") shall be continued, as modified herein.

2. Benefits and Eligibility. The Trustees are instructed to amend the current benefits and eligibility rules effective January 1, 2009 as directed in the current Memorandum of Agreement. If the maximum contribution rates specified in Paragraph 3 are not adequate to continue the Plans as so amended and maintain the reserves directed by Paragraph 3, then the Trustees shall have the authority to modify the eligibility rules and regulations for active employees and retirees to the extent they determine necessary to operate within the maximum contributions and maintain reserves as provided below in Paragraph 3. Nothing herein shall limit the Trustees in determining the priorities to be given to any particular benefit or set of benefits. Benefit modifications, which the Trustees approve, shall be implemented.

The Trustees may maintain other plan options for other employers provided that the employers whose employees participate in such plans contribute at the rate established by the Trustees that will fund that plan and maintain the reserve required by Paragraph 3 below.

Retirees and their dependents, whether retired before or after August 8, 2004, are not vested in the Benefits provided by the Benefit Fund. There is no obligation on the Employer to continue to contribute or on the Trust Fund to continue to provide retiree benefits after the expiration of this Agreement unless a successor agreement provides for continuation of such coverage. If the contributions provided in Paragraph 3, below, are not sufficient to continue present benefits, the Trustees shall have complete discretion in modifying benefits for retirees including requiring retirees to pay part of the cost of their benefits.

3. Contributions and Reserves.

	<u>Platinum</u>	<u>Gold</u> <u>(75% of Platinum)</u>
July 2008 hours (6% increase) through December 2008 hours	4.0280	3.0210
January 2009 hours (11% increase) through June 2010 hours	4.4711	3.3533
July 2010 hours (8% increase) through June 2011 hours	4.8288	3.6216

July 2011 hours (up to 9.5% increase)
through June 2012 hours

5.2875

3.9656

Employees hired on or after August 1, 2004 shall be required to contribute five dollars (\$5.00) per week for eligible spouse or dependent coverage. The Employer shall attempt to collect required active employee contributions through its payroll system and such collected monies shall be forwarded to the Trust by the Employer on a monthly basis. The Plan shall provide an acceptable electronic data list to the Employer's designated department of new eligible employees and new ineligible employees by the Monday in the last week of each calendar month to enable the Employer's collection of these weekly employee contributions. The Employer shall not owe the Plan any monies or otherwise be liable to any employee in any manner, for the failure to collect employee contributions. It shall be the Plan's responsibility to collect any uncollected required employee contributions.

b. Reserves.

Reserves shall be targeted at three (3) months of projected expenses. If the projected reserves exceed the three (3) months during the last year of the contract, the trustees may take action to temporarily reduce contributions (so as to achieve the three (3) month reserve target at the end of the contract). Notwithstanding any other provision of this agreement, the contribution for the last month of the contract shall be equal to no less than the current cost of the plan.

c. Cost Containment. The Benefit Fund Trustees are directed to explore all reasonable methods of cost containment to minimize the Employer contribution obligations under the contract. In the event Medicare becomes secondary in the application of the retiree benefit plan, the Trustees will take immediate and remedial action to protect the financial integrity of the Plan.

4. Other Benefit Plans. It is understood that the Employer retains any existing rights which he may have, in his exclusive discretion, to alter, amend, cancel, or terminate any existing employee benefit plan or plans or part thereof.

5. Excluded Employees. Employees excluded from the bargaining unit who work for an Employer signatory to this Agreement may participate in any of the foregoing benefits under rules and regulations established by the Trustees. The contributions required for such benefits shall be determined by the Trustees.

6. National Health and Welfare Coverage. In the event that there is passage of National Health and Welfare legislation, the parties agree to reopen the agreement for negotiations, the sole purpose of which shall be to negotiate language instituting prevention of duplicate costs for both the Employer and the employees involved.

7. Amendments. The Trustees are directed to amend the Trust Agreement to be consistent with the provisions of this Agreement. The Trustees shall have the discretion in acting on claims for benefits under the plan subject to review only in accordance with the arbitrary and capricious standard.

B. PENSION FUND.

1. Trust Fund and Pension Plan. The Southern California UFCW and Drug Employers Pension Fund (hereinafter "Pension Fund") shall be continued for the life of this Agreement,

Contributions shall be made to the Pension Fund as set forth below and shall be for the sole purpose of providing pensions for eligible employees as defined in the Pension Plan.

2. Reciprocity. The Trustees are authorized to enter into reciprocal agreements with the Trustees of the other Retail Clerks Unions or UFCW and Retail Employer trust funds to provide for the transfer or preservation of credited service of employees working under the coverage of the Pension Fund and any such other trust.

3. Contributions.

a. The contributions credited for a given fiscal year shall be for hours worked in the twelve month period beginning August and ending July of the following year. For example, contributions for the 2008 fiscal year shall be contributions due for work months August 2008 through July 2009.

b. For the 2008 Plan year and subsequent Plan years, the Employer shall contribute the minimum contribution, up to forty-eight and one-half cents (\$.485) per hour, required to avoid or reduce the amount of accumulated funding deficiency under ERISA or as determined in paragraph b.4 below. Employer contributions under forty-eight and one-half cents (\$.485) per hour in a Plan year shall be handled on the following basis:

1) Unused portion: each company “banks” cents per hour under forty-eight and one-half cents (\$.485) which are not required under the first paragraph of (b).

2) “Banked” cents per hour for a year may be used in another one (1) year period if more than forty-eight and one-half cents (\$.485) is required to satisfy the first paragraph of (b). Employer obligations shall not exceed forty-eight and one-half cents (\$.485) times four (4) years for the period from August 2008 through July 2012.

3) Any “banked” amounts not required under the first paragraph of (b) shall not be owed at end of contract and shall remain a company asset.

4) To comply with the Pension Protection (PPA), the Plan actuary shall provide a certification to the Trustees on an annual basis starting in 2008 stating whether or not the Plan is in endangered status or critical status for the Plan year. Each year beginning in 2009, the actuary will also prepare a preliminary certification reflecting the projected contribution. If the preliminary certification shows that for the plan year in question the plan will be in endangered or critical status, then, effective with hours worked in August of such year, the contribution rate shall be increased (not beyond \$0.485 as per above) to the extent needed for such certification to show the plan to be in neither endangered nor critical status. If at a contribution rate of \$0.485 of the plan is nevertheless projected to be in endangered or critical status, the banked funds, but not more than the amount needed to avoid endangered and critical status, shall be paid to the Fund by the Employer in twelve (12) equal monthly payments beginning in August of such Plan year; provided, however, that all payments of banked funds must be made before the expiration of this Agreement. Each Employer’s banked funds shall be equal to the amount of the reduction in the contribution rate from \$0.485 multiplied by the hours reported by the Employer during the period contributions were reduced under this Agreement. The final certification will reflect these new terms. If the final certification in any given year shows the plan to be either in endangered or critical status, the Trustees shall develop a Funding Improvement or Rehabilitation Plan, as required by the PPA.

5) Employers shall not pay any amount in excess of the maximum deductible amount for the year in which contributions are paid by the Employer.

6) The Trustees, on a yearly basis, will review the funding of the Pension Fund. Based on this review and the current status of the Plan they may authorize an accrual rate increase of no more than ten percent (10%). Such an increase will be for a one (1) year period only but may be reviewed and reauthorized or adjusted each year. It is understood that over the term of this contract the maximum total accrual increase in ten percent (10%) over the accrual rates as of July 2008.

4. Other Pension Plan. It is understood that the Employer retains any existing rights which he may have, in his exclusive discretion to alter, amend, cancel, or terminate any existing Employer pension or profit sharing plan or plans or part thereof.

5. Laws and Regulations. The Trust Agreement and the benefits to be provided under the Pension Plan referred to above and all acts pursuant to this Agreement, the Trust Agreement and the Pension Plan shall conform in all respects to the requirements of the Treasury Department, Internal Revenue Service, and to any other applicable state or federal laws and regulations. If any part of the Pension Plan is determined by a court of competent jurisdiction or an appropriate regulatory agency not to be in accord with the provisions of the Employee Retirement Income Security Act of 1974 or the regulations pertaining to such Act or any amendments thereto, the Trustees are authorized to modify the Pension Plan to conform with such Act or regulations.

6. Amending Agreement. The Trustees are directed to amend the Trust Agreement to be consistent with the provisions of this Agreement. The Trustees shall have discretion in acting on claims for benefits under the plan subject to review only in accordance with the arbitrary and capricious standard.

7. The contribution rate for Employers that first contribute to the Pension Fund after June 30, 1989, excluding Employers whose predecessors first contributed to Pension Fund before June 30, 1989, shall be (\$0.485) per hour and shall not be subject to the minimum contribution or banking provisions described above.

8. Supplemental Benefits. The Trustees are to continue the current one hundred dollar (\$100) bonus program as a general obligation of the Pension Trust for the term of the Agreement.

C. **RESOLUTION OF DIFFERENCES.** Differences between the Employer and the Union as to the interpretation or application of the provisions of the Trust Agreement providing for the establishment and maintenance of the Southern California Drug Benefit Fund and the Declaration of Trust providing for establishment and maintenance of the Southern California UFCW and Drug Employers Pension Fund, relating to employee benefits, shall not be subject to the grievance or arbitration procedure established in this Agreement or any Collective Bargaining Agreement. All such differences shall be resolved in the manner specified in the applicable Trust Agreement.

D. **PAYMENT OF CONTRIBUTIONS.**

1. Payments. Payment of contributions by the Employer required to be made to the trusts established under this Article 14 shall be made on or before the twentieth (20th) day of each month based upon all straight-time hours worked or paid for not to exceed forty (40) hours in any one (1) week during the preceding month by each employee covered by this Agreement. Such payments shall

be accompanied by a list of names of the employees for whom such contribution is made, showing the number of hours worked or paid for as set forth above by each employee during the preceding month. Time during vacation periods (including vacation pay upon termination), sick leave, jury duty, bereavement leave and holiday absences which is paid for as provided for under this Agreement and all work performed on Sundays and holidays, exclusive of daily or weekly overtime, shall be considered as time worked, to which the provisions of this Article shall apply.

No fringe contributions shall be made on behalf of Christmas extra employees. However, should they be employed on or after January 16, the Trust Fund shall credit them with all hours worked for health and welfare purposes retroactive to the date of hire as a Christmas extra, but no retroactive contribution shall be required from the Employer.

Contributions shall not be made for vacation payments made on the basis of industry experience as set forth in Article 8-C and unused sick leave paid in accordance with Article 10-F. The Employer, by payments of the amounts provided for in this Article, shall be relieved of any further liability and shall not be required to make any further contributions to the cost of the benefits, either in connection with the administration of the plans or otherwise. The last payment due under this Agreement shall be made on or before the twentieth (20th) day of July 2012 for the month of June 2012 except as may be required under Paragraph A-3-b, above.

2. Audits/Collections. The Trustees are hereby authorized to institute periodic audits of Employer's contributions to ascertain whether such contributions have been and are being made, fully and accurately.

If any such audit should disclose either an under-reporting or non-reporting of required contributions, the Trustees, at their sole discretion, may assess all or a portion of the audit expenses against such Employer, which the Employer hereby agrees to pay. The Trustees may add reasonable interest charges to any unpaid contributions and such interest charges shall also be paid by the Employer.

If it should become necessary to institute legal action against a contributing Employer to collect unpaid contributions, the Trustees, in their sole discretion, may assess all or a portion of attorneys' fees and court costs against the Employer, in addition to any audit expenses. The Employer hereby agrees to pay such attorneys' fees and court costs. The Trustees are authorized and directed to establish a method to encourage regular and prompt payment by instituting the imposition of liquidated damages to those Employers who are delinquent in their payments.

The Employer agrees to make all pertinent books and payroll records available to the Trustees, or their agents, for their inspection in the conduct of any audit performed pursuant to this Article.

E. **BUSINESS EXPENSES.** It is understood that the provisions of this Article are being entered into upon the condition that the payments made by the Employer hereunder shall be deductible as business expenses under the Internal Revenue Code as it presently exists or as it may be amended subsequent to the date of this Agreement and under any similar applicable state revenue or tax laws.

F. **PENSION AND BENEFIT FUND APPOINTMENTS.**

1. Designation of Trustees.

a. Employer Trustees. For the Pension and Benefit Fund, the number of Employer Trustees shall be four (4), Kaiser-Permanente Foundation, CVS Pharmacy, Rite Aid, Inc., Vons, a Safeway Company, each entitled to appoint a Trustee and his successors.

b. Union Trustees. For the Pension and Benefit Fund, the number of Union Trustees shall be seven (7), with Locals 135, 324, 770, 1036, 1167, 1428, and 1442, each entitled to appoint a Trustee and his successors.

c. The Union Trustees and Employer Trustees shall have equal voting power.

G. ACCEPTANCE OF TRUSTS.

1. The Employer and the Union hereby accept the terms of the existing Health and Welfare Trust, and the Pension Trust Agreements. By this acceptance, the Employer agrees to and shall become a party to both of said Trusts with the same force and effect as though the Employer had executed each original Declaration of Trust.

2. Any amendments that from time to time may be made thereto, including the creation of supplementary trusts to handle any of the funds referred to in this Agreement, shall be binding upon the Employer.

3. The Employer hereby specifically ratifies the appointment of Trustees made by the Employers as set forth in Section F above, designates and appoints them or their successors, as his Trustees, and authorizes them to act in such capacity. Successor Trustees shall be appointed by the same parties as their predecessors.

ARTICLE 15 - GENERAL CONDITIONS

A. NONDISCRIMINATION.

1. Selection of Applicants. Selection of applicants for jobs shall be on a nondiscriminatory basis and shall not be based on, or in any way affected by race, color, creed, national origin, age, sex, or disability.

2. Prohibited Discrimination. The Employer and the Union agree not to discriminate against any person in regard to hire, tenure of employment or job status or termination of employment because of race, creed, religion, color, national origin, age, sex, or disability.

B. UNIFORMS/NAME TAGS. The Employer shall furnish all required uniforms and, except where the garment is of a drip-dry material, shall pay for the laundering and upkeep of same. The Union members shall have the right to wear a Union button. Dress will be in accordance with reasonable and appropriate standards of attire (no blue jeans) for retail employees.

Name tags shall not include the last names but may include the initial of the last name of the employee.

C. RESTROOMS. Restroom facilities shall comply with requirements under applicable regulations or laws.

D. WEIGHT LIMIT. No employee shall at any time be permitted or required to lift any item weighing more than the limit allowed by law.

E. POLYGRAPH TEST. No employee or applicant for employment covered by this Agreement shall be requested or required by any representative of the Employer to be the subject of a Polygraph (lie detector) test for any reason whatsoever. The Employer agrees to refrain from any direct or indirect action that violates this understanding.

F. SUBSTANCE ABUSE REHABILITATION. The Union and the Employer have established a Substance Abuse Rehabilitation Program set forth in Appendix E of this Agreement.

G. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon the successors and assigns of the parties hereto. Should a bona fide sale or transfer of any store occur during the term of this Agreement, the new owner or transferee shall be notified of the existence of this Agreement and the terms and provisions of such Agreement and advised that the new owner or transferee be required to be bound by all of its terms and provisions. Further, such new owner or transferee shall execute a copy of this Agreement so that a record of such transfer may be maintained in the files of the parties.

All obligations of the selling owner pursuant to this Agreement up to the date of sale shall be the responsibility of the selling owner. All obligations required to be performed after the date of sale will be the obligation of new owner and/or transferee.

H. SEPARABILITY CLAUSE. 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 renegotiation and agreement on provision or provisions so invalidated.

I. TITLES. The titles and subtitles used in this Agreement are for the sole purpose of identification and shall have no bearing on the construction or meaning of the paragraphs to which they refer.

J. AMENDMENTS/ADDITIONS/WAIVERS. This Agreement is subject to amendment, alteration or addition only by a subsequent written agreement between and executed by the Employer and the Union. The waiver of any breach, term or condition of this Agreement by either party shall not constitute a precedent in the future enforcement of any such term or condition.

K. EFFECTIVE DATES. Wages for hours worked, holidays, and vacations only shall be effective July 13, 2008. Except where an express effective date is otherwise stated in this Agreement with regard to a particular provision, changes in other economic and all operational terms and conditions shall be effective not later than the date of execution of this Agreement.

ARTICLE 16 - GRIEVANCE, MEDIATION OR ARBITRATION

A. DISPUTES OR QUESTIONS. Any and all matters of controversy, dispute or disagreement of any kind or character existing between the parties arising out of or in any way involving the

interpretation and/or application of the terms of this Agreement shall be settled and resolved by the procedures and in the manner as set forth herein.

B. GRIEVANCE FILING/STEPS.

1. Discharge/Layoff. A discharged or laid off employee has ten (10) days from the date of discharge or layoff, excluding Saturday, Sunday and holidays, within which to file written protest with the Union (with notice to the Employer). Said discharge shall then be subject to this Article. If no protest is filed within said ten (10) day period, or within ten (10) days of the notice specified in Article 4-C-1, all rights possessed by said employee or the Union to protest the discharge or layoff are waived.

2. Wage Discrepancy. If a wage discrepancy is claimed to exist, the representative of the Union shall first attempt to settle it with the representative designated by the Employer.

Failing settlement at this level, the Union shall in writing notify the Employer of the alleged discrepancy and the names of the employees involved, and the period of time that such discrepancy is claimed to cover. Upon receipt of such written notice, the Employer agrees to promptly furnish the representative of the Union wage data pertaining to the alleged wage discrepancy. If the parties fail to settle such wage discrepancy, said discrepancy shall be subject to the provisions of this Article.

3. Reporting Monetary Discrepancies. A claim for unpaid wages, holidays, vacation, jury duty, sick leave, bereavement pay, or night, Sunday, or for any other direct compensation, must be filed with the Union by the employee, promptly upon discovery. The Union shall, thereafter, if it believes such claim has validity, promptly notify the Employer. A claim not filed by the employee with the Union within ten (10) days after discovery and not filed by the Union with the Employer within an additional ten (10) days, shall be deemed null and void. (The Union has twenty (20) days from the employee's date of discovery to file notice with the Employer.) Notwithstanding the foregoing, no wage or other direct compensation claim not involving interpretation of the contract can cause such Employer to pay such claim or any portion thereof retroactively for a period of more than six (6) months immediately prior to the date of the Employer's receipt of notice from the Union of the claim. In any event, the Employer's obligation to compensate an employee for unpaid time worked under Article 7-G, shall not be limited in any way by the foregoing, except for the six (6) month limitation.

4. Grievance Steps.

Step 1 - Store Level. Employees, either directly or with their Union representative, shall attempt to settle or resolve any dispute with their Store Manager or supervisor within ten (10) days after discovery of the event giving rise to the grievance. In the event the matter or dispute is not settled or resolved, the employee shall have ten (10) days in which to file a grievance with the Union with a notice to the Employer.

Step 2 - District Level. Upon receipt of the Union's grievance, as detailed in Step 1, either party may request a formal grievance meeting. Upon receipt of written notice from either party, representatives of the Employer and representatives of the Union shall try to meet within one (1) calendar week in order to attempt to settle or resolve the matter. Any request for a formal grievance meeting must be submitted within ten (10) days after receipt of the employee's written protest.

Step 3 - Corporate Level. If the grievance is not satisfactorily adjusted in Step 2, or if no decision is reached within ten (10) days of the meeting, the union may then present the grievance to the Area HR Director. The grievance will be discussed by a representative or representatives of the Union, and a representative or representatives of the employer within ten (10) days in an attempt to resolve the grievance. The decision of the Employer will be then stated in writing and sent to the Union fourteen (14) days of the discussion date.

Step 4 - Arbitration. Any matter not settled or resolved in Step 3 may be submitted to arbitration by either party to this Agreement, i.e., the Employer or the Union, provided that written demand for arbitration must be made within ninety (90) days from the date of filing of the grievance but not prior to the Step 2 grievance meeting. Failure to comply within the time limits contained in this Paragraph and/or in Steps 1 and 2 shall render the grievance null and void. Any rights possessed by either the Union or the employee with respect to arbitration shall be irrevocably waived. The Employer and the Union agree that with respect to arbitration procedure, past practices will be limited to only those in effect since June 18, 2006, except those pertaining to Article 14.

Upon the receipt of the written demand for arbitration, the parties shall endeavor to select an impartial arbitrator. However, if the parties fail to agree upon an arbitrator who is willing and able to serve within fourteen (14) calendar days after service of the demand for arbitration, the party demanding arbitration, within seven (7) calendar days thereafter, shall submit the demand for arbitration to the Federal Mediation and Conciliation Service to request a list of arbitrators. Upon receipt of this list, an authorized representative of the Union shall strike a name from the panel. Thereafter, the parties shall alternately strike one name each until only one name remains. The person whose name remains shall be the selected arbitrator. The arbitrator shall be requested to provide a minimum of five (5) available dates in five (5) separate calendar weeks (excluding Saturdays and Sundays) over a period not to exceed ninety (90) days from the arbitrator's selection date. If the Union and Employer fail to mutually agree upon an available arbitration date provided by the arbitrator, the arbitrator shall select a binding arbitration date and advise the parties of said date. The arbitration date selected by the parties or mandated by the arbitrator shall not be changed unless mutually agreed upon by the Union and Employer's Labor Relations representative.

The hearing shall be held within ninety (90) days after the arbitrator is selected, contingent upon the arbitrator's availability, with the further understanding that the arbitrator's award will be issued no later than forty-five (45) days after the hearing is completed.

C. TIME PERIODS. The time periods set forth above may only be extended by mutual written agreement between the parties.

D. MEDIATION.

1. Within fifteen (15) calendar days following the Step 2 grievance meeting, either party may request that the dispute be submitted to mediation. Mediation shall be voluntary by both the Employer and the Union and any objections to mediation must be made in writing within seven (7) calendar days following receipt of the above request.

2. The adjustment and arbitration provisions shall be stayed for not more than eighty (80) days pending mediation.

3. Mediation shall take place on the first (1st) Tuesday after the first (1st) Monday of every odd-numbered month (January, March, etc.). Subsequent days for mediation will be scheduled, if necessary.

4. The following two (2) individuals will be scheduled to mediate the disputes on a rotating basis:

- a. Kenneth Schwartz
- b. Louis Zigman

In September of each year, the parties will meet and mutually agree upon a new list of mediators, which may include either or both of the individuals currently on the panel.

5. The procedures set forth in Appendix B attached to this Agreement shall be the rules for the parties and the mediator.

6. All costs of the mediator shall be borne equally by both the Employer and the Union.

7. If the parties agree to be bound by the mediator's recommendation, the decision shall be codified and signed by the Employer and the Union.

8. Any matter not resolved pursuant to this provision may be submitted to arbitration within fifteen (15) days following the mediation. Failure to adhere to the fifteen (15) day time limit will waive any right to arbitration.

E. ARBITRATOR'S AUTHORITY.

1. The arbitrator shall determine the arbitrability of any dispute, should it arise.

2. The arbitrator shall not have the power to alter, change or modify this Agreement in any respect. The rights of the parties to make any changes, modifications or amendments to this Agreement shall be reserved to themselves only, and shall not be subject to the arbitrator's authority.

3. With the exception of arbitrations involving discipline, the expenses of the arbitrator shall be borne equally by both the Employer and the Union. All jointly incurred expenses (i.e., transcripts, reporters' costs, arbitrator's fees, room rental) of arbitrations involving discipline shall be borne by the loser. Unless the grievance which has been submitted to the arbitrator is totally sustained or denied, it shall be deemed split and the jointly incurred expenses shall be borne equally between the Employer and the Union.

4. The arbitrator's decision shall be final and binding on all parties hereto.

F. NO STRIKE/NO LOCKOUT. Matters subject to the procedures of this Article shall be settled and resolved in the manner provided herein. During the term of this Agreement, there shall be no cessation or stoppage of work, lockout, picketing or boycotts, except that this limitation shall not be binding upon either party hereto, if the other party refuses to perform any obligation under this Article or refuses or fails to abide by, accept or perform a decision or award of an arbitrator, and fails to appeal to a court of competent jurisdiction.

ARTICLE 17 - EXPIRATION AND RENEWAL

This Agreement shall be in effect from July 13, 2008 to and including July 15, 2012, and shall continue from year to year thereafter unless either party shall give written notice to the other at least sixty (60) days prior to the expiration date of July 15, 2012 or at least sixty (60) days prior to any subsequent July 15 of any succeeding year of its desire to alter, amend, or terminate this Agreement.

Signed this _____ day of _____, 2009.

FOR THE EMPLOYER:
CVS PHARAMCY

FOR THE UNION:

By _____
John P. Iaderosa, Vice President
Labor Relations

By _____
UFCW Local 135
Mickey Kasparian, President

By _____
Katherine G. Ley
Labor Relations Manager

By _____
UFCW Local 324
Greg M. Conger, President

By _____
UFCW Local 770
Ricardo F. Icaza, President

By _____
UFCW Local 1036
Shaun Barclay, Trustee

By _____
UFCW Local 1167
Bill Lathrop, President

By _____
UFCW Local 1428
Connie Leyva, President

By _____
UFCW Local 1442
Michael Straeter, President

APPENDIX A - WAGES

Minimum Rates:

<u>Clerk</u>	\$8.20
<u>Pharmacy Services Associate (PSA), Photo Lab Supervisor & Coordinator</u>	\$8.55
<u>Beauty Advisor</u>	\$8.70
<u>Shift Supervisor</u>	\$9.00
<u>Pharmacy Technician</u>	\$10.65
<u>Lead Technician</u>	\$11.40
<u>Pharmacy Trainer</u>	\$12.65

Position Premiums. After July 14, 2008, upon promotion to a higher classification, employees will either move to the minimum rate for that position or be given the following promotional premiums whichever is greater:

<u>Photo Lab Supervisor, PSA & Coordinator</u>	\$.35
<u>Pharmacy Technician, Beauty Advisor</u>	\$.50
<u>Shift Supervisor</u>	\$.50
<u>Lead Technician</u>	\$.75
<u>Pharmacy Trainer</u>	\$2.00
Six (6) month increase (applicable only to those employees hired in at the minimum rates)	\$.25

Employees who are on the payroll on the dates of increase shall receive the following wage increases:

Clerks, Photo Lab Supervisors,
PSA & Coordinator

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
.35¢	.35¢	.35¢	.35¢

Shift Supervisors

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
.45¢	.40¢	.40¢	.40¢

Pharmacy Technicians, Lead Technicians,
Pharmacy Trainer & Beauty Advisors

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
.60¢	.50¢	.50¢	.55¢

Employees hired on or after 8/8/2004:

6th year anniversary increase \$1.40, not to exceed top rate. (Increase applies to Clerks, PSA's, Photo Lab Supervisors, Coordinators, Merchandisers, and Shift Supervisors).

Employees hired on or after 8/8/2004 top rate on 7th year anniversary: (Increase applies to Clerks, PSA's):

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$12.75	\$13.10	\$13.45	\$13.80

Employees hired prior to 8/8/2004 top rate payable on 6th anniversary: (Increase applies to Clerks, PSA's):

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$13.75	\$14.10	\$14.45	\$14.80

Employees hired on or after 8/8/2004 top rate on 7th year anniversary: (Increase applies to Photo Lab Supervisors, Coordinator & Merchandisers, and is inclusive of the premium listed in Article 7 D).

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$13.10	\$13.45	\$13.80	\$14.15

Employees hired prior to 8/8/2004 top rate payable on 6th anniversary: (Increase applies to Photo Lab Supervisors, Coordinator & Merchandisers, and is inclusive of the premium listed in Article 7 D).

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$14.10	\$14.45	\$14.80	\$15.15

5th year top rate (Pharmacy Technicians) payable on 5th year anniversary in Tech position:

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$16.80	\$17.30	\$17.80	\$18.35

5th year top rate (Lead Technicians) payable on 5th year anniversary in lead tech position:

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$17.55	\$18.05	\$18.55	\$19.10

5th year top rate (Pharmacy Trainers) payable on 5th year anniversary in tech trainer position:

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$18.80	\$19.30	\$19.80	\$20.35

5th year top rate (Beauty Advisor) payable on 5th year anniversary in position:

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$15.40	\$15.90	\$16.40	\$16.95

Shift Supervisors hired on or after 8/8/2004 top rate on 7th year anniversary:

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$15.40	\$15.90	\$16.40	\$16.95

Shift Supervisors hired prior to 8/8/2004 top rate payable on 6th year anniversary:

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$15.40	\$15.90	\$16.40	\$16.95

Increase all intern and pharmacy graduate rates by the following amounts:

<u>Effective</u>	<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
1st year of RPh school	\$16.50	\$16.75	\$17.00	\$17.25
2nd year of RPh school	17.50	17.75	18.00	18.25
3rd year of RPh school	18.50	18.75	19.00	19.25
4th year of RPh school	19.50	19.75	20.00	20.25
Pharmacy Graduate	25.00	25.25	25.50	25.75

No employee now receiving an hourly wage as shown by the books of the Employer in excess of the minimum rates applicable as herein set forth, shall suffer any reduction in compensation by virtue of the minimum wage provision set forth, provided nothing contained herein shall prevent the payment of greater compensation than the minimum herein specified.

In the event the state or federal minimum wage increases, the Employer shall increase the clerk start rate to twenty cents (0.20¢) above the minimum wage rate and the six (6) month rate forty-five cents (0.45¢) above the minimum start rate.

APPENDIX B - MEDIATION PROCEDURE

The mediation procedure is entirely informal in nature. The relevant facts should be elicited in a narrative fashion to the extent possible, rather than through examination and cross-examination of witnesses. The rules of evidence will not apply and no record of the proceedings will be made. All persons involved in the events giving rise to the grievance should be encouraged to participate fully in the proceedings, both by stating their views and by asking questions of the other participants at the mediation hearing.

The primary effort of the mediator should be to assist the parties in settling the grievance in a mutually satisfactory fashion. In attempting to achieve a settlement, the mediator is free to use all of the techniques customarily associated with mediation, including private conferences with only one party. If settlement is not possible, the mediator should provide the parties with an immediate opinion, based on the Collective Bargaining Agreement, as to how the grievance would be decided if it went to arbitration. That opinion would not be final and binding, but would be advisory. It would be delivered orally and would be accompanied by a statement of the reasons for the mediator's opinion. The advisory opinion could be used as the basis for further settlement discussions or for withdrawal or granting of the grievance. If the grievance is not settled, granted or withdrawn, the parties are free to arbitrate. If they do, the mediator could not serve as arbitrator, and nothing said or done by the parties or the mediator during mediation could be used against a party during arbitration.

Neither non-Employer attorneys nor court reporters or any other type of notetaker shall be allowed to be present at the proceedings.

APPENDIX C- AMERICANS WITH DISABILITIES ACT

When issues arise involving the duty to provide a disabled applicant or employee with reasonable accommodation under the Americans with Disabilities Act (ADA) and regulations issued pursuant to it, the Union and Employer agree to meet within five (5) days of such request or such extended time as reached by mutual agreement in a good-faith effort to enable the Employer to meet its reasonable accommodation obligation in a manner which least conflicts with this Agreement.

If the Union and Employer are unable to reach such a mutual agreement, such dispute shall be subject to the Grievance and Arbitration procedure set out in Article 16. Notwithstanding the foregoing, any employee claiming a violation of the Employer's duty of reasonable accommodation may submit his or her claim to any state or federal tribunal or agency authorized to settle such claim.

APPENDIX D - SUBSTANCE ABUSE REHABILITATION

A. The Employer and the Union agree that use of unprescribed controlled substances which causes intoxication or impairment on-the-job poses risks to the employee, his co-workers, and to the Employer. Recognizing that in a given situation drug abuse may be an illness, it is the parties' intent that the Employer shall offer one (1) rehabilitation opportunity rather than terminating the employee on the first occasion.

B. Use or abuse of prescribed controlled substances may pose the same risks identified in Paragraph 1 above. However, if the prescribing physician certifies that his orders regarding frequency and strength of dosage were followed by the employee, the matter shall not warrant discipline. If the

physician reports to the contrary, then the same process shall apply as to use of unprescribed controlled substances.

C. Use, consumption, sale or purchase of controlled substances on Employer premises or during the period from the start to the finish of a shift (including overtime, if any) shall result in dismissal, unless consumption is pursuant to the prescribing physician's prior specific orders.

D. All employees shall be informed of this policy before testing is administered. Employees will be provided with contact information on each Local's MAP program by the Union. Managers, supervisors, and Union stewards shall be trained to recognize the symptoms of drug abuse, impairment, and intoxication.

E. No employee shall be tested for drug metabolites unless there exists a reasonable suspicion that the employee to be tested is under the influence of drugs. Random or mass testing is strictly prohibited. The term "reasonable suspicion" shall, for the purpose of this policy and Paragraph be defined as follows:

Aberrant or unusual on-duty behavior of an individual employee which:

1. is observed on-duty by the employee's immediate supervisor or another supervisor or manager and is confirmed, if present on the premises, by the observation of another supervisory employee, managerial employee or loss prevention employee;

2. is the type of behavior which is recognized and accepted as symptoms of intoxication or impairment caused by controlled substances or alcohol or addiction to or dependence upon said controlled substances; or

3. results in a work-related accident causing damage to property in an amount exceeding five hundred dollars (\$500.00) or in physical injury to any individual requiring medical treatment other than minor cuts or bruises arising in the normal course of employment.

Reports of drug abuse or aberrant behavior which are not confirmed by supervisory observations shall not constitute reasonable suspicion. Accidents defined in Paragraph E-3 constitute reasonable suspicion.

F. 1. When a supervisor has reasonable suspicion to believe that an employee is using, consuming, or under the influence of an alcoholic beverage or controlled substance, the supervisor shall notify another member of management for the purpose of observation and confirmation of the employee's condition. The employee shall be offered an opportunity to give an explanation of his/her condition, such as reaction to a prescribed drug, fatigue, lack of sleep, exposure to noxious fumes, reaction to over-the-counter medication or illness. A Union representative, store steward, if on the store's premises at the time of observation, or employee witness shall be present during such explanation, and shall be entitled to confer with the employee before the explanation is requested. If both supervisors and/or managers, after observing the employee still have reasonable suspicion to believe that the employee is using, consuming, and/or under the influence of an alcoholic beverage, non-prescribed controlled substance, or non-prescribed narcotic drug while on duty, then, by a written order signed by both the employee's immediate supervisor, if he is present or by another supervisor or manager if he is not, and another member of management, if present, the employee shall be ordered to submit to a 5 Panel NIDA Drug Screen designed to detect the presence of amphetamines, cocaine

metabolites, marijuana metabolites, opiate metabolites, and phencyclidine in accordance with the procedure set forth below, and/ or blood alcohol test.

2. Refusal to submit to toxicology testing after being ordered to do so shall result in discharge.

G. The following procedure shall apply to blood and urine tests administered to employees:

1. No employee of the Employer shall draw blood from an employee.

2. The testing shall be done by a laboratory certified by the State of California as a medical and forensic laboratory which complies with the Scientific and Technical Guidelines for Federal Drug Testing Programs and the Standards for Certification of Laboratories engaged in Urine Drug Testing for Federal Agencies issued by the Alcohol, Drug Abuse and Mental Health Administration of the U.S. Department of Health and Human Services.

3. The standards used to determine what levels of detected substances shall be considered as positive are the most recently published federal guidelines. State guidelines apply to alcohol only. Levels, which are below those set above, shall be determined as negative indications.

4. Any sample, which has been adulterated or is shown to be a substance other than urine shall be reported as such.

5. At the laboratory, a sample of the specimen shall be tested using the EMIT procedure. In order to be considered positive, the sample must also show a positive result on the GCMS confirmatory test. This specimen shall be made available to the union upon request for testing by a laboratory selected by the Union.

H. If the results of the test administered by the Employer on the sample show that the employee, while on duty, was under the influence of or drank, smoked, ingested, inhaled, or injected alcoholic beverages, non-prescribed narcotics, marijuana, cocaine, PCP, or non-prescribed amphetamines, or other tested drug the following procedure shall be followed:

The employee and the Union shall be presented with a copy of the results before any discipline is imposed. The Union and the employee shall then have seventy-two (72) hours to present to the Employer any different results from the test of the sample conducted by a laboratory selected by the Union; however, the failure of the Union or the employee to have the third (3rd) test performed or to present the results to the Employer shall not be used against the employee as a basis for discipline or in any arbitration proceeding. The laboratory selected by the Union must meet the standards set forth in Paragraph G-2. At the employee's request, the Employer will ask the Drug Trust to recommend rehabilitation agencies. Failure to sign a "last chance" agreement and to complete a rehabilitation program shall result in dismissal. Dismissal shall also result if there is another confirmed substance abuse occurring within a twenty-four (24) month period.

I. Employees who seek voluntary assistance for alcohol and substance abuse before reasonable suspicion arises shall not be disciplined for seeking such assistance. Also, if reasonable suspicion later results in testing, which show use of unprescribed controlled substances, the employee shall still be entitled to one (1) more opportunity for rehabilitation and a last chance agreement. The Employer shall use its best efforts to keep confidential an employee's decision to seek assistance provided such assistance is sought prior to the occurrence of work performance or behavior difficulties. Employees

enrolled in substance abuse programs shall be subject to all Employer rules and regulations, and job performance standards.

J. Results of urine and blood tests performed hereunder shall be considered medical records and held confidential to the extent permitted by law. Test shall only be performed for alcohol, chemical adulteration, marijuana metabolites, cocaine metabolites, opiates, amphetamines, and phencyclidine, or other drugs tested pursuant to Federal Drug Testing Guidelines and the laboratory shall only report on the presence or absence of these substances. Test for other drugs shall not be performed and, if such tests are performed, the results of such other test shall not be reported to the employer.

K. The unpaid suspension for positive results shall be limited to four (4) full days, provided the employee has agreed to immediately enter a drug/alcohol rehabilitation program as recommended. If results are negative, days of suspension shall be paid.

L. Nothing contained herein shall be deemed to waive the Union's right to grieve and arbitrate the enforcement and application of this policy by the Employer, including any discipline so issued hereunder.

M. Nothing contained herein is intended to violate any federal or state law, rule, or regulation, and if found to do so in part by any court of competent jurisdiction, then that part shall be made null and void and the parties agree that they will, within thirty (30) days, begin negotiations to replace such void part with a valid provision.

LETTER OF AGREEMENT
BETWEEN
UFCW LOCALS 135, 324, 770, 1036, 1167, 1428 AND 1442
AND
CVS PHARMACY

Promotional Drug Tests and Leave of Absence Poster:

Any employee promoted into a shift supervisor position or into the pharmacy from a front store position must successfully pass a drug test screening in order to be eligible for the promotion. Employees currently in shift supervisor or pharmacy positions are exempt from this testing. Those individuals who do not successfully pass the drug test screening shall be denied the promotion, and enter into the rehabilitation procedures outlined in Appendix D.

The Company shall post in each store its Leave of Absence policies so that bargaining unit members can follow Company procedures to ensure that benefit and seniority rights are not delayed or interrupted.

PART-TIME AVAILABILITY FORM
TO BE COMPLETED BY ASSOCIATE

1) I am NOT available to work the following days and hours on a weekly basis. Indicate those hours which you are NOT available each day with A.M. or P.M. designation.

From: To:	Sunday _____	Monday _____	Tuesday _____	Wednesday _____	Thursday _____	Friday _____	Saturday _____
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2) I can work a maximum of _____ hours per week.

I understand that the number of hours for which I am scheduled is based upon business needs, qualification, availability and seniority. I also understand that if my availability changes it is my responsibility to complete a new Availability Information Form that I will submit to my Store Manager.

TO BE SIGNED BY ALL PART-TIME ASSOCIATES

By: _____ Date: _____
Associate Name (print) Month/Day/Year

Associate Signature Date of Hire (month/year)

TO BE COMPLETED BY STORE MANAGER

I agree that this associate is NOT available to work the above stated days and hours on a weekly basis. I also agree the employee does not want more than the maximum number of hours per week as stated above.

By: _____ Date: _____
Store Manager (print) Month/Day/Year

Store Manager Signature

FOR PART-TIME ASSOCIATE WITH SIX (6) OR MORE MONTHS OF CONTINUOUS SERVICE / 24 HOUR WAIVER

I understand that in order to be scheduled the 24 hour minimum guarantee, I need to be available to work at least a shift on 5 out of 7 days, including Saturday & Sundays; and at least 5 evening shifts (up to one hour after store closing) or up to 11 p.m. if employed in a 24-hour store. I understand that if I am not available to work these times, I may not be scheduled 24 hours each week and therefore may not qualify for health care coverage. I understand that health care coverage is currently available to eligible associates who work or are paid an average of 23 hours per week over a defined period of time.

This associate hereby waives the 24 hour guarantee. (To be signed only by associates who cannot work the above times.)

By: _____
Associate Name (print) Associate Signature

Store Managers must fax a copy of this form to Union immediately if associate is waiving 24 hour guarantee.

I have faxed a copy to the union: _____
Store Manager Signature Date

NOTES