

RETAIL FOOD, MEAT, BAKERY, CANDY
AND GENERAL MERCHANDISE AGREEMENT

APRIL 23, 2007 - APRIL 22, 2011

between

UFCW LOCALS 770, 1167 and 1442

and

HOWS MARKETS

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PREAMBLE

THIS AGREEMENT is made and entered into between HOWS, referred to hereinafter as the “Employer” and UFCW LOCALS 770 AND 1167 chartered by the UNITED FOOD & COMMERCIAL WORKERS INTERNATIONAL UNION, referred to hereinafter as the “Union.”

ARTICLE 1 - RECOGNITION OF THE UNION

A. BARGAINING UNIT.

1. 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 who perform work within food markets presently operated and hereafter established, owned or operated by the Employer within the jurisdiction of the Union.

2. All work or services not specifically excluded by this Agreement is recognized as bargaining unit work. Such bargaining unit work shall not be subcontracted, except as provided herein.

3. Any new work created by the Employer within his stores is recognized and shall be deemed clerk’s work and performed by members of the bargaining unit. The rate of pay for such new work shall be as provided in the several classifications of the collective bargaining agreement. If wages are not specifically provided in this Agreement, it is agreed that should the parties be unable to reach agreement upon wages for such work, the parties shall then submit the matter to arbitration in accordance with this Agreement.

B. EXCLUSIONS.

1. Persons who confine their work solely to demonstration, offering of samples, assisting customers in the selection of merchandise being demonstrated, and activities of an advertising nature.

2. Persons who build promotional displays as long as such displays do not include merchandise for selection or pick-up by customers.

3. Except as provided for in Article 14, the taking of inventories may be done by employees or persons who are not members of the bargaining unit and who are engaged exclusively in such work, provided that any such employees will become part of the bargaining unit upon the signatory Union giving proof (cross-check) of its majority representation of such employees.

4. Notwithstanding any language to the contrary contained in this Agreement between the parties, it is agreed that this Agreement shall have no application whatsoever to any new food market, discount store, drug store or shoe store until fifteen (15) days following the opening to the public of any such new establishment. Neither shall this Agreement have any application whatsoever to any food market, discount store, drug store or shoe store which is reopened after it has been closed for a period of more than thirty (30) days until the fifteenth (15th) day following the date of such reopening to the public.

The Employer shall staff such new or reopened food market with a combination of both current employees and new hires, in accordance with current industry practices of staffing such stores with a cadre of current employees possessing the necessary skills, ability and experience, plus sufficient new hires to meet staffing requirements. Employees, who are thus transferred, upon whom contributions are made to the various

trust funds shall continue to have contributions to the several trust funds made on their behalf in the same manner and in the same amount per hour as such contributions were made prior to their transfer.

Notwithstanding anything in this Agreement to the contrary, it is agreed that when the remodeling of an existing location occurs without such store being closed, the Employer shall only be obliged to give the members of the bargaining unit employed by him in such store an opportunity to perform the work required for such remodeling at the applicable contract rate except that such opportunity to perform such work shall not include any overtime hours. When members of the bargaining unit within such store are not available for such work, such work may be performed by persons not in the bargaining unit.

Notwithstanding anything to the contrary contained in this Agreement between the parties, it is agreed and understood that the probationary period for any new hires in such new or reopened store(s) referred to above shall not begin until the fifteenth (15th) day following such opening or reopening of such store(s) to the public.

5. Persons engaged in the inspection of merchandise displayed for sale as to its condition or status of inventory for the purpose of recommending changes to be made or services to be performed by the employees within the bargaining unit.

6. Store office employees whose work is not directly connected to checkstand operation or procedures.

7. Employees of suppliers engaged in the handling of the following items: bread and cakes when delivered by bakery drivers; potato chips, corn chips and similar snack items, but no other delicatessen products; bulk and cello-wrapped candy when delivered by sales drivers; items requiring immediate refrigeration may be placed under refrigeration but not displayed.

8. No bargaining unit work may be performed within the Employer's retail establishments by persons known as book salesmen or advance salesmen; except that, book salesmen and advance salesmen may check the condition of merchandise and may build initial promotional displays (at specifically designated locations, not to include normal shelf displays), which displays may include merchandise for selection or pick-up by customers; provided, however, that if such displays require replenishment of merchandise because of customer pick-up, such replenishment of merchandise shall be performed by members of the bargaining unit. The foregoing prohibition shall not be construed to apply to work on categories of merchandise which have heretofore been handled by employees of suppliers other than book salesmen and advance salesmen.

When book or advance salesmen or merchandisers employed by suppliers have performed bargaining unit work in a store, other than that permissible under this Agreement, the Union shall notify the Employer in writing. If within six (6) months after the receipt of such notification the Employer permits a further violation of this Agreement in this respect in the store, the Employer shall become liable for the payment of damages. Damages for each such willful violation shall be an amount equal to four (4) hours' pay at the contract rate for an experienced clerk to the Southern California United Food and Commercial Workers Unions and Food Employers Supplementary Unemployment and Supplementary Disability Benefit Fund. The written notices furnished the Employer after violations as described hereinabove shall be effective with respect to the damage provisions set forth above for a period of six (6) months from the date of receipt by the Employer of such notice. Thereafter, additional six-month periods within which said damage formula provisions shall be operative shall begin with a violation of this Paragraph, followed by a written notice of same from the Union. The damage formula shall begin anew for the six-month period with such violation followed by such notice. The foregoing damage formula has been agreed upon because the damages that may be sustained as a result of

each such violation are not readily ascertainable and the sum provided for is intended as compensation for the damages suffered.

9. Any new work created by the Employer covered by the Retail Food, Bakery, Candy and General Merchandise Agreement within his stores involving categories of merchandise not presently offered for sale is recognized and shall be deemed clerk's work and performed by members of the bargaining unit; except that, for a temporary period of tryout and familiarization, not to exceed six (6) months in each store following the introduction of such new category of merchandise, the Employer may contract for the performance of all or part of such work by non-bargaining unit persons; however, after the six-month period has expired, such work shall be and remain in any such store bargaining unit work exclusively subject to the terms of the collective bargaining Agreement. The rate of pay for such new work shall be as provided in the several classifications of the collective bargaining Agreement or as established pursuant to Article 1, Section A-3.

10. Overall Store Manager and Assistant Manager. Two (2) persons commonly known as the overall store manager and as the assistant manager in each of the retail stores or store of the Employer are exempt from the present Agreement. A third (3rd) supervisor and/or managerial exemption, as designated by the Employer, will be allowed in each store that has a total interior square footage of 50,000 square feet or more. No bargaining unit employee shall be involuntarily reclassified as a direct result of this provision during the term of this Agreement. Nothing in this Agreement shall in any way be construed to interfere with any work which the overall store manager, assistant manager and/or third (3rd) exclusion may perform.

11. Owner. There shall not be more than two (2) Employers in any store or group of stores having common ownership. "Employer" as used in this Paragraph means only two (2) officers of the corporation who own capital stock of the corporation. No more than two (2) shareholders of a corporation shall be deemed or classified as an Employer within the meaning of this Agreement. Employers as thus defined may do such work as is necessary in the conduct of the business.

12. The Employer may maintain or adopt the vendor/supplier assistance practices or policies in effect at any employer covered by the October 4, 1999 through October 5, 2003 Retail Food, Meat, Bakery, Candy and General Merchandise Agreement, as well as said practices or policies in effect between October 4, 1999 and Octobers, 2003 at Food 4 Less, Gelsons, Max Foods, Pak 'N Save, Super A and Super Saver.

C. CATEGORIES OF EMPLOYEES. There shall be established by this Agreement four (4) categories of employees to be identified as follows:

1. Food Clerk. Subject to the exclusions from the bargaining unit described above, a Food Clerk is an employee who handles all foodstuffs and including all household paper goods and household cleaning and laundry supplies, and excluding alcoholic beverages and products located in the liquor department including drink mixes and related items, bakery items, bulk foods, candy, nuts and peanuts in the liquor department and candy sections, tobacco, disposable diapers, special purpose party plates, special purpose party cups and special purpose party napkins, snack bar items, take-out food items, service delicatessen items, health products, nutritional supplements, beauty aids and household hardware, drug clerk functions, nursery and florist merchandise, insecticides and general merchandise. Store office employees whose work is directly connected to checkstand procedures or operations are also included in this category.

The parties recognize the industry practice with respect to the allocation of work between the Food Clerk classification and the General Merchandise classification and agree that it is their intent to comply with such industry practice.

Items which have been determined to be Food Clerk work in accordance with either a joint settlement or arbitration award are set forth in Appendix B, which is attached hereto, and is expressly made a part of this Agreement.

2. General Merchandise Clerk. Subject to the exclusions from the bargaining unit described above, a General Merchandise Clerk is one who handles any merchandise including, but not limited to all household paper goods, household cleaning and laundry supplies, alcoholic beverages and products located in the liquor department including drink mixes and related items, bakery items, bulk foods, candy, nuts and peanuts in the liquor department and candy sections, tobacco, disposable diapers, special purpose party plates, special purpose party cups and special purpose party napkins, service delicatessen items, health products, nutritional supplements, beauty aids and household hardware, drug clerk functions, nursery and florist merchandise, insecticides, or performs any function other than that included in the definition of Food Clerk. General Merchandise Clerks may handle bottled water, soda pop, ice and pre-packaged produce (including but not limited to peeled carrots, prepared celery, prepared fruit and bagged salad but excluding bagged bulk items such as potatoes, onions and apples). Traveling clerks of concessionaires who service health products, nutritional supplements, beauty aids and houseware items or similar lines of merchandise shall be classified as General Merchandise Clerks.

Items which have been determined to be General Merchandise Clerk work in accordance with either a joint settlement or arbitration award are set forth in Appendix C, which is attached hereto, and is expressly made a part of this Agreement.

3. Clerk's Helper. A Clerk's Helper is an employee whose duties do not include any of the work of a regular clerk. Clerk's Helpers may perform cleanup work anywhere in the store, except that they shall not perform floor stripping, waxing, or the periodic overall mopping and scrubbing of floors and shelves as distinguished from daily cleanup work, or the washing of windows which constitute exterior walls, which work shall be reserved for classifications other than that of Clerk's Helper. Clerk's Helpers may keep the checkstands stocked with supplies, such supplies not to include merchandise offered for sale. Clerk's Helpers may handle merchandise after it has become the property of the customer and may also assist the checker or cashier in removing merchandise from the baskets or pushcarts and may return carry-backs to the shelves. Clerk's Helpers may collect and line up push carts or baskets and return them to the market and may keep the parking lot orderly and free from refuse. Clerk's Helpers may carry empty bottles to a collection point, sort and account for same and may also carry refuse to a point of disposal. Clerk's Helpers may hang signs, and their duties include breaking up, removal and baling of cartons. Clerk's Helpers may put up and/or remove ice that is not consumed and/or for sale to the public. Clerk's Helpers may put up any non-price specific signs. The work to be performed by Clerk's Helpers is limited to the duties set forth in this Paragraph.

Clerk's Helpers hired prior to the ratification of this agreement shall be considered casual employees and shall not be covered by the collective bargaining agreement during the first one thousand forty (1040) hours of employment, but in no event longer than one (1) year. After completing one thousand forty (1040) hours or one (1) year of employment, or upon promotion, the Clerk's Helper shall be considered a permanent employee and all terms of the collective bargaining agreement apply. At the time the employee becomes permanent his/her seniority date shall be based on his/her original date of hire with the Company.

Clerk's Helpers hired on or after the ratification of this agreement shall be considered casual employees and shall not be covered by the collective bargaining agreement. Upon promotion, the employee shall be considered a permanent employee and all the terms of the collective bargaining agreement apply. At the time the employee becomes permanent, his/her seniority date shall be based on his/her original date of hire with the Company.

Casual Clerk's Helper's may perform only Clerk's Helper duties. Casual Clerk's Helpers may not perform any Food Clerk or General Merchandise Clerk duty. In the event of a violation of this provision, the Company shall pay the most senior part-time Food Clerk or General Merchandise Clerk in the store eight (8) additional hours of pay for each violation of this provision.

The Company agrees that casual Clerk's Helpers shall not be terminated or denied promotion for the purpose of avoiding permanent status. Permanent Clerk's Helpers shall not have their hours reduced or schedules changed as a result of the Company's use of casual Clerk's Helpers.

4. Porter. Porters may perform janitorial duties only and are excluded from performing work in any of the other classifications listed above.

With the exception of the Porter classification, work in a lower category may be performed by employees in a higher category, at the Employer's option, provided the Employer pays the employee at the higher rate.

It is further understood and agreed that nothing contained herein shall preclude an Employer from assigning work from a higher-rated classification of employment to a lower-rated classification at any time regardless of the Employer's practice provided that such an assignment is not violative of the express terms of this Agreement.

ARTICLE 2 - EMPLOYMENT PROCEDURES

A. **UNION SECURITY.** All employees shall, as a condition of employment, pay to the Union the initiation fees and/or reinstatement fees and periodic dues lawfully required by the Union. This obligation shall commence on the thirty-first (31st) day following the date of employment by the Employer who is signatory to this Agreement, or the effective date of this Agreement, or the date of signature, whichever is later.

B. **NOTICE OF NEW HIRES.** The Employer agrees to notify the Union, in writing, within fourteen (14) days from the date of first employment of any employee subject to this Agreement, of the name of such employee, mailing address, store number, Social Security number, the position for which employed, the date of first employment and the rate of pay at which the person is employed.

C. **CONDITIONS OF WORK FOR NEW EMPLOYEES.** The Employer shall pay such person so employed during the period said person is not a member of the Union, the regular Union wages provided for in this Agreement for the class of work said person is doing, and shall in all other respects require said person to work under and live up to all of the provisions set forth in this Agreement.

D. **ENFORCEMENT.** The parties hereto agree that this Article 2 shall be implemented and enforced as hereinafter set forth.

1. Introductory Letter. This letter will be sent by the Union to the employee's home (if the Employer has complied with Article 2-B of this Agreement requiring the Employer to supply such home address to the Union), or to the store where the employee is employed.

(a) This letter will quote the language of Article 2-A of this Agreement and advise employees of the Union's office hours and other matters relating to the employee's satisfaction of his obligations under Article 2-A of this Agreement.

(b) A copy of this letter shall be sent to the Employer's Industrial Relations Department on the same date that the original of the letter is sent to the employee.

2. All employees will be billed for their appropriate initiation fee and/or reinstatement fee and/or periodic dues lawfully applied in accordance with the Bylaws of the Union.

3. Delinquency Notice. This notice will be sent to the employee's home address (if the Employer has furnished the Union with such information); otherwise it will be sent to the store in which the employee works, with copies sent to the Industrial Relations Department of the Employer and to the store manager. The delinquency letter is to be sent to the employee specifically advising him of the delinquency in his financial obligations to the Union, the specific amount due, the date the sum must be received by the Union, the penalty for noncompliance, i.e., discharge if the obligation has not been met; and the address and telephone number of the Local Union offices and hours of operation.

4. Termination Notice. The termination notice shall be sent to the Employer involved. The copy to be sent to the employee shall be sent to the employee's home address (if the Employer has furnished the Union with such information). If the Employer has not furnished such information, the copy shall be sent to the employee at the store where the employee works. The termination notice will be sent at such time as the employee has ignored all efforts by the Union to obtain compliance with this Article 2. The notice will advise the Employer that the employee has failed to comply with the Union Security Clause of this Agreement in that the employee has not paid the initiation fees and/or reinstatement fees and/or dues as lawfully applied. In addition, the notice shall advise that the Union has complied with the decisions of the National Labor Relations Board, as well as its own International Constitution and Bylaws with regard to the required procedural steps of notifying the employee of the delinquency. The termination notice shall also advise that the Union will not accept any payments from the employee from and after the expiration of the "seven (7) day notice." The Union agrees that it will not in fact accept any such payments.

5. 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. The Union shall indemnify and hold harmless the Employer against any and all claims, damages or suits or other forms of liability or expenses which may arise out of or by reason of any action taken by the Employer for the purpose of complying with this Article. With regard to the application of this Article 2-D, all employees covered by this Agreement shall be treated without discrimination.

E. **HIRING NEW EMPLOYEES.** When new or additional employees are needed, exclusive of Clerk's Helpers, the Employer shall 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.

F. **NONDISCRIMINATION.** To the extent required by Federal or State laws, the Union and the Employer agree not to discriminate against any employee or applicant for employment because of race, creed, religion, color, national origin, handicap, age gender, or sexual orientation.

G. **GENDER REFERENCE.** All references in this Agreement to sex, for example, reference to "his," "he" or "him" shall also apply to "her," "she" or "hers" and vice versa. References to "they," "them" or "theirs" shall apply equally to both sexes.

H. DUES DEDUCTION.

1. The Employer agrees to deduct on a weekly basis the regular monthly Union dues and initiation fees from the wages of each employee covered by this collective bargaining Agreement who has completed thirty (30) days of employment and has provided the Employer with a written authorization to make such deductions. Such deductions may include political contributions. Such deductions, when authorized, shall be made from the net wages due an employee each weekly pay period, and shall be transmitted to the Union's office no later than the twelfth (12th) day of the month following the month in which such deductions were made.

2. No deductions will be made until the Employer has received a signed copy of a voluntary individual written authorization to make such deductions.

3. Authorization for such deductions is to be entirely voluntary on the part of each such individual employee, and after one (1) year following his written authorization to make deductions, any such employee may revoke his individual voluntary authorization upon giving thirty (30) days' written notice to the Employer and the Union.

ARTICLE 3 - DISCHARGE

A. DISCHARGE FOR CAUSE.

1. Employees may be discharged for good cause.

2. Employees who are discharged for failure to perform work as required, or excessive absenteeism, shall first have had a prior warning, in writing, of related or similar offense, with a copy sent to the Union. The employee so notified shall be required to initial such notice, but such initialing shall in no way constitute agreement with the contents of such notice. Except for failure to call prices, 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. When a condition arises necessitating a bunching of sales, it shall be mandatory that the checker or cashier involved call the person in charge to supervise the ringing of the accumulated cash.

3. The Employer must inform the employee of the immediate cause of discharge at the time of discharge. Such information shall be confirmed in writing promptly upon request.

4. The Employer shall provide the employee with a copy of all written warning notices when issued.

B. TERMINATION FOR INCOMPETENCY AND LAYOFF. It is understood that discharge for incompetency shall occur only at the end of the employee's current workweek. Discharges for reasons other than incompetency may occur at any time without reference to the work schedule. A layoff shall occur only at the end of an employee's posted schedule.

C. NOTICE OF INTENTION TO QUIT. An employee who intends to quit his job shall, to the extent possible, give two (2) weeks' notice of his intention to quit. An employee who gives any notice of his intention to quit his job shall not be terminated, except for good cause or seniority layoff, or otherwise discriminated against during the current workweek and the workweek following the date on which he gives such notice, but in no event can he insist upon working later than his designated quit date.

D. TERMINATION PAYMENT. An employee who quits or is terminated for any reason shall be paid promptly all monies due.

E. TERMINATION PROCEDURE.

1. Upon the termination of an employee for any reason, the Employer shall within seven (7) days thereafter notify the Union in writing of such termination, stating the reason therefor.

2. A discharged grocery employee has seven (7) days from the date of discharge within which to file written protest with the Union. Following receipt of such written notice to the Union by the employee, the Union has fourteen (14) days in which to file a protest in writing to the Employer. If such protest by the Union is not filed with the Employer within the time limits specified herein, all rights possessed by said employee or by the Union to protest the discharge are waived.

3. Where the Employer fails to give said seven (7) days' notice to the Union, the Union may request a hearing not later than thirty (30) days from the date of termination.

4. Initiation of any claim by Meat Department employees shall be made within ten (10) calendar days of the discharge. Failure to initiate claims within the time limit set forth shall render any complaint null and void.

F. PROBATIONARY PERIOD. The first sixty (60) calendar days of employment shall be considered a trial period, during which time an employee may be terminated for any reason and he shall have no recourse to the grievance procedure set forth in this Agreement concerning such termination, provided, however, that such sixty (60) day period may be extended for an additional fourteen (14) days at the option of the Employer so long as prior notification in writing is given to the Union and the employee. This provision shall also apply to General Merchandise Clerks, Service Clerks and/or Clerk's Helpers promoted to an apprentice Food, General Merchandise, Meat Apprentice or Service Clerk classification to the extent that such an employee shall be returned to his former status during this period without recourse to the grievance procedure.

ARTICLE 4 - SENIORITY, TRANSFER & LAYOFFS

A. SENIORITY LISTS.

1. (a) Within the classifications described above, seniority shall date from the day of assignment to that classification, regardless of hours worked. Seniority within classifications shall be applied in the areas of layoff, transfers resulting from layoff, and additional hours, as specifically described below.

(b) When an employee is promoted, he starts a new seniority date for that classification. For layoff purposes, he can bump back to his former classification carrying with him his total seniority. Company seniority is retained for vacation purposes. Thus, the seniority date of each employee commences with the date of hire with the Company; however, when that employee moves to a new classification his seniority will date, for seniority purposes within that classification, as the first date of his appointment to such new classification.

(c) The Employer will supply the Union with a seniority list of all employees on January 1 and July 1 of each year. Such list shall be updated and supplied to the Union anytime the employer implements a layoff or reduction in hours. Each list shall include the employees name, social security number, store, rate of pay, hire date, seniority date, and full-time/part-time status.

2. When an employee is assigned from one classification of work to another, the seniority acquired within the store and the Company shall be retained, and new seniority in the new classification shall commence as of the time of such assignment. Such assignment shall not be made for the purpose of displacing another employee. Should layoff or reduction in hours occur where the newly assigned employee is to be replaced or

reduced in hours, such employee shall be permitted to reclaim the position formerly vacated, or whatever equivalent position entitled to by the combined seniority in the old and new classifications.

3. Seniority can only be broken by the following:

(a) Quit.

(b) Discharge.

(c) Layoff for a period of time equivalent to the employee's seniority but in no event to exceed twelve (12) months.

(d) Failure to return in accordance with the terms of a leave of absence or when recalled after a layoff.

B. LAYOFFS, TRANSFERS RESULTING FROM LAYOFF AND REINSTATEMENT.

1. Notwithstanding anything in this Agreement to the contrary, it is recognized that business conditions may require reduction of hours and/or layoffs of employees. In such an event, the following shall apply:

(a) In laying off an employee, other than during the probationary period, the Employer agrees to abide by the seniority rule as defined above in the following precedence: Seniority in the store, seniority in the Company district if the Company has established and notified the Union of such bona fide Company district. The Company will advise the Union of its Company districts and any realignments thereof. If the Company does not have districts, seniority shall be on a Company-wide basis.

In the event of the closure of all stores within an existing district, seniority for layoff purposes as provided in this Agreement may be applied to the remaining stores of the Company within the geographical jurisdiction of the Union Local in which the affected employees are employed at the time of such closure. It is not the intention of this clause to continue to retain a single store in the district for the purpose of making this Paragraph not operative.

The Employer will give the Union advance notice of a permanent store closing.

(b) The least senior full-time employee(s) being reduced in hours in the store, within classifications, may bump the least senior full-time employee working in the same classification within twenty-five (25) miles of his place of residence within the Company district in which he is employed. If such employee does not have sufficient seniority to displace the least senior full-time employee within the twenty-five (25) miles within such district, he may bump the least senior full-time employee in his classification within such Company district in which he is employed. Union jurisdictional lines shall no longer be applicable.

(c) The affected full-time employee may elect not to bump the least senior full-time employee in his classification in the Company district in which he is employed and may take a reduction to part-time within his own store based on seniority and the hours available for which he is qualified and available to work.

(d) The least senior full-time employee within the affected classification who is being displaced by the procedure in Paragraph (b) above, may bump the least senior full-time employee in his classification within the Company district in which he is employed. If the affected full-time employee is the

least senior within the Company district, he shall be reduced to part-time within his own store or laid off based on seniority and qualifications.

(e) The least senior part-time employee within an affected classification who is being laid off from work in his store, may displace the least senior part-time employee in the same classification within the Company district in the same manner as set forth in Paragraphs (b) and (d) above. If the affected part-time employee is the least senior within the Company district, he shall be laid off and shall have no bumping rights.

(f) The above is subject to qualified employees being available to perform the required work. It is recognized that the affected employees must possess the necessary ability and qualifications to perform the available work when they assert their seniority rights under these provisions.

2. Insofar as layoffs are concerned for Clerk's Helpers, the application of the seniority rule shall be confined to the store in which they work. If such employees are laid off, they do not have any recall rights in any store other than the one from which they were laid off.

3. Seniority in Layoffs. Except as specified herein, in terminating the employment of an employee, other than for good cause, the Employer agrees to abide by the seniority rule, which means the length of employment, and that the employment of the last employee employed by the Employer shall be the first to be terminated. Age, sex, or color shall not be grounds for the termination of an otherwise qualified employee, as long as those factors do not nullify Section A of Article 3, nor any of the other provisions of this Article.

4. Reinstatement.

(a) The last employee(s) laid off, by reason of slackening of business, shall be given the first opportunity to reinstatement in the former position, if said employee presents himself for work within ninety-six (96) hours, excluding Saturday and Sunday, from the postmarked date of a certified or registered letter to the employee's last known address, and such letter shall state that failure of such employee to present himself within the ninety-six (96) hour period shall cancel his seniority. Failure of such employee to present himself within ninety-six (96) hours shall cancel his seniority.

(b) A full-time employee, who has been reduced to part-time employment because of slackening of business or for medical reasons, must be offered the first (1st) full-time job that opens in the Company district in which he is currently employed, provided that his ability and skill equip him to fill that job. The parties expressly agree that the one-for-one remedy provided for under Paragraph 2-(d) of Section D of this Article shall not be applicable to any full-time job opening that is filled by an Employer pursuant to this provision and that the Employer shall not have any monetary liability of whatsoever nature under this provision until the second (2nd) weekly work schedule posted following its receipt of a written grievance alleging a specific violation of such provision.

(c) Twenty-one (21) days after the store opens to the public, employees who are laid off or reduced from full-time to part-time or reduced in classification in the district shall be recalled by seniority and classification before any new employees who have been hired in the store during this period are retained.

C. OPERATIONAL TRANSFER.

1. It is recognized that to meet the necessities of the business or to advance the Employer's equal employment opportunity program, transfer of employees either within the geographical jurisdiction of a Union party to this Agreement or from the jurisdiction of one such Local Union to another such Local Union may be required. In such cases where such transfer is effected by the Employer, the transferred employee will carry to

such employee's new assignment all seniority, as defined above, acquired in the employ of the Employer. Transfers referred to in this Section shall not require an employee to travel one way more than twenty-five (25) miles between the employee's residence and the new location. Reasonable tolerance of these limits shall be allowed for temporary transfers such as vacation relief and store openings.

2. In cases involving operational transfers, the Employer must show either (a) business necessity or (b) the transfer's necessity to advance the Employer's equal employment opportunity program.

3. A senior employee may refuse an operational transfer only if it is over twenty-five (25) miles from his place of residence; provided, however, that the employee is protected inasmuch as the operational transfer provisions shall not be applied in an arbitrary, capricious, or discriminatory manner, or for disciplinary purposes, and shall not be utilized as a device for creating hardship to the employee in order to force or provoke resignation.

4. If an employee is transferred to another store for any reason, he carries his seniority with him, provided that no employee is displaced or reduced in hours as a direct result of a transfer from the geographical jurisdiction of one Local Union party to this Agreement to the geographical jurisdiction of another Local Union party to this Agreement.

5. The Employer shall have the right to transfer employees from one Company district to another Company district without regard to Local Union jurisdiction and without penalty. Such transferred employees shall retain all their seniority rights.

D. ADDITIONAL HOURS.

1. (a) All part-time employees shall be scheduled in accordance with seniority within their store and comparable job assignment/department for scheduled shifts providing maximum hours up to and including eight (8) hours per day and forty (40) hours per week. Any employee wishing special scheduling consideration (fewer hours per week, certain days off and preferential schedule hours) must make such needs known in writing to the store management prior to noon Tuesday. Such notices will remain in effect until revoked in writing by the employee. Store management will attempt to accommodate, by seniority, as many such requests as operationally practical.

(b) All full-time employees will receive consideration, based on their seniority and qualifications, for schedule preference in comparable job assignments.

2. (a) Within classifications, when a permanent schedule calling for a forty (40) hour workweek on any assignment or shift becomes available in a given store, such work schedule shall be offered on the basis of seniority and qualifications to an experienced clerk, working less than forty (40) hours.

(b) "Experienced clerk" shall mean a clerk entitled to the experienced rate of pay for his classification according to Article 6, Section D of this Agreement; provided that, it is further understood that within classifications, if all experienced clerks as so defined are working at least forty (40) hours per week, then the forty (40) hour work schedule shall be offered on the basis of seniority to an apprentice who is qualified to do the work and who is working less than forty (40) hours per week.

(c) Skills and ability are recognized for the Employer's assignment of Department Heads, third (3rd) person's, and P.I.C.'s (person-in-charge), who shall be designated on the schedule. Such employees are excused from the application of seniority. The P.I.C.'s must be in charge for sixty-four (64) hours or more per calendar month [eighty (80) in a five-week month].

(d) In the event an employee attains sixteen (16) consecutive full-time weeks of employment in the store in which he is employed or is hired full-time, the one-for-one remedy shall apply, provided a more senior available employee in the store who has the skill and ability to perform the work involved successfully grieves. The Employer's obligation to promote the most senior available part-time clerk commences upon the Union's written notification to the Employer of the fact.

E. SENIORITY GRIEVANCES. Grievances pertaining to the application of seniority shall be filed in writing with the Employer within forty-eight (48) hours of the posting of the schedule. Grievances not filed within this time limit shall be deemed null and void for the week that was scheduled or any prior week. Said time limitation shall not apply to grievances relating to the filling of permanent full-time vacancies, except as to claims on behalf of the employees employed in the store in which the vacancy occurs. In such cases where the said time limitation does not apply, when the Employer fills a permanent full-time vacancy, written notice to the Local Union shall be mailed within seven (7) days from that date advising of the name of the individual selected to fill such vacancy. The Local Union may file a protest or claim within seven (7) days of the receipt of such notice, provided that any such protests or claims filed after the expiration of such seven (7) day period shall be deemed null and void. Such claims shall not have retroactive application before the date that such claim is filed by the Local Union unless the Employer fails to give the seven (7) day notice described above and, in the event of such failure, retroactivity of any claim may begin as of the date of the challenged assignment to the permanent full-time vacancy. In the event that the notice of the filling of such permanent full-time vacancy is sent to the Local Union after the expiration of the seven (7) day period, the Local Union shall still have seven (7) days after the receipt of such tardy notice to file its protest or claim. As above, protests or claims not filed by the Local Union within such seven (7) day period shall be deemed null and void.

F. SENIORITY AND QUALIFICATIONS. When seniority is invoked by an employee, qualifications for performing the work claimed shall be one of the determining factors in establishing such rights.

Should an issue arise regarding the application of seniority where employees are hired on the same day, the last four digits of the employee's social security number (on record with the Employer) shall be used as the impartial tie breaker with the highest number designating the senior employee.

G. PROMOTION. In the event an employee is transferred, within the Company, out of the bargaining unit for any reason and is later transferred back, he shall be returned to employment as an experienced clerk in a department in which he formerly qualified without loss of seniority from his last date of hire.

H. DEMOTION. No person shall be denied his seniority because of demotion.

I. TRANSFER TO HIGHER CATEGORY.

1. With respect to General Merchandise Clerks, when a permanent job is available for work to be performed in Food, any General Merchandise employees in the store shall be considered candidates. If a General Merchandise Clerk is selected for the Food position, such employee shall be paid the rate of pay according to said employee's experience.

Employees promoted to a higher rated classification of employment shall receive the next immediate higher rate of pay for that classification and be credited with the hours for the progression to which the employee is placed. The employee shall then work five hundred twenty (520) hours and continue to progress through the remaining steps each five hundred twenty (520) hours thereafter.

2. Where an employee is transferred from one category of work to another, the seniority acquired with the store and the Company shall be retained, and the new seniority in the new category shall commence as of the time of transfer. Transfers shall not be made for the purpose of displacing another employee. Should layoff or reduction in hours occur where the transferred employee is to be replaced or reduced in hours, he shall be permitted to reclaim the position he formerly vacated, or whatever equivalent position he is entitled to by his combined seniority in his old and new categories.

3. Clerk's Helpers, as well as employees employed in classifications other than Food Clerks, who accumulate one (1) year of service with the Employer under this Agreement, shall upon making application to the Employer, be considered candidates in the store for promotion to apprentice clerks, in the case of Clerk's Helpers, or to Food Clerks, in the case of the General Merchandise Clerk, based upon his ability and qualifications and his employment record.

4. Should such Clerk's Helpers and/or General Merchandise Clerks, as a result of the application of the above, be assigned a permanent forty (40) hour per week schedule, such assignment shall be excluded from the "one-for-one" formula referred to in the seniority letter dated July 22, 1981. However, no Clerk's Helper or General Merchandise candidate shall be assigned to a permanent forty (40) hour per week schedule pursuant to this Paragraph unless his seniority qualifies him for that position.

J. CLARIFICATION. Nothing in this Article shall in any way hinder or prevent the application of Section A of Article 3.

K. HIRING PROCEDURES. Nothing contained in this Article 4 shall impair any of the rights of the Employer to hire new or additional employees to meet the employment needs of the Employer, in accordance with the terms and provisions of this collective bargaining Agreement or to meet the obligations of the Employer under Article 2, Section F of this Agreement or to take affirmative steps to comply with any requirements under any applicable Federal or State law prohibiting discrimination in employment.

ARTICLE 5 - WORKING HOURS AND OVERTIME

A. FULL-TIME EMPLOYEE.

1. A full-time employee is defined as one who is hired to work at least forty (40) straight-time hours per week [five (5) eight (8) hour days or four (4) ten (10) hour days] or who works at least forty (40) straight-time hours a week [five (5) eight (8) hour days or four (4) ten (10) hour days] in sixteen (16) consecutive weeks. For purposes of this Section, a Sunday or a holiday worked will be considered to be straight-time hours in cases in which the Sunday or holiday is one (1) of the five (5) eight (8) hour days worked by the employee during the workweek in question. Holidays not worked but paid for and vacations taken in full week increments shall not interrupt the sixteen (16) consecutive week requirement set forth in this Section. A specific individual's assignments to temporary vacancies caused by vacations, illness, injury, or leave of absence shall neither count toward nor interrupt the aforesaid accumulation of the sixteen (16) consecutive weeks. Such full-time employee is guaranteed a minimum of five (5) eight (8) hour days' work, when said employee works as scheduled or required. A full-time employee may be scheduled to work four (4) ten (10) hour days on a voluntary basis. Prior to scheduling an employee to work four (4) ten (10) hour days, the Employer must obtain the employee's voluntary written consent to such schedule. Such consent may be revoked at any time.

2. The Company shall maintain a ratio of full-time to part-time Food Clerks and General Merchandise Clerks throughout the company of no less than sixty percent (60%) full-time: forty percent (40%) part-time. The Employer agrees to provide to the Union a seniority list by store which includes the designation

of number of full-time and part-time Food Clerks and General Merchandise Clerks during March and September of every year.

B. PART-TIME EMPLOYEE.

1. A part-time employee is defined as one who is hired to work less than forty (40) hours per week, and is guaranteed at least four (4) hours' work per day when said employee works as scheduled or required. Part-time students and/or Clerk's Helpers shall be guaranteed at least two (2) hours' work per day when said employee works as scheduled or required.

2. Except for Clerk's Helpers, each part-time employee shall be scheduled for at least twenty-four (24) hours work in each week. In the case of Clerk's Helpers, each part-time employee shall be scheduled for at least sixteen (16) hours' work in each week provided that the employee is available, willing and able to work as scheduled during such workweek.

3. The aforementioned weekly guarantees shall not apply if one or more of the following conditions exist:

(a) The store is normally open for business six (6) days or less in the workweek;

(b) A week in which one of the holidays named in this Agreement falls;

(c) Employees scheduled to work are absent;

(d) Work is not available as set forth in Section V of this Article;

(e) The part-time employee, the Employer and the Union agree that the employee may work less than twenty-four (24) hours per week, except in the case of Clerk's Helpers, who may work less than sixteen (16) hours per week in any week without the Union's agreement in accordance with this Section B;

(f) An unanticipated, significant business fluctuation;

(g) During the week an employee is hired, recalled from layoff or returns from leave of absence.

4. The Employer agrees that it will not flat schedule part-time employees in any store.

5. Part-time Meat Cutter. A part-time employee is one who is employed for less than forty (40) hours per week on a regular basis. Part-time employees shall receive all the benefits as specified in this Agreement. The Employer shall have the right to hire part-time employees to meet the needs of the business, but part-time employees shall not be hired to replace or to avoid hiring full-time employees.

C. EXTRA MEAT CUTTER. An Extra Meat Cutter is an employee who is hired on a daily and/or temporary basis to fill vacancies caused by such events as vacations, illness, injury, leaves of absence, jury duty, funeral leave, other personal leaves, personal days off, store openings or seasonal fluctuations in store sales volume, and emergency situations. Such employees shall not acquire seniority, unless and until they are reclassified as a full-time employee or part-time employee as defined in this Article. All Extra Meat Cutter employees shall be engaged and paid for full eight (8) hour shift.

D. **WORKWEEK.** The workweek shall be Monday through Sunday. For full-time employees, eight (8) hours shall constitute a day's work and forty (40) hours, consisting of any five (5) eight (8) hour days out of seven (7), shall constitute a regular week's work.

E. **OVERTIME.** All work performed in excess of eight (8) hours in any one (1) day, or in excess of forty (40) hours in any one (1) workweek, shall be deemed overtime and paid for at the overtime rate of time and one-half (1½) the employee's regular rate of pay. Full-time employees voluntarily scheduled to work four (4) ten (10) hour shifts shall be paid daily overtime at the rate of time and one-half (1½) the employee's regular rate of pay for all worked performed in excess of ten (10) hours in any one (1) day.

Within the Meat Department there shall be no regularly scheduled daily overtime in excess of one (1) hour without agreement with the Union. Scheduled overtime over one (1) hour shall be on a voluntary basis. Non-scheduled overtime shall not exceed three (3) hours in any one (1) day.

F. **SIXTH DAY/GROCERY.** A full-time grocery employee may be scheduled to work six (6) days in any workweek. In that event, and in addition to the guarantee of five (5) eight (8) hour days, he shall be guaranteed a minimum four (4) hours' work for such sixth (6th) day, as long as such sixth (6th) day is not Sunday. The four (4) hour day need not be the actual sixth (6th) day of work, but may be, at the Employer's discretion, any one of the six (6) days in the weekly work schedule, other than Sunday. Time and one-half (1½) shall be paid on such day if the employee is scheduled to work less than eight (8) hours, and contingent upon the employee's completion of his schedule, provided that all time over eight (8) hours in any one (1) day, or forty (40) hours in any one (1) week, shall be paid at the overtime rate.

G. **SIXTH OR SEVENTH DAY/GROCERY.** No grocery 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 said employee declines to work on the sixth (6th) or seventh (7th) day of the workweek unless scheduled to work on such days.

H. **SIXTH OR SEVENTH DAY/MEAT.** All work performed on the sixth (6th) day in the workweek by Meat Department employees shall be paid for at the rate of time and one-half (1½) the regular rate of pay of the employee involved, or the applicable rate for Sundays and holidays as specified in this Article. No Meat Department employee shall be required to work seven (7) consecutive days in the workweek; however, in case of emergency work performed on the seventh (7th) day in the workweek, or work performed on the sixth (6th) day in a holiday workweek, exclusive of the holiday, triple pay or three (3) times the employee's regular rate shall be paid.

I. **REGULAR WORKDAY.**

1. The regular day's work for all employees shall be worked within nine (9) consecutive hours, and all employees shall receive one (1) hour off for lunch at approximately the middle of the working shift. No eight (8) hour employee shall be scheduled for more than five (5) hours or less than three (3) hours before a meal break. Where night stocking crews are required to work behind closed doors, a one-half (½) hour lunch period may be instituted. Notwithstanding the above, in a given store, deviations in lunch schedules may be made upon mutual agreement between an employee and the Employer with the approval of the Union.

2. There shall be no split shift. Where the operation does not permit more than one (1) employee in any single shift, a one-half (½) hour lunch period may be allowed in order to permit continuous coverage of the store and permit the employee to work a full eight (8) hour day. Relief for lunch periods shall be handled in the same manner as the relief for rest periods.

J. **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.

K. **LEGAL PROCEEDINGS.**

1. 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.

2. In addition, employees shall be paid as time worked under this contract for time spent at appearances in legal proceedings under subpoena issued at the request of any public authority and enforceable by a 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 him.

3. 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.

L. **WORK SCHEDULE.**

1. The Employer shall post a work schedule in ink for all employees, specifying start and finish of shifts and including surname and first initial, not later than 12:00 noon on Friday preceding the first day of the following workweek. If the work schedule within any day is changed after Friday without reasonable cause, the matter may be subject to the grievance procedure. An employee shall be guaranteed pay for the specific days in a workweek upon which he is scheduled to work, except as set forth in Article 3, Section B. It shall be the responsibility of each employee to check his work schedule. In the event a new schedule is not posted, the previous week’s schedule shall apply.

2. 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 predesignated on the work schedule by the store manager to act in his absence, nor shall it apply in the event of emergencies. Work performed prior to the ten (10) hours’ elapsed time shall be paid at the rate of time and one-half (1½). In no event will an employee be scheduled or required to work with less than eight (8) hours between shifts, except in the case of an emergency.

M. **FALSIFICATION OF TIME RECORDS.** The Employer and the employee shall be jointly required to maintain daily records of time worked on time cards or other forms furnished by the Employer and the employee shall be required to verify such report weekly. Such daily record shall be available for inspection at all times by the employee’s supervisor, or upon request by the Union official entitled to such information.

1. No Employer Knowledge. In the event of proven falsification of such time records by an employee, where it is established that the Employer or his representative had no knowledge of such falsification, the employee may be summarily dismissed, and he shall be entitled only to pay for the time reported.

2. Collusion. In the event of falsification of time records where it is established that both the employee and the Employer or his representative had knowledge of such falsification, the employee may be disciplined, and he shall be paid for all time worked by check mailed to the Union. In such cases, where an

employee receives pay for work that was not recorded on the time report, a sum equal to that amount shall be paid by the Employer to the Health and Welfare Fund. All claims under this Section shall be limited to the ninety (90) day period immediately prior to the date the claim is presented to the Employer.

3. Coercion. Where it is found that time worked without pay is the result of coercion on the part of the Employer or his representative, and provided that the employee has reported such coercion to the Union by the next following payroll period, payments to the Health and Welfare Fund shall be made as hereinabove set forth and the employee shall not be subject to discipline, and shall receive pay for all time due.

N. **CONSECUTIVE DAYS WORKED**. Where a full-time employee is scheduled to work more than seven (7) 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 seventh (7th) consecutive day, until such time as his 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 and/or premium rates are paid where applicable.

O. **PREDESIGNATED DAY OFF GUARANTEE**. Whenever any full-time employee, including full-time Clerk's Helpers, is called in for work on his predesignated day off, said employee shall be guaranteed a full day's work at the overtime rate of time and one-half (1½), or the premium rate, whichever is applicable. Hours worked on such predesignated days off shall not be counted for the purpose of computing weekly overtime. Such predesignated days off, worked or not worked, shall interrupt the continuity of consecutive days worked.

P. **SUNDAY GUARANTEE**.

1. Except as provided below and exclusive of part-time Clerk's Helpers, when any employee is required to work on Sunday, he shall be guaranteed eight (8) hours' work at the Sunday premium rate. All Clerk's Helpers who are required to perform work on Saturday or Sunday shall be guaranteed four (4) hours' work on those days, as long as they are able and available to work those hours. Part-time Food Clerks may be scheduled for a four (4) hour minimum guaranteed shift on Sunday in a ratio of one (1) such shift to every two (2) eight (8) hour Food Clerk Sunday shifts or fraction thereof.

2. Employees classified as General Merchandise Clerks shall be guaranteed four (4) hours of work at the Sunday premium rate of pay when required to perform work on Sunday.

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

4. This clause shall be deemed to have been complied with if less than an eight (8) hour shift is worked on Sunday, but said hours are part of an eight (8) hour shift which includes hours on either Saturday or Monday.

5. In the event the Employer is not able to obtain enough qualified voluntary employees in the needed classifications, qualified employees in the needed classifications shall be selected to work on Easter

Sunday by order of inverse seniority. Sunday ratios of full-time to part-time employees, as provided for in this Agreement, shall not apply on Easter Sunday.

6. All five (5) day Meat Department employees required to perform a shift including Sunday shall receive two (2) consecutive days off in the workweek. Five (5) day Meat Department employees not working on Sunday shall receive Sunday and one (1) other day off. All work performed on Sundays by full-time, part-time and/or extra Meat Department employees shall be paid at the Sunday rate for each covered classification.

Q. **WORKDAY DEFINED.** For the purpose 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.

R. **ON CALL.** If the Employer requires an employee to remain at home "on call" on a Sunday or holiday, the Employer shall guarantee the employee four (4) hours' pay at the appropriate premium rate for such day. This Section shall not become operative prior to the Union giving the Employer a prior warning notice in writing of a specific violation.

S. **PART-TIME EMPLOYEES - SIXTH DAY.** Exclusive of part-time Clerk's Helpers, 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 Agreement.

T. **WORK IN A HIGHER CATEGORY AND OTHER DEPARTMENTS.**

1. A General Merchandise Clerk shall be guaranteed four (4) hours of work in that category. Such clerk may work as a Food Clerk provided that any work as a Food Clerk shall be paid at the rate of experience accumulated as a General Merchandise Clerk and shall be for a period of not less than two (2) hours, provided the four (4) hour daily guarantee as a General Merchandise Clerk is fulfilled. After such clerk has accumulated one hundred four (104) weeks experience, his hours worked as a Food Clerk shall be accumulated until he has the hourly equivalent of twenty-six (26) weeks experience as a Food Clerk with twenty (20) actual experience hours of work as a Food Clerk being equal to one (1) week of experience under the apprenticeship progression schedule for the limited purposes of the interpretation and application of this Paragraph only. At that time he shall be paid the experienced food rate of pay for all food work performed. During that twenty-six (26) week period, he shall be paid ninety percent (90%) of the experienced food rate for work performed in the food department. At such time as the clerk may be promoted to the Food Clerk classification of employment, he shall be compensated and progressed in accordance with the provisions of Article 4-I-1. The involved clerk shall also have his actual total accumulated experience hours of work as a Food Clerk since his most recent date of hire by the Employer converted to weeks of experience credit at the time of such a promotion for the purposes of determining his subsequent progression through the Food Clerk classification's apprenticeship progression schedule with twenty (20) hours of actual experience hours of work as a Food Clerk being equal to one (1) week of experience under such apprenticeship progression schedule for the limited purpose of the interpretation and application of this Paragraph only, i.e., an employee who had accumulated an actual total of 1,320 experience hours of work in the Food Clerk classification would be credited with 66 weeks (1,320 experience hrs. ÷ 20 hrs. = 66 wks.) of experience at the time of his promotion for the purposes of determining his subsequent progression through the Food Clerk classification's apprenticeship progression.

2. In the temporary absence of a scheduled Food Clerk, a General Merchandise Clerk may be assigned to work as a Food Clerk for the full shift, or the remainder thereof, at the applicable rate provided herein. Temporary absence shall not include any vacation of any duration or disability leave of a known duration exceeding two (2) weeks.

3. Any portion of an hour that is worked in a higher category shall require payment for the full hour -- on the hour. (For example, a General Merchandise Clerk assigned to work as a Food Clerk at 10:15 A.M. shall be paid the applicable food rate starting at 10:00 A.M.)

4. Food Clerks will not be intentionally or knowingly underscheduled to facilitate the use of this Article.

5. This provision shall not be used in a store when Food Clerks are reduced in classification, reduced from full-time status or laid off within said store except as set forth in Paragraph 2 above.

U. TRAVEL PAY.

1. Whenever a grocery employee is required by the Employer to change from one (1) store to another store during the same day, all time spent by such employee in travel between stores shall be considered and paid for as a part of the employee's regular duties.

2. When an employee is assigned to work in more than one (1) market in one (1) day, all work and travel time shall be paid for, except in instances where an employee is hired to work in more than one (1) market. Bus fare or taxi fare, at the Employer's option, shall be paid by the Employer or, if the employee uses his own car, he shall be paid for such use at the prevailing Internal Revenue Service mileage rate per mile for the total mileage from the market of origin to the market of reassignment and return.

3. Any employee who is temporarily assigned for a full day or more but less than two (2) weeks to a market over forty (40) miles from said employee's home, shall receive travel pay at the prevailing Internal Revenue Service mileage rate per mile once each way to the assignment and return, and said employee shall be reimbursed for his room and meals on each day so assigned.

V. INTERRUPTION OF OPERATIONS. In the event operations cannot commence or continue when so recommended by civil authorities; or public utilities fail to supply electricity, water or gas; or the interruption of work is caused by an Act of God, the foregoing guarantees shall not be applicable.

ARTICLE 6 - WAGES

A. WAGE RATES.

1. Bonuses and Rates of Pay. The straight-time hourly wage rates are set forth for each respective classification in Appendix A.

B. PREMIUMS.

1. Night Premiums.

(a) All employees, except Clerk's Helpers, shall be paid a premium of fifty cents (50¢) per hour for all time worked between Midnight and 5 A.M.

(b) Clerk's Helpers. During the period of this Agreement, Clerk's Helpers shall be paid a premium of twenty-five cents (25¢) per hour for all time worked between Midnight and 5 A.M.

2. Sunday Premiums.

(a) Employees hired or promoted prior to March 1, 2004. During the term of the Agreement all employees hired prior to March 1, 2004, except Clerk's Helpers, shall be paid, for all hours worked on Sunday, time and one-half (1½) minus one dollar (\$1.00) the straight-time hourly rate of pay.

Clerk's Helpers hired prior to March 1, 2004, shall be paid a premium of fifty cents (50¢) per hour for all time worked on Sunday.

(b) Employees hired or promoted prior to March 1, 2004. Employees, other than Clerk's Helpers, hired or promoted on or after March 1, 2004, shall be paid a premium of one dollar (\$1.00) per hour for all time worked on Sunday.

3. Person In Charge/Grocery. An experienced clerk who is not a Department Head and who is designated by the Employer to open or close the store to the public shall be paid a premium of one dollar (\$1.00) per day for any day in which he performs that duty.

4. Service Seafood Department Head. In the event that the Employer elects to assign an employee, who is employed in the Service Seafood Clerk classification of employment, the responsibility for the supervision and direction of a Service Seafood Department, including the scheduling and direction of employees, the ordering of product, price changes, the implementation of Company merchandising policies and practices, etc., the involved employee shall be classified as a Seafood Department Head and paid a premium of one dollar (\$1.00) per hour above the contractual straight-time hourly rate of pay established under this Agreement for the experienced Service Seafood Clerk classification of employment. This classification of employment shall not be compulsory and the Employer shall have the right to designate or remove an employee from this classification without regard to seniority.

5. General Merchandise Clerks Department Heads that regularly supervise and direct the activities of ten (10) or more employees on a weekly basis shall receive fifty cents (50¢) per hour above the contractual straight-time hourly rate of pay established under the Agreement for the General Merchandise Clerks Department Head classification of employment.

6. Pharmacy Clerks who qualify for the experienced General Merchandise Clerks classification rate established under the Agreement will receive a premium of thirty-five cents (35¢) per hour above the hourly rate of pay for the experienced General Merchandise Clerks classification.

C. NONPYRAMIDING. There shall be no pyramiding or combination of one premium pay with another or of premium pay with overtime pay but only the highest applicable rate shall be paid except:

1. Where daily or weekly overtime and the night premium operate concurrently, the amount paid shall be time and one-half (1½) the straight-time hourly rate plus the night premium provided that this exception shall not apply to any work performed on Sundays or holidays.

2. Overtime shall be computed on the base straight-time hourly rate.

3. Work performed in the Meat Department in excess of eight (8) hours on Sundays shall be paid at time and one-half (1½) of the rate of pay for that day.

4. Where a Meat Department employee works a shift including both shift premium pay and daily overtime, he shall receive both but the shift premium pay shall not be included in computing the overtime rate.

D. APPRENTICESHIP.

1. In order to receive credit for a week of progression under these apprenticeship wage schedules, an employee must have performed work or received pay for time not worked (vacation, sick leave, holiday, jury duty or funeral leave pay) in the classification during that week. No credit shall be earned for any week in which no work is performed in the classification by the involved employee.

2. Employees will be given credit for prior food and/or general merchandise experience acquired in a supermarket covered by a collective bargaining Agreement between the Southern California UFCW Local Unions and Employers contributing to Plan A of the Southern California Food Trust at the time of hire only for the purpose of determining their initial placement under the Wage Schedule established under Appendix A for the classification of employment that they are hired into. Such experience shall be given recognition towards the experienced rate of pay only for the classification of work where the experience obtained was the same.

Claims for prior experience will not be recognized unless such experience is fully revealed on the employee's application.

3. Notwithstanding anything to the contrary contained herein, experience acquired in Paragraphs 1 through 4 above, if acquired in a period ending more than five (5) years immediately prior to employment under this Agreement, shall entitle the employee to a rate of pay one (1) bracket [twenty-six (26) weeks] below that for which their experience qualifies them.

Experience acquired in Paragraphs 1 through 4 above, if acquired in a period ending more than ten (10) years immediately prior to employment under this Agreement, shall entitle the employee to the rate of two (2) brackets [fifty-two (52) weeks] below that for which their experience qualifies them.

4. The progression period for Clerk's Helpers shall be two (2) periods of six (6) months each. After one year of employment under the agreement, the experienced rate for this classification shall be paid.

E. EMPLOYEE LISTS. The Employer agrees to permit the Union representative, upon request of the Union, to check the list or lists of employees available in the store and to check the respective wage scale of each employee.

F. WAGE DISCREPANCY.

1. Settlement Attempt. 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.

2. Written Notification. 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.

G. NO REDUCTION IN RATES. No employee shall suffer any reduction in hourly 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.

H. OVERTIME BASIS. The overtime rate for employees who receive a wage scale in excess of the rates in this Agreement shall be based on said employee's actual rate of pay.

I. DEPARTMENT HEAD.

1. Definition. A Department Head is an employee who, in addition to the duties of a regular clerk, is assigned by his superiors to the direction of a particular department and the employees therein in the store in which he is employed. To be classified as a Department Head, an employee must be vested with sufficient authority by his superiors to direct the operation of the department and to exercise supervision over the other employees in the department to the extent that he has effective influence over hiring and/or discharge and/or transfer and/or discipline of those employees. In addition to the above, the exercise of independent judgment in the operation of the department shall be a primary criterion in establishing Department Head status. Department Heads shall not be mandatory, but any employee having the authority and duties as described herein shall be paid as a Department Head. No more than one (1) Department Head shall be required for any one (1) department. The provisions of this Paragraph shall not nullify Paragraph 2 of this Section. No Department Head shall be demoted from that position because of deficient performance in the job without first having received a prior warning notice in writing, copy to the Union, calling attention to his deficiencies.

2. Department Head Time. When an employee is assigned by his superiors to the work and/or duties of a Department Head, as defined in Paragraph 1 of this Section, provided that the assignment is for more than fifty percent (50%) of the employee's total week's work, the Department Head rate shall be paid for the entire week. It shall not be the intent of this Section to require or create two (2) Department Heads in any one (1) department.

3. Intent. The industry's proposals regarding the Department Head classification and any conversations, arguments, discussions, and documents relating to the negotiations thereof do not contemplate the exclusion of Department Heads from the bargaining unit, nor does the industry's negotiating committee contemplate invoking the Taft-Hartley Act in this respect.

4. Head Meat Cutters' Rates. Journeymen Meat Cutters performing Head Meat Cutters' responsibility for a period of one (1) week or more shall receive a Head Meat Cutter's rate of pay.

J. CLERK'S HELPERS WORKING AT APPRENTICE RATE.

1. Clerk's Helpers who are members of the bargaining unit may work a portion of their work period as apprentice clerks, provided they are paid as apprentice clerks for those hours in which they perform work falling into that category, and as long as said Clerk's Helpers shall receive credit for such hours worked toward the higher classification.

2. The maximum number of hours in any one (1) week, in any one (1) store, that Clerk's Helpers may work in a higher classification shall not exceed fifteen percent (15%) of the total number of hours scheduled in the Clerk's Helper classification for that week. In the event of a violation, the most senior part-time employee in the classification(s) in which the majority of that work was performed, shall receive pay for the number of additional hours that were worked over the fifteen percent (15%) up to forty (40) hours. If any balance of hours remains then that balance shall be paid to the next senior part-time employee(s) in that classification until such balance is exhausted.

3. Three (3) violations of this provision in any one store within any ninety (90) day period shall result in that store being prohibited from using Clerk's Helpers in a higher classification for a period of ninety (90) days.

4. Grievances over this Section must be filed within fourteen (14) calendar days of the week in which the violation occurs. Claimed violations must be separately grieved to the Labor Relations department to be considered as one of the three violations.

5. During the first nine (9) months following ratification, this program shall not be used in a store when clerks are reduced in classification, reduced from full-time status or laid off within said store.

K. PAY DAY. Employees shall receive their pay bi-weekly. Upon request, extra Meat Department employees shall be paid in full when their work is completed. Failure to pay such extra Meat Department employees upon completion of work shall require the Employer to pay the employee eight (8) hours pay for each twenty-four (24) hour period until payment in full has been made. In the case of termination of employment of any employee, the final paycheck shall be given to the employee not later than seventy-two (72) hours after the completion of his last shift.

L. NEW CONTRACT. When a first contract is signed the period of employment for vacation and sick leave eligibility shall be measured from the last date of hire with the Employer, except as provided in Article 17, Section D hereof.

M. 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 Employer, to provide both the time for medical care and the number of hours of work for which the employee is regularly scheduled.

N. BONUS PAYMENTS. Bonus or lump sum payments to employees, other than regular wage payments, shall not be used to defeat the wage provisions of this Agreement.

O. TRAVELING CLERKS. The rate of pay for the servicing of health products, nutritional supplements, beauty aids and houseware items or similar lines of merchandise having been established at the General Merchandise Clerk rate by this collective bargaining Agreement, that rate shall apply to all other concessionaires servicing the same or similar line or lines of merchandise with traveling clerks. In addition to the rate, travel time and other car or expense allowances shall be hereinafter negotiated, and in the event of failure to agree on the appropriate travel time and other car or expense allowances, they shall be established by arbitration under Article 12 of this Agreement, notwithstanding in this situation any provisions to the contrary contained therein.

P. COMBINATION FOOD MARKET AND DISCOUNT STORE.

1. In a combination food market and discount store operation, where the health and beauty aids and houseware items are located behind the checkstand, the discount store rate shall apply to these items provided their display and location is not immediately contiguous to the food section of the operation. Such items to be so classified must be separated by other items which constitute non-food merchandise.

2. Where a liquor department is located within an establishment as above described and is located behind the food checkstands, or immediately contiguous to the food department, the food rate shall apply; except where, in the geographic jurisdiction of any Local Union, contrary practices are or have been established by collective bargaining agreements.

ARTICLE 7 - HOLIDAYS

A. PAID HOLIDAYS.

1. The Employer agrees that the following days shall be considered holidays and granted without reduction in pay:

- | | |
|------------------|---------------------|
| New Year's Day | Thanksgiving Day |
| Memorial Day | Christmas Day |
| Independence Day | Employee's Birthday |
| Labor Day | |

Birthday Holiday. Birthday holidays may not be celebrated in the same week as any of the other contractual holidays except by mutual agreement between the employee and the Employer.

The weekly hours guarantees set forth in Article 5-A and 5-B and the benefit eligibility language of Article 15 of the Agreement between UFCW Locals 135, 324, 770, 1036, 1167, 1428, 1442 and the Employer's represented by the Food Employer's Council shall continue to apply to any week during which an employee takes a birthday holiday.

The provisions of Sections D and E of this Article shall not be applicable in the computation of a part-time employee's holiday pay entitlement with each eligible part-time employee being entitled to four (4) hours of holiday pay for his birthday holiday.

An employee, who fails to receive his birthday holiday shall be paid for such a personal holiday(s) immediately following the end of the calendar year. For employees who are laid off or who break continuous service (except those discharged for proven or admitted dishonesty), unused birthday holiday entitlement will be liquidated. Hours of holiday pay that are paid in accordance with these provisions in lieu of a day off shall not be considered to be a day and/or hours worked for the purposes of computing weekly overtime under this Agreement.

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

3. Any employee hired within thirty (30) days of any holiday shall not be entitled to pay for time not worked on the holiday.

B. HOLIDAY PREMIUM. Work can be performed on any of the hereinabove mentioned holidays with the exception of Thanksgiving Day and Christmas Day. However, work as such shall be compensated for at two (2) times the straight-time hourly rate of pay for all hours worked. Extra Meat Department employees working on a holiday shall be paid for their full eight (8) hour shift at the rate of two (2) times the regular rate of pay for the employee involved. Said double-time shall include any premium pay or overtime that may be applicable, and includes pay for the holiday itself. It is expressly understood that no employees coming under the terms of this Agreement will be required to work on Thanksgiving and Christmas calendar days; and that the Employer will remind its store management of these special provisions prior to the involved holidays.

C. HOLIDAY WEEK. A regular holiday workweek shall consist of the holiday itself and four (4) other eight (8) hour days. 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, except when Sunday is worked, and in that event, the higher rate shall apply.

D. PART-TIME EMPLOYEES. Regular part-time employees shall be entitled to pay in accordance with this Article only if said holiday falls on their scheduled workday or if such employee is scheduled for forty (40) hours' work during the holiday week. Holiday pay for any such regular part-time employee shall be computed by averaging the number of hours worked by the employee on the day of the week on which the holiday falls for the four-week period immediately prior to the holiday week. Work schedules shall not be changed for the purpose of avoiding holiday payments. The determining factor shall be the employee's prior work schedules. A part-time employee, as used in this Section, is defined to include an employee regularly scheduled for thirty-six (36) hours per week or less.

E. REQUIREMENTS. No employee shall receive pay for any holidays not worked unless such employee has reported for work on his 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 the said day after said holiday is due to express permission from or action of the Employer, and also in case of certified illness, provided the employee has worked during the holiday week.

F. VOLUNTARY CLOSING. When the Employer voluntarily closes his store to the public on any holiday other than those set forth in Section A above, it is agreed that the employees shall suffer no reduction in straight-time weekly earnings on account of such closing. Neither shall the employees suffer a reduction in straight-time weekly earnings in the event the Employer chooses to close his store in memory of or in tribute to any individual or event.

G. HOLIDAY GUARANTEE.

1. Full-time employees scheduled to work on a holiday shall be guaranteed eight (8) hours' work on such holiday. A part-time grocery employee may be scheduled to work on a holiday for a number of hours not less than those usually worked by him on the day on which the holiday falls. For Meat Department employees the holiday guarantee for part-time employees shall be as defined in Article 5-B-1 of this Agreement. All Clerk's Helpers who are required to perform work on any of the holidays enumerated in Article 7 shall be guaranteed four (4) hours' work on those days as long as they are able and available to work those hours.

2. The eight (8) hour guarantee shall be deemed to have been complied with if less than an eight (8) hour shift is worked on the holiday, but said hours are part of an eight (8) hour shift which includes hours on either the day before or the day after the holiday. Hours worked during the twenty-four (24) hour period of the holiday shall be compensated at the double-time rate of pay and each hour so compensated shall apply toward the eight (8) hour holiday guarantee.

3. In those stores open for less than nine (9) hours on holidays, full-time clerks 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 clerks 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 clerks only, unless no full-time clerks are available.

H. EASTER SUNDAY/GROCERY. In the event the Employer is not able to obtain enough qualified voluntary employees in the needed classifications, qualified employees in the needed classifications shall be selected to work on Easter Sunday by order of inverse seniority. Sunday ratios of full-time to part-time employees, as provided for in this Agreement, shall not apply on Easter Sunday.

I. HOLIDAYS FOR EMPLOYEES HIRED ON OR AFTER FEBRUARY 29, 2004.

1. Sections A through H of this Article do not apply to employees hired on or after the date of ratification. Set forth below are the only holiday provisions applicable to employees hired on or after the date of ratification.

(a) After an employee has completed his probationary period, he shall be entitled to the Christmas holiday. After he has worked six (6) months under the terms and conditions of this Agreement, he will be entitled to the Thanksgiving holiday. After completing one (1) year of employment under this Agreement, the employee shall be entitled to one (1) more holiday, 4th of July. After completing eighteen (18) months of employment under this Agreement, the employee shall be entitled to an additional holiday, Labor Day. After an employee has completed a second (2nd) year of employment under this Agreement, the employee shall be entitled to New Year's Day. After the employee has completed three (3) years of employment under this Agreement, the employee shall be entitled to Memorial Day.

(b) In order for an employee to be paid for a holiday not worked, he must have completed his probationary period, have worked the scheduled workday immediately before, and the scheduled workday immediately following the holiday (unless his absence was expressly permitted by the Company), and must have worked during the payroll period in which the holiday occurred.

(c) All hours worked on a listed holiday shall be payable at the rate of double-time (2xs) the employee's regular straight-time hourly rate of pay (includes holiday pay).

(d) For holidays not worked, full-time employees shall receive eight (8) hours of pay at the straight-time hourly rate. Part-time employees shall receive holiday pay up to eight (8) hours prorated to the number of hours worked in the holiday week up to forty (40) hours.

(e) New Year's Day, Christmas Day, and Thanksgiving Day shall be observed on the actual holiday. If any other holiday falls on a Saturday or Sunday, management may choose to observe the following Monday as the holiday.

(f) If a sufficient number of employees volunteer, then no employee shall be required to work on Thanksgiving or Christmas days. If an insufficient number volunteer, then employees will be scheduled to work by inverse seniority.

ARTICLE 8 - VACATIONS

A. FULL-TIME EMPLOYEES.

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. Full Pay Defined. 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 his vacation became due.

B. PART-TIME EMPLOYEES. Part-time employees, including Clerk's Helpers, 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 above.

C. VACATIONS FOR EMPLOYEES HIRED ON OR AFTER RATIFICATION.

1. Sections A, B, E and K of this Article do not apply to employees hired on or after the ratification date of this Agreement. The provisions set forth below and Sections D, G, H, I, J and L are the only vacation provisions applicable to employees hired on or after ratification.

(a) All employees shall receive a paid vacation in accordance with the following schedule:

(1) One (1) week of vacation after completing one (1) year of service,

(2) Two (2) weeks of vacation after completing three (3) years of service,

(3) Three (3) weeks of vacation after completing seven (7) years of service.

(b) Employees must work at least one year to be eligible for any vacation entitlement.

(c) Part-time employees shall be entitled to vacation pay prorated on the basis of the average weekly straight-time hours worked during the preceding year to 1,940 hours.

D. PRO RATA. 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 hours. The forfeiture of vacation pay for proven or admitted dishonesty shall not be retroactive beyond the employee's last anniversary date.

1. 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.

2. 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 his 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.

3. Where an employee has been in the employ of the same Employer in excess of eighteen (18) consecutive calendar months, he 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 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.

4. 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.

5. 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.

6. 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.

E. VACATION TRUST. Additional vacation pay based on industry experience shall be provided in accordance with the provisions of the Industry Vacation Plan. Said additional vacation pay shall be paid to the employee by the Employer together with the vacation pay that is due from the Employer as set forth above. The additional amount of vacation pay paid to the employee because of industry experience, plus any other amounts which the Employer is required to pay by law in connection with such payments, shall be reimbursed to the Employer from the Trust Fund in accordance with the procedures established by the Trustees of said Fund.

F. ABSENCE. Absence from work up to seven (7) weeks within a period of fifty-two (52) consecutive weeks, due to sickness, injury or temporary layoff, 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 straight-time hours actually worked.

G. VACATION SCHEDULE.

1. Vacation periods shall be fixed by the Employer to suit the requirements of his business, but as far as possible and practicable, vacations will be given during the summer months, and for employees with school-age children, during the school vacations. Vacation periods shall be unbroken unless by mutual consent between Employer and employee, or where it is impractical. Grievances relating to this Section shall be subject to the Adjustment and Arbitration Procedure in this Agreement.

2. Time off, based upon service in the Industry Vacation Plan, may be granted to an employee by mutual agreement between the Employer and the employee. The Employer shall not be required to give time off based upon service under the Industry Vacation Plan. However, if such additional industry vacation time off is granted to an employee, such time off shall be counted as time worked for the purpose of computing the employee's earned vacation benefits on his next anniversary date of employment.

H. NOTICE. In scheduling a vacation of an employee, the Employer shall give at least two (2) weeks' notice prior to the date of beginning the vacation.

I. NOT WAIVED. Vacations may not be waived by employees, nor may extra pay be received for work during the period; provided, however, that by prior mutual agreement between the Employer, employees and the Union, this provision may be waived.

J. NOT CUMULATIVE. Vacations may not be cumulative from one year to another.

K. HOLIDAY DURING VACATION. If a holiday, named under Article 7 of this Agreement, falls within the vacation period of an employee, he shall be granted an additional day's pay in lieu of the holiday.

L. PAYMENT DATE. The Employer shall pay the employee the vacation pay accrued during the employee's anniversary year, either prior to taking the vacation or on the employee's anniversary date. The payment of an employee's vacation pay shall be by separate check or computed at same tax rate schedules as the computation of regular wages per week.

ARTICLE 9 - LEAVES OF ABSENCE

A. PREGNANCY, ILLNESS AND INJURY. Except as set forth in Article 3, Section A, and for pregnancy as set forth below, the Employer agrees to grant to any employee who has been with the Employer for six (6) months or more, a leave of absence for certified illness and/or injury, up to ninety (90) days, and to an employee who has been with the Employer for one (1) year or more, a leave of absence for certified illness and/or injury up to six (6) months. In cases of Workers' Compensation, the employee's leave of absence shall be continuous until such time as said 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 one (1) year.

The Employer agrees to grant to any pregnant employee who has been with the Employer for less than one (1) year, a leave of absence for that pregnancy, childbirth or related medical conditions, pursuant to the California Fair Employment Practices and Housing Act, Sec. 12945-(b)(2), for a reasonable period, not to exceed four (4) months. If the employee has been with the Employer for one (1) year or more, the leave may be up to six (6) months.

B. OTHER PURPOSES.

1. Death in Family. At the request of the employee, the Employer may grant a leave of absence for other purposes. The terms and conditions of all leaves of absence shall be set forth in writing. The Employer shall grant an automatic leave of absence, if so desired, not to exceed two (2) weeks, in cases of critical illness or injury or death in the employee's immediate family. Any period in excess of two (2) weeks shall require the written consent of the Employer. When possible, the employee shall request such leaves of absence; but in any event, the Employer shall be notified within twenty-four (24) hours.

2. Funeral Leave. Leave for all employees, except Clerk's Helpers, shall be provided for the purpose of arranging for and attending the funeral of a member of the employee's immediate family. Pay for such leave shall be at the straight-time rate for the hours scheduled for each workday lost because of such absence. Paid funeral leave shall be confined to a maximum of three (3) calendar days within a period of fourteen (14) calendar days beginning with the date of death. 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, brother, sister, mother and father of the current spouse, grandparent, grandchildren or other relative living in the employee's home.

3. 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 one (1) year. 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 two (2) 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 three (3) employees in the company be on such a leave at one time. An eligible employee shall not be granted more than one (1) such leave of absence during the term of this Agreement, nor shall such a leave of absence be granted to an 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 9, Section D. 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.

C. LEAVE REQUESTS. All requests for leaves of absence must be in writing.

D. SENIORITY AFTER A LEAVE. At the end of any period of such leave of absence for illness and/or injury or Union business as set forth in Section B-3 above, an employee shall be restored to employment with the Employer with full seniority to a position comparable to the one he held immediately prior to such leave of absence, provided that the employee is physically able to efficiently perform work comparable to that which he performed prior to such leave of absence. In restoring such employee to employment with full seniority, no employee, who has actually worked a longer period of time for the Employer than the absentee has worked, shall be replaced.

E. TERMINATION AFTER A LEAVE. Should an employee exceed the leave of absence granted by the Employer, vacation pay which has accrued for time worked to such employee as of the date of the beginning of such leave of absence shall be computed and a check for same shall be forwarded to the employee with a notice that his employment has been terminated.

F. VERIFICATION. This Article shall not be used to justify or support excessive absenteeism, and, should the Employer wish to verify an employee's illness or his ability and/or inability to perform the work required, it may employ a doctor of its own choosing for such purpose, paying all charges for such doctor's services.

G. EMPLOYMENT. An employee may not accept other employment while on leave of absence and may be terminated for violation of this provision, except where written consent has been obtained from the Employer.

ARTICLE 10 - SICK LEAVE

A. SICK LEAVE ENTITLEMENT.

1. Eligibility. All employees covered by this Agreement who have been continuously employed by the Employer for a period of at least one (1) year shall be entitled to six (6) days' sick leave with pay. On each anniversary date of employment thereafter, he shall be entitled to another six (6) days' sick leave with pay. An employee may accumulate up to twelve (12) days of sick leave. Sick leave shall be payable beginning with the first (1st) working day's absence due to nonhospitalized illness or injury and until the employee has received or is entitled to receive Workers' Compensation disability benefits or State disability benefits. In instances where

the employee works less than half (1/2) their scheduled shift, that day will count as the first (1st) day. In any event, sick leave shall be payable only during the first week of absence and shall not be payable if the employee is receiving supplementary disability benefits under this Agreement.

2. Supplementary Disability Benefits. Supplementary disability benefits will be provided in accordance with the provisions of Article 15 of the Agreement between UFCW Locals 135, 324, 770, 1036, 1167, 1428, 1442 and the Employer's represented by the Food Employer's Council.

3. Sick Pay Defined. For the purpose of this Section, 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.

B. DOCTOR'S CERTIFICATE. A doctor's certificate or other authoritative verification of illness may be required by the Employer.

C. PRO RATA. Sick leave shall be paid to all full-time and part-time employees, including Clerk's Helpers, on the basis set forth above. The total number of hours of accrued sick leave benefits shall be calculated on the ratio of total hours worked during the year preceding his anniversary date of employment to 2,080 hours.

D. UNUSED SICK LEAVE PAID. On the employee's third (3rd) and succeeding anniversary dates of employment, the Employer will pay up to six (6) days of unused sick leave to which an employee may be entitled so that the employee's accumulated sick leave does not exceed twelve (12) days. After a year's employment, the employee in the event of termination, shall be entitled to a payoff of unused sick leave entitlement and to pro rata payment of accumulated sick leave since his last anniversary date. The pro rata payment of accumulated sick leave, since his last anniversary date, shall not be paid to an employee who is discharged for proven or admitted dishonesty or who quits voluntarily.

ARTICLE 11 - JURY DUTY

A. When a non-probationary, full-time employee is required to be in any court or courthouse for jury service and such service deprives such employee of pay that he otherwise would have earned, he shall be scheduled a Monday through Friday workweek between the hours of 8:00 a.m. and 5:00 p.m. 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, less any remuneration received by him for jury service.

When a non-probationary, part-time employee is required to be in any court or courthouse for jury service and such service deprives such employee of pay that he otherwise would have earned during the Monday through Friday portion of his normal workweek, he shall be scheduled a shift between the hours of 8:00 a.m. and 5:00 p.m. He will be paid for that part of his normal workweek based upon his average hours worked or paid for in each workweek, Monday through Friday, in the four (4) such workweeks immediately preceding the week(s) in which jury duty is required, less any remuneration received by him for such jury service. Utilization of such an employee on the Saturday and/or Sunday portion of his normal workweek shall continue to be at the discretion of the Employer; provided the minimum weekly hour guarantee is satisfied.

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

C. If an employee is temporarily excused from jury service on any scheduled day, i.e., Monday through Friday, he shall immediately report for work to complete the remaining hours of his scheduled work shift.

Failure to so report shall disqualify an employee from any pay for jury duty for the day in question as long as the transportation time will permit him to return to work prior to one (1) hour before the end of his shift.

If an employee is permanently excused from jury service, he shall immediately report for work to complete the remaining hours of his scheduled work shift that day. Failure to so report shall disqualify an employee from any pay for jury duty for the day in question as long as the transportation time will permit him to return to work prior to one (1) hour before the end of his shift. If the employee is not required to report, he shall call the manager to inform him that he has been permanently released. Thereafter, the manager may place him on a work schedule similar to which he normally works.

D. The employee shall notify the Employer as soon as he receives his jury duty summons. Failure to provide such summons prior to the posting of the schedule shall relieve the Employer from the scheduling requirements set forth above. The Employer will verify eligibility if provided with a timely summons. The Employer may require proof of attendance for jury service. An employee making a false claim for jury duty pay shall be subject to discharge.

E. An employee shall be eligible for jury duty pay for one (1) tour of jury duty service only during the life of this Agreement. The total number of days that an employee may receive jury duty pay is limited to fifteen (15) days through the life of the Agreement. An employee shall no longer be eligible for jury duty pay when one (1) tour has been served or when fifteen (15) days have been compensated, whichever occurs first. Jury duty pay shall not be required for Grand Jury service. In the event an employee is called for jury service for which he would not be eligible for pay, the Employer shall join the employee in seeking excuse from service if such service would cause a financial hardship to the employee.

ARTICLE 12 - ADJUSTMENT AND ARBITRATION

A. **CONTROVERSY, DISPUTE OR DISAGREEMENT.** Any and all matters of controversy, dispute or disagreement of any kind or character existing between the parties and arising out of or in any way involving the interpretation or application of the terms of this Agreement, except as may be otherwise provided in Section D of this Article, shall be settled and resolved by the procedures and in the manner hereinafter set forth.

B. **ADJUSTMENT PROCEDURE.**

1. Store Level. The Union through its representatives shall attempt to settle or resolve any such matter with the appropriate store supervisor or person designated by the Employer in the manner indicated in Article 13 of this Agreement.

2. Meeting of Representatives. Upon receipt of a written notice setting forth the exact nature of the grievance from either party, the representatives of the Employer and the representatives of the Union may meet within a calendar week and attempt to settle or resolve the matter. Such meeting may be accomplished by telephone at the option of either party.

3. After a grievance is settled with the Union under Paragraph 2 above involving adjustment in compensation, the Union shall be notified in writing of the settlement, including the amount thereof.

C. **ARBITRATION.**

1. (a) Any matter not satisfactorily settled or resolved in Section B hereinabove shall be submitted to arbitration for final determination upon written demand of either party. The written demand for arbitration may be made at any time after the expiration of fifteen (15) days but not later than sixty (60) days

from the date of the notice, submitting the matter under Section B-2, hereinabove, to the meeting of representatives. Failure to comply with the time limits set forth in this Section and in Section B-2 above, shall render such grievance null and void.

Nothing contained herein shall prevent the parties from mutually agreeing to submit a timely grievance involving a discharge or suspension to a mediator/arbitrator that has been mutually selected by the parties for a final and binding decision. A mediator/arbitrator, who has been selected to hear a discharge or suspension grievance, shall attempt to mediate a mutually agreeable resolution of the involved grievance. If the mediator/arbitrator is unable to achieve a mediated resolution of such grievance, he is expressly authorized to render a final and binding arbitral decision on the grievance-in-question and is hereby empowered and directed to do so.

A mediated resolution of a grievance and/or arbitrator's decision under this mediation/arbitration process shall be final and binding on all of the parties to such grievance, including the grievant(s), and shall be of no precedential or evidentiary value of whatsoever nature in any other grievance arising under the terms of this Agreement. An arbitral decision pursuant to this mediation/arbitration procedure shall be issued, in writing, within seven (7) calendar days of the conclusion of such proceeding. A mediator/arbitrator's authority in cases in which the mediator/arbitrator finds it necessary to render a final and binding arbitral decision shall be expressly limited to that provided for in Paragraph 1 of Section D of this Article.

In the event that more than one (1) grievance is submitted to a mediator/arbitrator for resolution on any one (1) day, the fee of the mediator/arbitrator shall be prorated and charged equally between the involved grievances for which a decision is rendered. The mediator/arbitrator's fees shall be borne by the loser in a grievance in which he is required to render a final and binding arbitral decision. Should a dispute arise as to who, in fact, is the losing party in any arbitration held pursuant to these provisions and the mediator/arbitrator is called upon to make a determination as to who, in fact, is the losing party, his additional fees, if any, for making such a final determination shall be paid by the losing party. Further, the mediator/arbitrator may order a splitting of the fees in cases where he cannot make a decision as to who, in fact, is the losing party.

(b) Notwithstanding anything else contained in this Agreement to the contrary, by mutual agreement between the Employer and the Union, any timely grievances involving discharges or suspensions only, may be submitted to an expedited arbitration process before one (1) of the nine (9) permanently agreed upon neutral arbitrators if any dispute involving a discharge or suspension is not resolved under Section B of this Article.

The parties may submit the issue to expedited arbitration within fourteen (14) calendar days. Except as set forth below, the arbitrator shall render his decision in writing to the parties within seven (7) days following the close of the hearing. However, either party may require a transcript of the proceedings and may require written briefs within a thirty (30) day period following the close of arbitration hearing. In the event that a transcript and/or briefs are required by either party, the arbitrator's decision shall be rendered in writing to the parties no later than fifteen (15) days following receipt by the arbitrator of both documents.

Notwithstanding the nine (9) permanent arbitrators as called for in this Agreement, nothing shall prevent any individual Employer and any individual Local Union party to any given dispute from mutually agreeing to select some other neutral arbitrator to hear any individual dispute in lieu of one (1) of the nine (9) permanent arbitrators.

The panel of nine (9) permanent neutral arbitrators for the term of this Agreement shall be:

Howard S. Block	Joseph Grabuskie
Anthony Miller	Mark Keppler
William W. Petrie	Mark Burstein
Michael D. Prihar	Thomas T. Roberts
Edgar A. Jones	

(c) Any of the time limits set forth in this Article 12 may be extended by mutual agreement.

2. The Union and the Employer may mutually select an arbitrator. Should the parties be unable to mutually select an arbitrator, then they shall alternately strike names from the permanent arbitrators listed in Section C.1.(B) until one name remains. The parties shall draw lots to determine who should make the first deletion from the list.

The parties agree that an arbitrator will be selected within fourteen (14) days from the date the arbitration demand is mailed or faxed. If the selection is not made within the fourteen (14) day period, and the parties do not mutually agree to an extension, there will be an automatic selection of the first arbitrator in Section C.1.(b) above. Each subsequent failure to select an arbitrator within the fourteen (14) day time period shall trigger automatic selection of the next arbitrator in order on the list. Each Local Union will rotate through the list with the Company separately.

The parties shall endeavor to set the arbitration within ninety (90) days from the date the arbitrator is selected, when practicable.

3. The arbitrator shall be empowered to hear and determine the matter in question and the determination shall be final and binding upon the parties, subject only to their rights under law. The arbitrator shall have the power to decide the date or dates upon which the arbitration is to be held if agreement cannot be reached by the parties.

D. POWERS, LIMITATIONS AND RESERVATIONS.

1. Arbitrator. The arbitrator shall not have the authority to decide questions involving the jurisdiction of any Local, or of the International, or which may in any way affect or change the Union Security clause; nor shall the arbitrator have the authority to effect a change in, modify, or amend any of the provisions of this Agreement, or to make decisions on provisions covering wages or working conditions to be incorporated either in a new agreement or any subsequent annual agreement. If a question of the arbitrability of an issue is raised by either party, such question shall be determined in the first instance by the arbitrator. Neither party to this Agreement shall refuse to proceed to arbitration upon the grounds that the matter in question is not arbitrable.

2. Work Stoppages. 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.

3. Wage Claims. In the case of direct wage claim or a claim for contributions to employee benefit plans which does not involve an interpretation of any of the provisions of this Agreement, either party may

submit such claim for settlement to either the grievance procedure provided for herein or to any other tribunal or agency which is authorized and empowered to effect such a settlement. Except as may be provided otherwise in this Agreement, wage claims shall be limited to a maximum of a six-month period.

E. STATUS QUO. During the period of adjustment or arbitration as provided in this Article, the conditions in effect at the time of receipt of written notice specified in Section C above, shall continue in effect pending final decision. This Section shall have no application to, and shall not be invoked, in connection with any store closing, store sale or transfer of a store.

F. EXPENSES. With the exception of arbitrations involving suspension and/or discharge, 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 suspension and/or discharge 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.

G. TIME LIMITS. The time limits set forth above may be extended by mutual agreement between the parties.

H. REPORTING DISCREPANCIES. It shall be the responsibility of the employee to report any claimed discrepancy to the Union promptly upon discovery and it shall then become the responsibility of the Union to notify the Employer promptly of such claimed discrepancy. In any event, so long as this does not conflict with any other Article in this Agreement, all complaints by Grocery Department employees must be filed in writing within thirty (30) days after the matter in dispute or disagreement is first reported to the Union. All complaints by Meat Department employees must be filed in writing within fifteen (15) working days of the occurrence of such dispute or disagreement. Complaints not filed within the limits herein specified shall be deemed null and void.

ARTICLE 13 - VISITS TO 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 the receipt of reported violations, the Union representative shall have the privilege of visiting such store for the purpose of investigating such violations. The Union further agrees that it will arrange with the store manager for such investigation, 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. Further, the Union representative and employees shall not engage in Union activities during working hours. In instances where employees are working during hours that the stores are closed to the public, Union representatives shall be admitted to the premises if they are identified or recognized by the employees on duty.

ARTICLE 14 - GENERAL CONDITIONS

A. TRAINING SCHOOL FEES/GROCERY. 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.

B. REGISTER SHORTAGES.

1. No employee may be required to make up cash register shortages unless he 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 right 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.

C. RELIEF PERIODS. All employees working more than three and one-half (3½) hours and up to and including five (5) hours per day shall receive one (1) ten (10) minute rest period. All employees working more than five (5) hours and up to and including six (6) hours per day shall receive one (1) fifteen (15) minute rest period. All employees working more than a six (6) hour day shall receive two (2) ten (10) minute rest periods.

D. STORE HOURS. The Employer shall have the sole right to fix and determine the opening and closing hours of his market.

E. UNIFORMS/GROCERY. The Employer shall furnish all gowns, aprons, and 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 their Union buttons. The Employer shall provide a jacket for use by employees working in store walk-in freezer boxes.

F. MAINTENANCE OF CLOTHING/MEAT. The Employer shall furnish and maintain in sanitary condition, at no expense to the employee, all linens, frocks, aprons, caps and all types of uniforms required by the Employer. The term "uniform" shall not include any personal clothing. Adequate clothing shall be available for work in freezers. Adequate sharpening service for all tools shall be furnished and paid for by the Employer. If an employee chooses to use a "drip-dry" uniform offered by the Employer, the employee shall be responsible for laundering such uniform.

G. CLOTHING REQUIREMENT/MEAT. The Employer may require normal work clothing to be identical or similar in type and color for all employees, but may not require the employee to furnish any clothing which would subject the employee to unusual expense.

H. FIRST AID KITS. The Employer shall furnish and maintain and have available and accessible in good condition a first aid kit in all retail meat markets whose employees are under the jurisdiction of the Union. The Employer shall post the names of doctors and hospitals to be used by employees in case of industrial injury. A responsible representative of management shall instruct injured employees to report for proper medical care.

I. FLOOR COVERINGS/MEAT. Wood, rubber matting, or other suitable floor covering shall be placed behind service meat cases and at all work stations where employees stand.

J. SHOP CARD. The Union Shop Card is the property of the United Food and Commercial Workers International Union Local No. _____, and is loaned to the Employer for display, who signs and abides by this Agreement. The Employer agrees at all times to display it in a conspicuous place. The Shop Card can be removed from any market by the President of the Union or his Deputy for any violation of this Agreement.

K. UNION NOTICES. Space shall be provided in each Meat Department for the posting of this Agreement and notices of meetings, but same shall not be posted until they have been first called to the attention of the Employer.

L. UNION PRINCIPLES.

1. It shall not be a violation of this Agreement and it shall not be the cause for discharge or disciplinary action in the event an employee refuses to go through or work behind any lawful, sanctioned, primary picket line, including the lawful, sanctioned, primary picket line of the Union party to this Agreement, and including such picket lines at the Employer's place of business.

2. For the purposes of this Section, a sanctioned picket line shall be one which is sanctioned by the Local Union signatory to this Agreement and the Southern California Food and Drug Council.

3. The Union shall not command, order or direct employees to exercise their rights under the foregoing clause but shall have the right to advise employees whether the strike or picket line is sanctioned, as to the facts of the particular labor dispute, and as to the employee's rights under the foregoing clause. Neither shall the Employer command, order or direct employees to refuse to exercise their rights under the foregoing clause.

4. Each individual employee shall have the right to make his free choice to cross or not to cross any sanctioned picket line as defined above. The Union shall not abridge or interfere with the employee's individual privilege of decision with respect to this matter.

M. UNION ACTIVITY. No employee covered by this Agreement shall be discriminated against for membership in or legal activity on behalf of the Union.

N. 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 Sections or Paragraphs to which they refer. The use of the word "grocery" in this Agreement is strictly used for clarification only. The term is designated to mean employees working in classifications which were included in the bargaining unit of the 1993-1996 Retail Food, Bakery, Candy and General Merchandise Agreement. Except where the word "meat" refers to the product, the term "meat" as used in this agreement means employees working in classifications which were included in the bargaining unit of the 1993 - 1996 Retail Meat Agreement.

O. ALTERATIONS. This contract can only be altered, amended or changed by an instrument in writing signed by the Union and the Employer and any oral statements or agreements shall be of no force and effect whatsoever.

P. POLYGRAPH TESTS. No Employer shall demand or require any applicant for employment or prospective employment or any employee to submit to or take a polygraph lie detector or similar test or examination as a condition of employment or continued employment.

Q. INVENTORY. All inventory work in the Meat Department shall be considered as part of the duties of employees to be performed under the requirements of this Agreement.

R. DONATIONS. It is recognized that the Employer may sponsor donations to worthy charitable organizations. However, no employee shall be required to make contributions nor shall any employee be told a specific amount he should contribute. There shall be no compulsion with regard to such contributions.

S. STORE MEETINGS. No store 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. If any employee is required to attend a Company meeting on his regular

day off or during his vacation, he shall receive one (1) day's pay. No employee shall be disciplined or discharged for failure to attend a Company meeting outside his regular working hours. A day's pay for part-time employees shall be a minimum of four (4) hours.

T. SANITATION AND SAFETY/MEAT.

1. Except in the customary performance of duties in taking care of the merchandise in the walk-in coolers, no employee shall be required to work a full eight (8) hour shift in the coolers. All sanitary and safety regulations of federal, state, and local governments shall prevail in all establishments. Working conditions which the Union believes to be injurious to the health and safety of the employees shall be directed to the attention of the Employer. If such conditions are found to be in violation of any federal, state or local law or regulation, they shall immediately be corrected. No employee shall be subject to disciplinary action or discharge for failure to use such faulty equipment. Employees shall be required to use safety equipment provided by the Employer and any employee failing to use such safety equipment shall be subject to appropriate disciplinary action or discharge, including summary discharge.

2. Meat Department employees shall not be required to maintain restrooms.

U. WORKING RULES. When an Employer establishes working rules, a copy of such rules shall be made available to all employees at the store and it shall be the responsibility of each employee to familiarize himself with those rules. Said working rules shall not be in conflict with the terms of this Agreement. Changes in the working rules shall also be made available to employees in the store and, upon request, the Union shall be furnished such rules and such changes.

V. BOND. 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 his first thirty (30) days of employment, the Employer agrees to make a reasonable effort to secure a bond in an appropriate case.

W. STEWARDS. The Company recognizes the right of the Local Union to appoint no more than two (2) stewards per store. The Union will notify the labor relations department of the names and store numbers of the stewards. Upon two (2) weeks notice to the Company labor relations department, said stewards will be scheduled off and paid, at the employee's daily straight-time rate based on the average daily hours worked in the pay period preceding, not to exceed eight (8) hours, to attend one (1) one-day stewards training seminar per calendar year. Full-time employees will be paid eight (8) hours. The parties agree that such time shall not be considered time worked for purposes of overtime, benefit contributions or other incidents of "time worked".

One of said stewards per store who shall be designated by the Union will not be subject to the provisions of Article 4-C-1 through 4-C-5 of this Agreement.

ARTICLE 15 - TRUST FUNDS

A. BENEFIT FUND.

1. The Employer and Unions agree to continue the existing United Food and Commercial Workers Unions and Food Employers Benefit Fund (the "Benefit Fund"). The Benefit Fund will continue to provide health and welfare benefits that are consistent with the terms and limitations of this Agreement.

2. If any Employer ceases all or part of its operations covered by Agreement, files a petition in bankruptcy or otherwise becomes subject to the jurisdiction of the bankruptcy court, or sells all or part of its

operations covered by this Agreement (and the buyer does not assume the obligations under this Article), then such Employer shall pay a lump sum to the Benefit Fund as of the date of the cessation of operations, the filing of the bankruptcy petition, or the closing date of sale. Said sum shall be owing without regard to whether any other Employer's successor collective bargaining agreement contains the maintenance of benefits contribution obligation set forth in Article 15 (A)(2) of the expired 1999-2003 Agreement. The lump sum payment shall be the amount determined in the second (2nd) paragraph of Article 15 (A)(2) of the expired 1999-2003 Agreement, except that the total obligation of all Employers shall be deemed to be ninety million dollars (\$90,000,000) and the total hours reported by both the Employer and by all Employers shall be measured from the beginning of this Agreement to the last day of the month preceding the month in which the cessation or sale occurs or the petition is filed. If an Employer ceases or sells less than all of its covered operations, only those hours attributable to operations ceased or sold shall be used. Notwithstanding the foregoing, this Paragraph shall apply only where the cessation or sale involves three hundred (300) or more of the Employer's eligible employees, or more than twenty-five percent (25%) of the Employers eligible employees, whichever is greater. A series of transactions occurring over any consecutive twenty-four (24) month period shall be considered a single transaction for the purposes of this Paragraph.

3. Resolution of Differences. Differences between the Employer and the Union as to the interpretation or application of the provisions of the Trust Agreement relating to employee benefits shall not be subject to the grievance or arbitration procedure established in any collective bargaining agreement. All such differences shall be resolved in the manner specified in the Trust Agreement.

4. Benefits and Eligibility. The Trustees are authorized and directed to implement the following changes to the Benefit Fund:

(a) Benefits for Employees Hired Prior to March 1, 2004. All employees hired prior to March 1, 2004 ("Current Employees") shall continue to participate in Plan A, as modified herein. A Current Employee whose employment is terminated or who is laid-off and who is rehired by another Employer in the Industry following an absence of less than four (4) months shall maintain his status as a Current Employee (subject to the applicable contribution/premium rates for Current Employees).

(1) The Trustees are authorized and directed to modify Plan A in accordance with the attached Exhibit entitled "Southern California UFCW Contract Health and Welfare Design Agreement." Except as otherwise noted in the Exhibit, these changes shall be made as soon as feasible.

(2) Current Employees shall not be required to pay any premium for coverage during the initial twenty-four (24) months following March 1, 2004, and such employee premiums shall be required after that date, if at all on the following basis: effective with the twenty-fifth (25) month following March 1, 2004, and continuing thereafter, Current Employees will be required to pay premiums, deducted from their paychecks as a condition of participation in Plan A as follows: employee only - five dollars (\$5.00) per week, employee plus children - ten dollars (\$10.00) per week, employee plus spouse with or without children - fifteen dollars (\$15.00) per week unless the Trustees determine that a lesser amount is required to cover the cost of providing benefits. The implementation and the amount of employee premiums may be deferred until such time as additional contributions are needed to cover the cost of providing benefits. Any deadlocked Trustee motion relating to either the deferral or the amount shall be arbitrated on an expedited basis, with the arbitration to take place no later than sixty (60) days following the Trustees' meeting at which the deadlock occurs. The employee premiums shall be implemented pending the outcome of any arbitration. The provisions of this subsection (4)(a)(2) shall be inoperable during the term of this 2007 - 2011 Agreement.

(3) Effective for Benefit Fund eligibility in the month of May 2004, and thereafter, continuing eligibility (i.e. eligibility for employees who have already established initial eligibility) shall be

determined on a “skip-month” basis (e.g. an employee who works the applicable qualifying hours in March shall earn eligibility for benefits in the month of May).

Notwithstanding the above, a Current Employee also may attain eligibility for any month in accordance with the Letter of Understanding, “Interim Eligibility for Health and Welfare.” The rule in the preceding paragraph shall only apply to continuing eligibility for benefits and shall not change the existing rules for establishing initial eligibility. Qualifying hours will continue to be based on the existing hours requirements for each classification.

(4) The termination of eligibility rule for all Plans will provide that eligibility will end at the end of the month in which the employee is terminated or laid-off. If a Current Employee returns to the Industry less than four (4) months following his termination or lay-off, the employee: a) will re-establish eligibility on a skip-month basis, and b) will retain his Current Employee status. If the Current Employee does not return to the industry in less than four (4) months following their termination or lay-off, the employee will be considered a New Hire and will be subject to all New Hire provisions contained herein; provided, however, that a Current Employee who is recalled from a lay-off shall maintain his status as a Current Employee (subject to the applicable contribution/premium rates for Current Employees).

(b) Benefits for Employees Hired On or After March 1, 2004 (“New Hire”). The Trustees are authorized and directed to modify the New Hire Plan in accordance with the attached Exhibit entitled “Southern California UFCW Contract Health and Welfare Design Agreement.” Except as otherwise noted in the Exhibit, these changes shall be made as soon as feasible. The assets of the Benefit Fund shall be commingled and not segregated for any particular benefit or schedule, but the administrator shall maintain separate accounting for income, expenses and claims experience attributable to New Hire employees.

New Hire employees must complete an applicable “eligibility-waiting period” before they become eligible to participate in the health care plan as follows:

(1) Effective the first (1st) of the month following ratification of this Agreement, New Hire employees, except Clerk’s Helpers, will become eligible to participate in the plan for employee-only and dependent children coverage beginning the first (1st) day of the calendar month coincident with or following the employee’s sixth (6th) month anniversary date of hire. The employee’s spouse will become eligible to participate in the plan on the first (1st) day of the calendar month coincident with or following the employee’s twenty-fourth (24th) month anniversary date of hire.

(2) New Hire Clerk’s Helpers will be eligible to participate in the plan for employee-only coverage beginning the first (1st) day of the calendar month following their eighteenth (18th) month of employment. Dependents of Clerk’s Helpers are not eligible to participate in the plan.

(3) Qualifying hours will be based on the same hours requirements for each classification as those required under the Current Employees Plan. Continuing eligibility will be determined on a “skip month” basis (with the same meaning as provided above).

(4) New Hire employees shall be required to pay weekly premiums, deducted from their paychecks as a condition of participation in the plan as follows: employee only - seven dollars (\$7.00) per week; employee plus children - ten dollars and fifty cents (\$10.50) per week; and employee plus spouse and/or children - fifteen dollars (\$15.00) per week. The employee premiums shall be collected in advance by the Employer and paid to the Benefit Fund coincident with the Employers’ contribution obligation for hours worked in the month preceding the month in which the Benefit Fund provides coverage.

(5) Any New Hire employee who fails to make the required premium payments or does not authorize the required payroll deductions for employee premiums shall forfeit their opportunity to participate in the plan during the applicable enrollment period. Employees shall be allowed the opportunity to enroll annually and at such other times as required by law. The Trustees shall have the authority to establish appropriate rules and regulations for enrollment and the collection of employee premiums, including rules relating to the possible refund of employee premiums paid to the Plan on behalf of an employee who is not eligible in the applicable month.

(6) New Hire employees, except Clerk's Helpers, shall be eligible for RX, Dental and Vision coverage under Plan A for themselves and their eligible dependents effective the first (1st) calendar month coincident with or following three and one-half (3½) years from date of hire.

(7) New Hire employees, except Clerk's Helpers, hired before the 2007 date of ratification shall become eligible to elect coverage under Plan A for themselves and their eligible dependents effective the first (1st) calendar month following five and one-half (5½) years from date of hire. Such participation in Plan A shall be limited to electing coverage under the PPO Plan. It is understood that such employees shall not be eligible to participate in the retiree health and welfare plan and will continue to pay co-premiums at the rate provided in Section (4)(b)(4) above.

(8) New Hire employees, except Clerk's Helpers, hired on or after the 2007 date of ratification shall become eligible for complete coverage under Plan A for themselves and their eligible dependents effective the first (1st) calendar month following six and one-half (6½) years from date of hire. Such participation in Plan A shall be limited to electing coverage under the PPO Plan. It is understood that such employees shall not be eligible to participate in the retiree health and welfare plan and will continue to pay co-premiums at the rate provided in Section (4)(b)(4) above.

(c) Except for those changes described in, required by, or necessary to implement this Article 15 A and C, and subject to the right of the Trustees to amend, modify or eliminate any Plan benefit or feature at any time as provided herein, the existing Plan coverages and all resolutions and letters of understanding shall initially be a part of the new Plan design. This provision shall not be interpreted, applied or construed to: (a) create any express or implied obligation to maintain or preserve any benefit or Plan feature for any period of time; (b) create any vested entitlement to any benefit or feature under the Plan; or (c) limit or restrict, directly or indirectly, the right of the Trustees to make changes in those benefits or features when they deem it necessary or appropriate under the Plan and/or as a matter of fiduciary duty.

5. Employer Contributions. The Employer agrees to contribute the following amounts to the Benefit Fund for Plan A and the new hire plan:

- a) \$2.00 per straight-time hour worked, applicable to all employees covered by this Agreement, effective with hours worked in March 2007.
- b) \$2.10 effective with hours worked in March 2008.
- c) Up to \$3.00 effective with hours worked in March 2009.
- d) Up to \$3.30 effective with hours worked in March 2010.
- e) Up to \$3.47 effective with hours worked in February 2011.
- f) Reserve requirement & basis of contribution adjustment.

(1) The 6 months of reserves required below will be equal to fifty percent (50%) of the Fund's total plan expenditures (including all claims, premiums, and administrative costs) for the previous twelve (12) months. The co-consultants will work with the Fund office to secure the most recent twelve-month information available as of the fifteenth (15th) of the month in which the adjustment is to occur.

(2) In any period when the contribution basis is "up to with a cap," the amount of the Fund's six (6) months reserves and the Employer contribution rate will be determined by the Trustees (based on the advice of co-consultants) as of each Adjustment Date. The Adjustment Date is the first (1st) day of the first (1st) month that the contribution basis is "up to with a cap" and every six (6) months thereafter. On each such Adjustment Date, the Trustees shall determine the 6-month reserve as described in paragraph (1). The 6-month reserve thus identified shall be compared to the Fund's assets on the same date, and the Employer contribution rate shall be adjusted up or down (but never to exceed the contribution rate cap for the period) so as to achieve the required 6-month reserve by the next Adjustment Date. In any event, the reserve requirement for the two calculations required in the period from March 2009 to February 2010 shall not be less than seven (7) months (based on 58.33% of the Fund's total plan expenditures instead of 50%).

(3) The contribution adjustment required under paragraph (2) shall begin with hours worked in the month in which the Adjustment Date occurs. For example, if contributions are subject to "up to with a cap" beginning June 1, 2009, the first (1st) Adjustment Date will be June 1, 2009 and any required contribution rate adjustment will be effective beginning with hours worked in June 2009 and paid in July 2009.

(4) If the Trustees do not agree on the contribution rate, the matter shall be immediately submitted for resolution through expedited arbitration. The Trustees are directed to request an FMCS list of at least seven arbitrators who are members of the National Academy of Arbitrators within twenty-four (24) hours notice of the dispute. Within seventy-two (72) hours of receipt of the arbitrators list, the Trustees must select an arbitrator who can comply with the hearing and decision requirements of this paragraph. The Trustees will bring this matter before the arbitrator within twenty (20) days of the notice of the dispute. The arbitrator will render a decision within twenty (20) days of the commencement of the hearing. The result of the arbitration shall be retroactively effective to the applicable contribution Adjustment Date.

(5) Notwithstanding the above, the six (6) months reserves and the Employer contribution rate shall be determined as follows as of the first (1st) of the month that is six (6) months before the expiration of the contract.

The Trustees shall determine the 6-month reserve as described in paragraph (1). The 6-month reserve thus identified shall be compared to the Fund assets on the same date, and the contribution rate shall be adjusted up or down (but never to exceed the contribution rate cap for the period) so as to achieve the required 6-month reserve within five (5) months.

(6) During the last month of the contract, the co-consultants shall determine the average hourly cost of the plan for the last twelve (12) months of the contract. The calculation of the average hourly cost of the plan for the last twelve (12) months of the contract shall be based on the co-consultants' calculation of the total plan expenditures less employee contributions, retiree contributions, Medicare Part D subsidy, and net investment income, all expressed on a cents per hour basis. The co-consultants will work with the Fund office to secure the most recent twelve-month information available as of the fifteen (15th) of the month in which the adjustment is to occur.

The Employer contribution rate for hours worked beginning with the last full month of the contract will be adjusted to cover the cost of the plan (as defined above) up to the cap agreed to by

the parties. If the Trustees do not agree on the Employer contribution rate the matter shall be resolved in the same manner as described in paragraph (4).

(7) With respect to all of the reserve and Employer contribution rate calculations provided for above, the co-consultants are directed to submit their written recommendations and supporting calculations to the Board of Trustees within ten (10) business days of the date that they receive the data to make a determination. In the unlikely event that the co-consultants do not have a joint recommendation, each shall submit an explanation of the reasons for their disagreement within the same time period.

(8) It is understood that Plan B's expenses and assets will not be included in any of the calculations contained in this section.

g) Any Employer that desires to cover all of its employees under Plan A shall pay an employer contribution rate as determined by the Board of Trustees.

h) Except as otherwise expressly stated herein, the hourly contribution rates above shall be the limit of the Employer's obligation to the UFCW Unions and Food Employers Benefit Fund, and the Employers shall not be liable or responsible in any way for any different or additional contributions or payments, direct or indirect, to the Benefit Fund.

i) In the event that the above employer contributions, combined with premiums paid by employees and retirees, are insufficient to maintain Plan Benefits, including administrative expenses and an appropriate operating reserve, the Trustees are authorized and directed to make amendments and modifications to the Plan that are necessary in consideration of the expected income to the plan. Any such benefit modifications may be rescinded by the Trustees, if and when, the financial position of the Fund improves to so allow.

6. Plan B. The Trustees are directed to modify Plan B in a similar manner and with similar effect as in Plan A. In addition, the existing provisions governing the operation of Plan B shall continue as follows:

(a) The benefits of Plan B shall be based on the joint recommendation of the consultants based on a contribution rate of seventy-five percent (75%) of the cost of Plan A. Neither the contribution rate nor the benefits of Plan B shall be affected by the actual experience of Plan B.

(b) Any new Employer with more than three hundred (300) employees shall be reviewed by the consultants to ensure that their admission would not have a significant adverse actuarial impact. Employers with three hundred (300) or less employees, who otherwise meet the definition of eligible Employer, shall be admitted without any review.

(c) If an Employer moves from Plan B to Plan A, the employees of that Employer who are still employed on the date the Employer moves to Plan A shall be treated under all Plans (the pension plan, vacation plan, supplementary plan, ancillary plan, health and welfare plan, but not the individual account plan) as if the Employer had always been under Plan A. The Trustees shall adopt reasonable rules based upon recommendations of the consultants to govern the situation of an employee who moves from Plan B to Plan A as the result of moving from one Employer to another.

SOUTHERN CALIFORNIA UFCW CONTRACT HEALTH AND WELFARE DESIGN AGREEMENT

	New Hire Plan (Hired after March 2004)		Plan A		Retiree Medical
Medical Plan	Restructure PPO Plan and implement an HRA Plan. COB for two active working spouses in the industry/trust fund.		Restructure PPO Plan and implement an HRA Plan. HMO plans will still be offered to Current Plan A participants only. Open to restructuring HMO to an HRA concept during the term of the Agreement. COB for two active working spouses in the industry/trust fund.		-Restore retiree death benefit. ** Eliminate the following caps:** -Glucose Monitoring -Pap Smears
Health Reimbursement Account	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>	-Colostomy Supplies -Health Aids
Deductible	\$1,000	\$2,000	\$1,000	\$2,000	<u>Increase the following caps:**</u>
HRA Funding	\$500	\$1,000	\$550	\$1,000	-Surgeon to \$3,000 -Asst Surgeon to \$700.
HRA Incentives Up To:	\$50	\$100	\$200	\$250	-Office Visits to \$3,150.
Preventive Care	100%	100%	100%	100%	-Specialists to \$1,050 (included In Office visit max)
Coinsurance	75%	75%	80%	80%	
Out-of-Pocket Maximum	\$2,500	\$5,000	\$1,500	\$3,000	
Prescription Drug*	Eliminate deductible.** Allow participants to pay co-pays out of HRA funds		Eliminate deductible.** Allow participants to pay co-pays out of HRA funds		Eliminate deductible. **
Chiropractic Max	\$800**		\$1,000**		
Dental	No Change from Current Plan		Dental/Ortho Max: \$1,800**		
Vision	\$125 maximum**		\$150 maximum**		

* Maintenance Drug Co-Payments of \$7/\$15/\$25 (30 days), \$14/\$30/\$50 (90 days) available for hypertension, high cholesterol, diabetes control drugs, asthma, glaucoma, osteoporosis and related supplies which require a prescription.**

** Effective on the first (1st) of the month following ratification of this Agreement. Maintenance drugs available at retail setting at contractual terms comparable to mail order pricing.

Health and Care Management

Direct Trustees to Implement Integrated Health and Care Management Programs. The programs shall be designed to progress over the term of the Agreement to “best-in-class” levels with respect to the key characteristics listed below:

- Quality education campaign for all participants
- Superior participant communications, including robust web tools
- Superior participant information tools
- Analytics measuring participation, compliance, and results
- Very strong comprehensiveness of programs
- High levels of integration
- Strong physician behavior change mechanisms

1. Establish a health risk assessment questionnaire to be completed during Annual Enrollment. If employee and spouse, enrolled in plan 110, complete during enrollment, an additional \$50 for each employee and spouse will be added to the HRA account (max \$100). If employee and spouse, enrolled in plan A PPO, complete during enrollment, an additional \$200 for each employee and \$50 for the spouse will be added to the HRA account (max \$250). During the term of this Agreement, the Trustees may, by mutual agreement, reallocate the HRA incentive amounts provided above.

2. Establish 24-hour nurse call-in line and/or medical decision support.

3. Develop a medical management program that targets high-risk participants with chronic diseases such as diabetes, obesity, asthma and cardiovascular disease. In order to encourage participant engagement in such programs and to enhance the goal of improving health status a series of incentives must be developed.

There is recognition that incentives may take various forms and will likely evolve and change over time based on program experience with a goal of maximizing program effectiveness and reducing health costs and medical trend. The initial focus will be a thorough educational campaign in connection with program roll out.

4. Establish free and/or reduced cost educational programs such as:

- a. Weight management
- b. Smoking cessation
- c. High Cholesterol

5. Reduce prescription drug co-pays as shown below for participants taking maintenance drugs (and related supplies which require a prescription) for certain disease states which would include categories of drugs such as:

- a. Hypertension
- b. High cholesterol
- c. Diabetes control drugs
- d. Asthma
- e. Glaucoma
- f. Osteoporosis

Drug Class	30 Day Supply	90 Day Supply
Generic	\$7	\$14
Formulary Brand	\$15	\$30
Nonformulary Brand	\$25	\$50

It understood that the Plan's consultants will continue to evaluate the effectiveness of including these scheduled drug categories on Plan costs and based on their recommendations the Trustees may remove drugs from this list and/or add other categories of drugs consistent with the objective of increasing compliance with prescribed drug therapies which will lower plan costs and trend.

6. Allow employees covered under the Trust Fund who re-establish eligibility to carryover their unused HRA account balance consistent with the Fund's 4 month rule.
7. Prorate HRA account funding for new enrollees entering the plan outside annual enrollment.
8. Complex/Catastrophic Care Management to provide case management of the entire health care and treatment for participants with high-risk health conditions.
9. Preventive health care at medically appropriate times (see below).

Service	PPO plan coverage (In-network)	New HRA plan coverage (In-network)	Out-of-Network (no change)
Mammography	After the deductible, Plan pays 80%, you pay 20%.	Plan pays 100%	After deductible, Plan pays 50% of UCR charges. You pay 50% of UCR plus 100% of amount over UCR.
Routine Annual Physical Exam	Plan pays 100% after you pay \$20 copayment. One exam per year.	Plan pays 100%	After deductible, Plan pays 50% of UCR charges. You pay 50% of UCR plus 100% of amount over UCR. One exam per year.
Well-baby care	Plan pays 100% after you pay \$20 copayment.	Plan pays 100%	After deductible, Plan pays 50% of UCR charges. You pay 50% of UCR plus 100% of amount over UCR.
Childhood Immunizations	After the deductible, Plan pays 80%, you pay 20%.	Plan pays 100%	After deductible, Plan pays 50% of UCR charges. You pay 50% of UCR plus 100% of amount over UCR.
Papanicolaou (Pap) smear and pelvic examination	Plan pays 100% after you pay \$20 copayment. Up to two exams per year combined PPO and non PPO providers.	Plan pays 100%	After deductible, Plan pays 50% of UCR charges. You pay 50% of UCR plus 100% of amount over UCR. Up to two exams per year combined PPO and non PPO providers.
Prostate specific antigen (PSA) testing	After the deductible, Plan pays 80%, you pay 20%.	Plan pays 100%	After deductible, Plan pays 50% of UCR charges. You pay 50% of UCR plus 100% of amount over UCR.
Colonoscopy	After the deductible, Plan pays 80%, you pay 20%.	Plan pays 100%	After deductible, Plan pays 50% of UCR charges. You pay 50% of UCR plus 100% of amount over UCR.

Utilize nationally recognized guidelines as a basis for coverage.

B. PENSION FUND.

1. Contributions: The Employers agree to contribute to the Pension Fund for the term of this Agreement based on the following contribution amounts:

(a) Beginning with hours worked in March 2007, the Employer agrees to contribute to the pension Fund for the term of this Agreement one dollar and twenty cents (\$1.20) per straight-time hour worked for all Employees covered by this Agreement (including Employees covered by Appendix G), regardless of date of hire.

(b) The contribution credited for a given Plan Year shall continue to be based on hours worked in the twelve (12) month period beginning November and ending October of the following year (which has been referred to as the "7 month shift").

2. Benefit Changes. The Board of Trustees is authorized and directed to amend future benefit accruals for Current Actives effective April 1, 2004, based on the following:

(a) Future benefit accruals will be reduced to sixty-five percent (65%) of the current benefit accrual rates, for example, the current rates would be adjusted as follows;

(1) For the first (1st) ten (10) years of benefit credit the current benefit accrual rate of fifty-one dollars and eighty-two cents (\$51.82) will be changed to thirty-three dollars and seventy cents (\$33.70).

(2) For all years of benefit credit after the first (1st) ten (10) years the current benefit accrual rate of sixty-nine dollars and nine cents (\$69.09) will be changed to forty-four dollars and ninety cents (\$44.90).

(b) These benefit accrual rates will apply to all Current Actives, including Clerk's Helpers.

(c) The Board of Trustees is authorized and directed to provide the following schedule of benefits under the Pension Fund for New Hires:

(1) New Hires, including Clerks Helpers, are eligible to participate in this plan

(2) New Hires must be at least age twenty-one (21) and have one (1) year of service to meet the eligibility requirements

(3) One (1) year of service for eligibility purposes shall be defined to be at least seven hundred and fifty (750) hours of service

(4) New Hires will become participants on the earlier of:

a) The first (1st) day of the plan year beginning after the date the New Hire meets the eligibility requirements, or

b) The date six (6) months after the New Hire meets the eligibility requirements

(5) Required Benefit accrual rates will be set at thirty-five percent (35%) of the current top benefit accrual rates as follows;

a) For the first (1st) ten (10) years of benefit credit the benefit accrual rate shall be eighteen dollars and fourteen cents (\$18.14).

b) For all years of benefit credit after the first (1st) ten (10) years the benefit accrual rate shall be twenty-four dollars and eighteen cents (\$24.18).

(6) Normal retirement age will be age sixty-five (65).

(7) Early retirement eligibility will be age fifty-five (55) with five (5) years of service

(8) For early retirement prior to age sixty-five (65), participants accrued benefits will be reduced on an actuarial equivalent basis

(9) New Hires will not be eligible for the Rule of 85 retirement benefits

(10) Except for the changes enumerated above, and subject to the Trustees' right to make changes under subsection 15(B)(2)(e), all provisions of the current Plan shall apply to New Hires.

(d) Fund Co-counsel and Co-consultants are instructed to prepare an ERISA Section 204(h) notice, and any other required notices and filings, and the Administrator is instructed to distribute any such notices to plan participants in order to implement the above referenced changes by April 1, 2004.

(e) The Board of Trustees shall implement and maintain over time a pension plan design that can be supported by the above contribution rates, and the Trustees are further authorized and directed to make the necessary amendments for future benefit accruals under the Pension Fund from time to time to avoid any funding deficiencies under ERISA and the Internal Revenue Code, and otherwise in accordance with the provisions of the long term funding policy set forth herein. These changes shall first be effective on April 1, 2004 or as soon thereafter as legally permitted.

3. Amended Trust Agreement and Pension Plan. The Agreement and Declaration of Trust providing for the Pension Trust Fund and the Pension Plan shall be amended, as may be required, to conform to the provisions of this Section B.

4. Other Pension Plans. The Employer retains the exclusive right to alter, amend, cancel or terminate any presently existing company-sponsored pension plan or employee retirement plan that existed prior to the establishment of this Pension Fund

5. Laws and Regulations. The Trust and the benefits to be provided from the Pension Trust Fund and all acts pursuant to this Agreement and pursuant to such Trust Agreement and Pension Plan shall conform in all respects to the requirements of the Treasury Department, Internal Revenue Service, California Franchise Tax Board and to any other applicable state or federal laws and regulations.

6. Pension Protection Act. The parties agree to use their reasonable best efforts to support use of the relief granted to the Pension Fund by the IRS pursuant to IRC § 412(e) so as to avoid having the Plan certified as critical or endangered within the meaning of the Pension Protection Act ("PPA") for any Plan Year. It is the intent and the understanding of the parties that if the Fund is certified as critical or endangered, the Fund actuaries have agreed that under the PPA as currently in effect they will apply the relief granted to the Fund by the IRS under IRC § 412(e) to determine if the Fund will emerge from critical status or exit from endangered status and that the Fund's actuaries have determined that the conditions of the 2008 Schedule (as defined below) are sufficient to permit the Fund to emerge from critical status and go into the "green zone" without any benefit reductions or further contribution increases.

In the event that the Plan's actuaries are unable to avoid certifying the Plan as being in endangered or critical status within the meaning of the PPA, the provisions of this Article shall be re-opened upon such certification for the sole purpose of adopting and implementing the schedule of benefits and contribution rates (the "Schedule") submitted to the bargaining parties in accordance with the PPA and the Rehabilitation Plan adopted by the Trustees. The bargaining parties agree that the Schedule shall be determined and adopted upon such re-opener as follows:

(a) For a certification of critical status in 2008, the Trustees are authorized and directed to adopt a Rehabilitation Plan which contains a Schedule in the form attached hereto as Exhibit "A", amended only as required in subsection (b) below (the "2008 Schedule"), and shall submit such Schedule to the bargaining parties not later than twenty (20) days from the date of certification of critical status. The 2008 Schedule shall be approved by the bargaining parties and automatically incorporated into this Agreement without further action by the bargaining parties as of the earliest date necessary to avoid the application of any employer surcharge under the PPA. The 2008 Schedule shall be effective on the first (1st) day of the applicable Rehabilitation Period under the PPA (April 1, 2011). The Rehabilitation Period described in the PPA will not begin any earlier than it would have had this limited re-opener not taken place. This re-opener shall constitute a renegotiation of the existing collective bargaining agreement as such is required under the PPA, and the Collective Bargaining Agreement shall not be construed to have expired as a result of the re-opener.

(b) In the event the actuaries for the Pension Fund determine that the 2008 Schedule is not sufficient to reasonably enable the Plan to emerge from critical status by the end of the Rehabilitation Period, the Trustees will amend the 2008 Schedule in the manner the actuaries determine would be required for a "default schedule" under the PPA, and still taking into account to the extent legally permitted any relief available under IRC Section 412(e) or 431(d), but any benefit changes required in such Plan or Schedule would not be effective until the earlier of: (i) the first (1st) day of the fourth (4th) month following the expiration of the then effective Collective Bargaining Agreement, or (ii) such time as required by law. In no event shall any contribution changes required under such Plan or Schedule go into effect prior to the effective date of any benefit changes.

(c) For a certification of critical or endangered status in any plan year beginning after 2008, the Trustees are authorized and directed to adopt either: (i) a Rehabilitation Plan which contains a default schedule as defined in the PPA, or (ii) a Funding Improvement Plan which contains a schedule with no contribution rate increases, whichever is applicable and which default schedule or funding improvement plan still takes into account to the extent legally permitted any relief available under IRC Section 412(e) or 431(d). Any benefit changes required in such Plan or Schedule shall not be effective until the earlier of: (i) the first (1st) day of the fourth (4th) month following the expiration of the then effective Collective Bargaining Agreement, or (ii) such time as required by law. In no event shall any contribution changes required under such Plan or Schedule go into effect prior to the effective date of any benefit changes. The Trustees shall submit the relevant schedule to the bargaining parties not later than twenty (20) days from the date of certification of critical or endangered status. The relevant schedule shall be approved by the bargaining parties within thirty (30) days or, if applicable, as of the earliest date necessary to avoid the application of any employer surcharge under the PPA. The relevant schedule shall automatically go into effect, and be incorporated into this Agreement, without further action by the bargaining parties. This limited re-opener shall constitute a renegotiation of the existing collective bargaining agreement as such is required under the PPA, and the Collective Bargaining Agreement shall not be construed to have expired as a result of the re-opener. The relevant Rehabilitation Period shall not begin any earlier than it would have had this limited re-opener not taken place. This subsection shall only apply to a certification of critical or endangered status at a time when the Pension Fund is not otherwise operating under a Rehabilitation Plan or Funding Improvement Plan.

(d) The Board of Trustees is authorized and directed to take all reasonable measures to cooperate and assist in achieving these objectives.

Nothing contained in this Section 6 will prevent, delay or interfere in any way with any benefit changes or other actions required under the existing Funding Policy contained in Article 15, Section B(6).

Exhibit "A"
Schedule of Contributions and Benefits

Southern California United Food & Commercial Workers and Food Employers Joint Pension Trust Fund
Contribution and Benefit Adjustments
<ul style="list-style-type: none"> • Contributions of \$1.20 on all straight-time hours • No changes in benefits
Rehabilitation Period
Beginning in plan year 2011 (April 1, 2011) through plan year 2020 (March 31, 2021).
Annual Standards
<p>The following chart shows that the standards to be reviewed annually to ensure adherence to the rehabilitation plan is an annual maintenance of the conditions required for IRC 412 9e) relief, specifically:</p> <ul style="list-style-type: none"> (i) Minimum credit balance requirements are met annually, specifically for each year Column (4) must be greater than or equal to Column (3), and (ii) Minimum funded ratio requirements are met annually, specifically for each year Column (2) must be greater than or equal to Column (1), and (iii) For each plan year that the extension remains in effect, starting with the plan year beginning April 1, 2005, a copy of the actuarial valuation report for each plan year will be provided by December 15th of the following plan year to the IRS.
Emergence From the Red Zone: Projection Results
Results in the fund coming out of the Red Zone and going into the Green Zone, without any benefit reductions, due to no projected funding deficiencies during the rehabilitation period.

Southern California Joint Pension Plan
PPA Annual Standards - contribution Schedule
(10.43% Return for 2006 Plan Year. 7.50% Return for Subsequent Years)

As of	IRS §412(e) Conditions				Contract year Beginning March hours	Contract Year Est. Plan A Contributions	Plan Fund Ratio (current Assumption)
	(1) IRS Required Funded Ratio	(2) Plan Funded Ratio ⁽¹⁾	(3) IRS Required Credit Balance	(4) Plan Credit Balance			
4/1/2007	75.0%	91.6%	42,000,000	209,000,000	2007	156,700,000	85.7%
4/1/2008	75.0%	92.6%	63,000,000	242,000,000	2008	156,700,000	86.6%
4/1/2009	75.0%	93.6%	87,000,000	303,000,000	2009	156,700,000	87.5%
4/1/2010	75.0%	94.6%	115,000,000	377,000,000	2010	156,700,000	88.4%
4/1/2011	82.0%	95.5%	148,000,000	466,000,000	2011	156,700,000	89.3%
4/1/2012	83.0%	96.5%	186,000,000	568,000,000	2012	156,700,000	90.2%
4/1/2013	84.0%	97.5%	228,000,000	679,000,000	2013	156,700,000	91.1%
4/1/2014	85.0%	98.4%	277,000,000	707,000,000	2014	156,700,000	92.0%
4/1/2015	86.0%	99.4%	331,000,000	739,000,000	2015	156,700,000	93.0%
4/1/2016	87.0%	100.4%	391,000,000	774,000,000	2016	156,700,000	93.9%
4/1/2017	88.0%	101.5%	459,000,000	812,000,000	2017	156,700,000	94.9%
4/1/2018	89.0%	102.5%	534,000,000	855,000,000	2018	156,700,000	95.8%
4/1/2019	90.0%	103.6%	612,000,000	902,000,000	2019	156,700,000	96.8%
4/1/2020	91.0%	104.6%	695,000,000	982,000,000	2020	156,700,000	97.8%
4/1/2021	92.0%	105.8%	782,000,000	1,096,000,000	2021	156,700,000	98.9%
4/1/2022	93.0%	106.9%	876,000,000	1,236,000,000	2022	156,700,000	100.0%
4/1/2023	94.0%	108.1%	975,000,000	1,395,000,000	2023	156,700,000	101.1%
4/1/2024	95.0%	109.3%	1,080,000,000	1,598,000,000	2024	156,700,000	102.2%
4/1/2025	96.0%	110.5%	1,190,000,000	1,809,000,000	2025	156,700,000	103.3%
4/1/2026	97.0%	111.8%	1,307,000,000	2,027,000,000	2026	156,700,000	104.5%
4/1/2027	98.0%	113.1%	1,430,000,000	2,260,000,000	2027	156,700,000	105.7%
4/1/2028	99.0%	114.4%	1,559,000,000	2,510,000,000	2028	156,700,000	107.0%
4/1/2029	100.0%	115.8%	1,697,000,000	2,780,000,000	2029	156,700,000	108.3%

- Funded Ratio is defined as market value of assets divided by the actuarial accrued liability.

⁽¹⁾ Based on the 4/1/2003 liability assumptions as indicated in IRS's conditional approval letter.

7. Long Term Funding Policy. The Board of Trustees is authorized and directed to adopt the following long-term funding policy immediately:

Southern California United Food and Commercial Workers Unions
and Food Employers Joint Pension Trust Fund
Long Term Funding Policy

The co-consultants will produce with the annual actuarial valuations a seven-year actuarial projection with the goal of identifying future funding deficiencies (defined as where the negotiated contributions are not enough to satisfy the minimum required contributions under Internal Revenue Code Section 412). These annual projections will be based on the following:

- (a) Projections will take into account only negotiated contributions.
- (b) Adoption of the Unit Credit actuarial cost method effective with the April 1, 2003 actuarial valuation.
- (c) Adoption of the amortization extensions available under IRC subsection 412(e) effective with the April 1, 2003 actuarial valuation (or such later date as the IRS may approve), but only if such changes are actually approved by the Internal Revenue Service.
- (d) Using the assumptions in the then current annual actuarial valuation as jointly agreed to by the Fund's co-consultants.
- (e) No unanticipated actuarial gains or losses during the projection time period.

If the annual projection indicates any future funding deficiencies during the seven-year projection, the Board of Trustees is authorized and directed to amend future benefit accruals (or any other non-protected benefits), effective immediately, in order to eliminate the projected future funding deficiencies.

In the event that the IRS does not approve the Fund's request for implementation of IRC subsection 412(e) effective with the plan year beginning April 1, 2003 the Board of Trustees will immediately reduce future benefits by the amount required to eliminate any future funding deficiencies (using the seven-year projection as detailed above). If the IRS approves the application of IRC subsection 412(e) for a valuation year after 2003, the actuarial projections will take into account the effects of IRC subsection 412(e).

In the event that the contributing Employers are required to make any additional contributions above the negotiated contribution rates in order to avoid funding deficiencies, the contributing Employers will receive a dollar for dollar credit for additional contributions. When the Board of Trustees reduces benefits to eliminate the future funding deficiencies they shall take into account that these contribution credits will be taken as reductions in the negotiated contributions in the next plan year.

Any deadlocked Trustee motion relating to a reduction in benefits required under the Long Term Funding Policy shall be arbitrated on an expedited basis, with the arbitration to take place not later than sixty (60) days following the Trustees' meeting at which the deadlock occurs.

C. RETIREE HEALTH AND WELFARE.

1. The Employer and the Union agree that the benefits provided to retirees hereunder are not vested, and that the Employer's sole obligation with respect to such benefits is the contribution stated above. The Employer shall not be obligated to fund or otherwise pay for any benefit beyond the term of this Agreement, except as may be subsequently and expressly agreed to by the Employer. The Trustees are directed to clarify the Plan document and descriptive material accordingly.

2. The Trustees shall be obligated to provide benefits under this Section only to the extent that assets are available.

3. Amend the Plan to suspend benefits to retirees that are working within the industry for other than a contributing employer. Subject to acceptance by the Trustees, effective January 1, 2000, benefits will be suspended for retirees working more than forty (40) hours per month (fifty (50) hours in a five (5) week month) for an Employer. Implement an enforcement plan to cover all benefit plans that will require retirees to provide social security records, IRS records and other documentation deemed necessary by the Trustees to demonstrate retiree status.

4. When disability retirements under the Pension Plan have a retroactive effective date, retiree health & welfare will be prospective only, except to the extent retroactive coverage is allowed under the rules in effect immediately prior to the effective date of this Agreement.

5. The Trustees are authorized and directed to modify the Retiree Plan except for E-1 and E-2 retirees (whose benefits shall remain the same as current) in accordance with the attached Exhibit entitled "Southern California UFCW Contract Health and Welfare Design Agreement." Except as otherwise noted in the Exhibit, these changes shall be made as soon as feasible.

6. The Trustees are authorized and directed to require retirees to pay initial monthly premiums as a condition of participation in the Retiree Plan as follows:

(a) Non-Medicare: Single: ninety dollars (\$90.00)
 Family: one hundred eighty dollars (\$180.00)

(b) Medicare: Single: forty dollars (\$40.00)
 Family: eighty dollars (\$80.00)

(c) One over Medicare and One under Non-Medicare will pay two (2) single rates of one hundred thirty dollars (\$130.00)

7. New Hire employees shall not be eligible for Retiree Health and Welfare Benefits.

D. ADMINISTRATION.

1. The Trustees shall continue a central administration office for the administration of the Trust, including but not limited to bookkeeping, tabulating, collection of contributions, record keeping and payment of claims and shall acquire appropriate office equipment and hire necessary personnel.

2. In addition to the central administration office, the Trustees are authorized and directed to continue the agreement and understanding entered into between the parties as outlined in the July 14, 1981 letter of agreement directing the Trustees to adopt a specific agreed-upon proposal concerning trust fund administration along with the supplemental agreement concerning trust administration dated February 10, 1982.

3. The Companies agree to change the Employer of the employees in the satellite offices from the Trust Fund to the respective Union (with a reimbursement from the Trust Fund in a manner consistent with applicable law as determined by the Trust Fund Attorneys).

E. **PAYMENT OF CONTRIBUTIONS.** Payment of contributions by the Employer required to be made to one or more of the Trusts established under this Article 15 shall be made on or before the twentieth (20th) day of each month based upon hours worked exclusive of overtime hours during the preceding calendar month by each employee covered by this collective bargaining Agreement.

Such payments shall be accompanied by a list of the names of the employees for whom such contribution is made, showing the number of hours worked, exclusive of overtime hours, by each such employee during the preceding calendar month. Time during vacation periods, sick leave, jury duty and holiday absences which is paid for as provided under this collective bargaining Agreement herein referred to 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. The Trustees have the authority to adopt and maintain reasonable rules regarding the acceptance of contributions in connection with the resolution of grievances.

It is understood that the contributions required on behalf of any employee shall not exceed forty (40) straight-time hours per week or 2,080 straight-time hours per year. Contributions shall not be made for payments made on the basis of industry experience as set forth in Article 8-D and unused sick leave paid in accordance with Article 10-E. The Employer, by payment 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 benefits, either in connection with the administration of the plans or otherwise.

The parties recognize and acknowledge that regular and prompt filing of accurate Employer reports and the regular and prompt payment of correct Employer contributions to the Trusts is essential to the proper management of the Funds, and that it would be extremely difficult, if not impossible, to fix the actual expense and damage to the Trusts which would result from the failure of an individual Employer to make accurate reports and to pay such accurate monthly contributions in full within the time specified above. Therefore, the amount of damage to the Trusts resulting from failure to file accurate reports or pay accurate contributions within the time specified shall be presumed to be the sum of fifteen dollars (\$15.00) or ten percent (10%) of the amount of the contribution or contributions due, whichever is greater, for each inaccurate or delinquent report or contribution. These amounts shall become due and payable to the Trusts as liquidated damages and not as a penalty upon the day immediately following the date on which the report or the contribution or contributions become delinquent. Liquidated damages shall be paid for each delinquent or inaccurate report or contribution and shall be paid in addition to any contributions due. In the event the Trustees shall incur any cost for the collection of said delinquency, the delinquent Employer hereby agrees to pay said additional cost including reasonable attorney's fees. The imposition of the liquidated damages described above shall require affirmative action of the Trustees following examination of periodic delinquency reports from the Administrator.

F. **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 under this Article 15 shall be deductible 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.

G. **TRUSTEES.**

1. Local Union Nos. 135, 324, 770, 1036, 1167, 1428 and 1442 on the one hand, and Albertson's, Inc., Ralphs Grocery Company, Stater Bros. Markets and Vons, A Safeway Company on the other hand, shall each appoint one trustee to the Board of Trustees of the Benefit Fund, Joint Pension Trust Fund, Individual Account Trust Fund, and Ancillary Benefit Fund. In any vote upon any matter, voting power shall at all times be divided equally between the Union Trustees and the Employer Trustees of each of the Board of Trustees.

The Employer Trustees shall collectively cast a single unit vote and the Union Trustees shall collectively cast a single unit vote.

2. The Declarations of Trust shall provide for voting by proxy, and for alternate Trustees, and shall further provide that the tenure of Trustees, method of removal, and successor Trustees shall be designated by the parties empowered to appoint such Trustees. The Trustees shall amend the existing Agreements and Declaration of Trust as may be required to accomplish the purposes of this Article 15, and all parties to this collective bargaining Agreement agree to be bound by the terms and provisions thereof.

H. PRESERVATION OF TRUST FUNDS. The Employer and the Union hereby agree that each and all of the existing Trust Funds provided for in this Agreement shall be continued for the life of this Agreement, with the exception of the Ancillary Fund, which is being merged. In order to preserve and maintain the existence of these Trust Funds, the parties hereto expressly agree that neither the Employer nor the Union shall enter into any agreement or understanding nor undertake to dissolve, sever, partition or divide any of these Trust Funds. It is also agreed and understood between the parties hereto that during the term of this Agreement each and all of these Trust Funds shall continue to be administered at a central neutral location.

Notwithstanding the foregoing, the Individual Account Plan is being terminated in accordance with the time frame and procedures set forth in this Agreement.

I. ACCEPTANCE OF TRUSTS.

1. The Employer and the Union hereby accept the terms of the existing Benefit Fund, Supplementary Unemployment and Supplementary Disability Benefit Fund, Joint Pension Trust Fund, Defined Contribution Fund and the Ancillary Benefit Fund. By this acceptance the Employer agrees to and shall become a party to each of said Trusts with the same force and effect as though the Employer had executed the original Declarations.

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 and the Union hereby agree to amend the Trust Agreements of the various Funds referred to in Paragraph 1 above in order to comply with the terms of this Article 15.

4. The Employer hereby accepts and designates the existing Employer Trustees and any additional or successor Trustees under these Trust Agreements as may be appointed under these Trust Agreements in accordance with the procedures set forth in such Trust Agreements.

ARTICLE 16 - NEW LOCATIONS

When an Employer establishes a new location within the geographical jurisdiction of Locals 135, 324, 770, 1036, 1167, 1428 and 1442, and recruits part of the crew from one of his places of business already under Agreement with any of the above-named Unions, all rights as to seniority and as to other provisions of this Agreement shall apply to such employees.

ARTICLE 17 - SUCCESSORS AND ASSIGNS

A. **PARTNERSHIP DISSOLUTION.** In cases of dissolution of a partnership, the remaining partner shall be expressly obligated to carry out the terms of this Agreement, regardless of whether or not he was signatory to the original Agreement.

B. **NEW OWNER.** In the event of bona fide sale or transfer of any store covered by this Agreement during the period hereof, the new owner or such transferee shall be notified of the existence of this Agreement. The former owner shall be required to meet any and all monetary benefits that employees have accumulated under this Agreement, but, except as provided in this Section, shall have no further or other obligations whatsoever, notwithstanding any other provision to the contrary in this Agreement.

C. **ACCRUED VACATION.** It is further agreed by the parties hereto that, upon sale or transfer of ownership of any store or upon dissolution of business, vacation pay for all months worked for which no vacation pay has been given shall be immediately paid to all employees coming under this Agreement, regardless of length of time said employee has been with the Employer.

D. **SALE OR TRANSFER.**

1. In the event of a sale or transfer of a store or stores, an employee shall be allowed a seven (7) day period from the date of announcement to the employees of the sale or transfer during which time he may determine whether he wishes to stay with the seller or whether he wishes to make application for employment with the new owner or transferee. In the event the employee chooses to remain with the seller, such choice shall not be construed as any guarantee of employment over and beyond the terms of this Agreement.

2. In the event of a sale or transfer of a store or stores, the new owner or transferee shall make every effort to fill his employment needs in such store or stores from those employees of the seller or transferor who were employed in the stores sold or transferred.

3. Such new owner or transferee, however, shall not be required to retain in his employ any of the employees of the seller or transferor. Any employee of the seller or transferor, who is employed within the thirty (30) day period referred to immediately below by the new owner or transferee, shall be employed on a probationary basis for a period of thirty (30) days from the date the new owner or transferee assumes responsibility for the management and operation of the store or stores, subject to termination within such thirty (30) days with or without cause and without reference to seniority. Any termination within such thirty (30) day period shall not be reviewable through the grievance or arbitration procedures except for a violation of Section D-2 of this Article 17.

4. Any employee of the seller or transferor who is employed by the new owner or transferee within such thirty (30) day period and who is retained on the payroll of the new owner or transferee for a period in excess of such thirty (30) day period, shall be credited with and retain all seniority acquired while in the employ of the seller or transferor since his most recent date of hire by such seller or transferor, for the purpose of determining benefits to which he is entitled under this collective bargaining Agreement with the new owner or transferee by virtue of such seniority, as if his employment were continuous, including retention of anniversary date of employment and vacation and sick leave benefits, provided that the employees of the seller or transferor shall for the purposes of termination be credited with no more seniority than that of the most senior employee employed by the new owner or transferee covered by an agreement with a United Food & Commercial Workers Union Local on the date of assumption of responsibility, and provided further that the new owner or transferee shall not be liable for any benefits or payments owed to the employee because of employment with the seller or transferor. "Seller or transferor" is defined to include prior owners of the same store since January 1, 1956.

5. Notwithstanding Section D-4 above, with respect to (and only with respect to) any sale or transfer occurring on or before July 29, 1990, vacation benefits accruing by reason of seniority with the seller or transferor shall be the responsibility of the Benefit Fund under the Industry Vacation Plan of benefits; provided, however, that the Benefit Fund shall not be responsible for any such vacation benefits accruing on or after July 29, 1991, regardless of when the sale or transfer occurred. Such sale or transfer industry vacation benefits due on and after July 29, 1991, shall be the responsibility of the buyer or transferee regardless of when the sale or transfer of a store or stores occurred. The amount of benefits shall be determined by the buyer or transferee by using the same formulas and procedures used by the Benefit Fund as of June 1990 for sale or transfer industry vacation benefits.

In any sale or transfer of a store or stores occurring on and after July 30, 1990, sale or transfer industry vacation benefits resulting from such a sale or transfer shall be the responsibility of the buyer or transferee. The Benefit Fund shall have no liability for any such benefits.

ARTICLE 18 - OPERATIONAL CHANGES

The parties recognize and agree that it is in the mutual best interests of the parties to this Agreement and the bargaining unit employees covered thereunder that the Employer be able to effectively compete in the highly competitive Southern California Area Marketplace in that both its continued successful operations and employment of bargaining unit employees is directly dependent upon its being able to do so. The parties also recognize the Employer's need to continually seek new or improved methods of operations, systems and equipment that will enable it to achieve the necessary efficiencies and increased productivity that will enable it to continue to effectively compete in the Marketplace and agree that nothing contained herein shall prohibit the Employer from instituting any such new methods, systems or equipment.

The parties agree that in cases in which the Employer intends to institute any operational change, new method of operation, system or equipment that will have a material impact on the employment of its then employed bargaining unit employees covered by this Agreement, the Employer shall give the affected Union or Unions at least sixty (60) days' advance written notice, by certified or registered mail, of its intention to implement the involved operational change, new method, system or equipment, whichever the case may be, with such notice to set forth the nature of the intended change(s) and/or new method(s) of operations.

The Union upon its receipt of the advance written notice provided for in the preceding Paragraph may request, in writing, negotiations with respect to the following subjects and such negotiations shall be promptly held by the parties: rates of pay for any new job(s) which may be created; efforts to avoid displacement of bargaining unit employees whose job may be modified as a direct result of the Employer's institution of such operational change(s), new method(s), system(s) or equipment. The Employer agrees that it will retrain those employees displaced as a direct result of technological change of the nature contemplated herein.

In the event that the parties do not reach agreement within the sixty (60) days' period provided herein, all unresolved issues as set forth above shall be submitted to final and binding arbitration. It is not the intent of the parties that such negotiations or arbitration will in any way jeopardize the efficiencies and increased productivity to be gained by the installation of such operational change(s), new method(s), system(s) or equipment. The arbitrator shall be selected in accordance with the provisions of Article 12 of this Agreement.

The parties further agree that the arbitrator's decision shall be final and binding, and that there will be no strikes, work stoppages, lockout, or economic action of any sort or form employed by either party in connection with or arising out of any dispute concerning or related in any way to the operation of this Article.

It is agreed and expected that the parties will exert every effort to accomplish the foregoing within the sixty (60) day allotted time period, but failing to do so shall not prohibit or in any way impede the Employer from installing or effectuating any such operational change(s), new method(s), system(s) or equipment upon the expiration of such time period, unless such period is extended by mutual written agreement of the parties. The decision of the arbitrator or the parties shall be effective on or retroactive to the date such operational change(s), new method(s), system(s) or equipment is installed. The cost of the impartial arbitrator shall be borne equally by the parties. In the event of any conflict between any of the provisions of this Article and the provisions of Article 12 of this Agreement, the provision(s) of this Article shall be deemed to be controlling.

ARTICLE 19 - 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.

ARTICLE 20 - EXPIRATION AND RENEWAL

This Agreement shall be in effect from April 23, 2007 to and including April 22, 2011, 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 April 22, 2011, or at least sixty (60) days prior to any subsequent April 22 of any succeeding year of its desire to alter, amend or terminate this Agreement.

SIGNED THIS _____ DAY OF _____, 2007.

FOR THE EMPLOYER:

By _____

Title _____

HOWS MARKET, LLC

FOR THE UNIONS:

By _____

Ricardo F. Icaza, President
UFCW Local 770

By _____

Bill Lathrop, President
UFCW Local 1167

By _____

Michael A. Straeter, President
UFCW Union Local 1442

APPENDIX A - HOURLY WAGE RATES

In order to establish the progressions provided herein the initial placement of employees within the wage schedule for the Food Clerk or GM/Meat Clerk classifications shall be to the closest progression rate based upon the wage rate the employee is working at the time of conversion. If the closest wage rate is less than \$0.20 cents per hour higher than the rate the employee is currently at, the employee will be moved up one additional step and will then progress based on the hours of that step.

	Effective April 23, <u>2007</u>	Effective April 21, <u>2008</u>	Effective April 20, <u>2009</u>	Effective April 19, <u>2010</u>
<u>MEAT CUTTERS:</u>				
1 st 6 months	\$11.58	\$11.58	\$11.58	\$11.58
Next 6 months	12.28	12.28	12.28	12.28
Next 6 months	13.28	13.28	13.28	13.28
Next 6 months	14.28	14.28	14.28	14.28
Next 6 months	15.78	15.78	15.78	15.78
Thereafter	17.10	17.65	18.25	18.85
Head Meat Cutter	20.68	21.08	21.43	21.83

* Meat Cutters, who are the \$16.38 rate of pay as of the date of ratification of this Agreement, shall be increase to the rate of \$16.88 for 6 months, after which time they shall move to the Thereafter rate of pay.

<u>FOOD CLERK:</u>				
0-520	\$8.90	\$8.90	\$8.90	\$8.90
521-1040	9.10	9.10	9.10	9.10
1041-1560	9.30	9.30	9.30	9.30
1561-2080	9.50	9.50	9.50	9.50
2081-2600	9.70	9.70	9.70	9.70
2601-3120	10.20	10.20	10.20	10.20
3121-3640	10.70	10.70	10.70	10.70
3641-4160	11.00	11.00	11.00	11.00
4161-4680	11.35	11.35	11.35	11.35
4681-5200	11.70	11.70	11.70	11.70
5201-5720	12.20	12.20	12.20	12.20
5721-6240	12.70	12.70	12.70	12.70
6241-6760	13.20	13.20	13.20	13.20
6761-7280	13.70	13.70	13.70	13.70
7281-7800	14.20	14.20	14.20	14.20
7801-8320	14.70	14.70	14.70	14.70
8321-8840	15.30	15.30	15.30	15.30
8841-9360	15.90	15.90	15.90	15.90
9361-9880	16.50	16.50	16.50	16.50
Thereafter	17.10	17.65	18.20	18.75
Department Manager	18.10	18.65	19.20	19.75

* Current Dept Managers at \$16.10 and those promoted after ratification:

Effective 4/23/07:	\$16.30
Effective 10/22/07:	\$17.00
Effective 4/21/08:	\$17.70
Effective 10/20/08:	\$18.65

	Effective April 23, <u>2007</u>	Effective April 21, <u>2008</u>	Effective April 20, <u>2009</u>	Effective April 19, <u>2010</u>
<u>GENERAL MERCHANDISE:</u>		Effective <u>1/1/08</u>		
0-520	\$7.75	\$8.20	\$8.20	\$8.20
521-1040	7.95	8.30	8.30	8.30
1041-1560	8.15	8.40	8.40	8.40
1561-2080	8.35	8.50	8.50	8.50
2081-2600	8.55	8.60	8.60	8.60
2601-3120	8.75	8.60	8.60	8.60
3121-3640	9.15	9.15	9.15	9.15
3641-4160	9.35	9.35	9.35	9.35
4161-4680	9.55	9.55	9.55	9.55
4681-5200	9.80	9.80	9.80	9.80
5201-5720	10.05	10.05	10.05	10.05
5721-6240	10.30	10.30	10.30	10.30
6241-6760	10.55	10.55	10.55	10.55
6761-7280	10.80	10.80	10.80	10.80
7281-7800	11.05	11.05	11.05	11.05
7801-8320	11.30	11.30	11.30	11.30
8321-8840	11.60	11.60	11.60	11.60
8841-9360	11.95	11.95	11.95	11.95
9361-9880	12.35	12.35	12.35	12.35
Thereafter	12.67	13.07	13.47	13.97
Department Managers	13.77	14.17	14.57	15.07

Current GM Dept Managers at \$12.05 and those promoted after ratification:

Effective 4/23/07: \$12.25

Effective 10/22/07: \$13.77

Current Service Seafood Dept Heads at \$12.05 and those promoted after ratification:

Effective 4/23/07: \$12.25

Effective 10.22/07: \$13.67

	Effective April 23, <u>2007</u>	Effective January 1, <u>2008</u>	Effective April 20, <u>2009</u>	Effective April 19, <u>2010</u>
<u>CLERK'S HELPERS:</u>				
1 st 3 months	\$7.60	\$8.10	\$8.10	\$8.10
Next 6 months	7.70	8.20	8.20	8.20
After 9 months	7.80	8.30	8.30	8.30

	Effective April 23, <u>2007</u>	Effective April 21, <u>2008</u>	Effective April 20, <u>2009</u>	Effective April 19, <u>2010</u>
<u>PORTERS:</u>				
1 st 26 weeks	\$7.70	Effective 1/1/08 \$8.20	\$8.20	\$8.20
2 nd 26 weeks	8.00	8.40	8.40	8.40
3 rd 26 weeks	8.50	8.60	8.60	8.60
4 th 26 weeks	9.00	9.00	9.00	9.00
5 th 26 weeks	9.50	9.50	9.50	9.50
6 th 26 weeks	10.00	10.00	10.00	10.00
Thereafter	11.80	12.20	12.60	13.10

APPENDIX B - FOOD CLERK WORK

The following items have been determined to be Food Clerk's work in accordance with either a joint settlement or an arbitration award:

Receiving Food items

Price significant shelf tags on Food items

Unloading Food and breaking down Food pallets

Diet Products

Diet canned meats

Diet canned fruits and vegetables
(such as Diet Delight)

Diet gelatins and puddings
(such as D-Zerta)

Diet jams and jellies

Diet pastas

Diet soups

Diet tuna

Diet V-8 juice

Low sodium peanut butter

Low-Cal salad dressing

Sugar substitutes

(such as Nutrasweet, Sweet and Low,
Equal and Saccharin)

Weight Watchers

(excluding any bakery items
and/or candy)

Miscellaneous Items

Baby food

Beef Jerky (not in liquor department)

Brewer's yeast

Pitted dates

Dip mixes

Frozen and refrigerated bakery products
(baked or unbaked)

Jello and other gelatins

Sure-gel

Ice-cream cones

Ice-cream toppings

Marshmallow creams, toppings or spreads

Mincemeat

Popcorn

(Prepackaged - popped or unpopped)

but not popcorn sweetened with syrup

Popcorn oil

Potato and other chips

(not in liquor department)

Packaged prunes

Pudding

Package raisins

All forms of edible salt

Spices

Rice cakes

Distribution Plus, Inc ("Dairy Fresh,"
and any successors) items located on
the dairy/deli wall.

APPENDIX C - GENERAL MERCHANDISE CLERK WORK

The following items have been determined to be General Merchandise Clerk work in accordance with either a joint settlement or an arbitration award:

Receiving general merchandise items

Price significant shelf tags on general merchandise items

Unloading general merchandise and breaking down general merchandise pallets

Any item that can be handled by a vendor

Miscellaneous Items

Air freshener

Baby formula

(including Similac, Enfamil, ProSobee, Isomil)

Bar soap

Bottled water, soda pop and ice (not in liquor department)

Carpet cleaning supplies

when displayed with carpet rental equipment

Carpet deodorizers

Cookies and crackers

Dyes

Feminine napkins

Liquid hand soap

Marshmallows

Nutrament, Alba, Segoe, Slender and Figurines

Pet food

Popcorn sweetened with syrup (*such as "Crackerjacks," Poppycock" and caramel corn*)

Rock Salt

Scotch-Guard

APPENDIX D - MEAT DEPARTMENT EMPLOYEES

All of the terms and conditions of the Retail Food, Meat, Bakery, Candy and General Merchandise Agreement shall apply to Meat Department employees except as specifically set forth below.

ARTICLE 1 - RECOGNITION OF THE UNION

1) *REPLACE WITH THE FOLLOWING:*

A. **BARGAINING UNIT.** In order to assure the securing of benefits intended to be derived by the Employer and the employees under these Articles of Agreement, the Employer agrees that this Agreement will apply to all employees performing work under the jurisdiction of Locals 770 and 1167 in all meat markets or departments that are now, or may be in the future, operated by said Employer in the jurisdictional area of Locals 770 and 1167.

B. **WORK PERFORMED.**

1. None other than employees covered by this Agreement shall be permitted to serve the trade in the cutting and sales of meat in Meat Departments or meat markets, except during the lunch period in markets where only one (1) journeyman is on duty, said lunch period not to exceed one (1) hour in length. This clause shall not apply to the owners of the meat markets. No one shall be considered a partner or working owner unless he has a substantial proprietary interest in the market.

2. The Union shall have jurisdiction over all meats that are not cut or prepared for immediate human consumption, including package items of fresh, frozen and smoked meats, fresh or frozen fish, poultry and rabbits.

3. Except as set forth below, it is agreed that all fresh unfrozen meat shall be cut, prepared, fabricated and wrapped on the premises. With regard to beef, veal, lamb, and/or pork in carcass form, it is agreed that an exception will be made and the same may be broken down into primal cuts such as rounds, ribs, chucks, plates and loins and subprimal cuts off the premises, but said primal cuts and subprimal cuts shall be reduced to retail cuts on the premises. It is further agreed that:

(a) Lamb, offal, beef rib bones, short ribs, neck bones, shanks, and stew beef need not be cut on the premises.

(b) All fresh pork (not to exceed 50% of the gross pork tonnage per store) need not be cut on the premises.

4. With regard to presliced bacon, dissected and prefabricated fowls, ground beef and pork sausage in casings, fish and/or rabbits, along with all seasoned and/or smoked meats, frozen meats, or combination of such meat products, whether in bulk or package form, need not be cut on the premises but all the above products, along with fresh, frozen, or smoked sausages, shall be handled, displayed, dispensed and offered for sale by employees covered by this Agreement.

C. **NEW METHODS.** Notwithstanding the above, it is agreed that should the Employer intend to institute any new method of operation that would result in a material change in any job presently being done and covered by this Agreement, the Employer shall give to the affected Union or Unions at least 120 days' written advance notice by certified or registered mail, setting forth the nature of such intended changes and/or methods of operations.

Upon written request by the Union, negotiations on job classifications, wages, working conditions, and/or the disposition of displaced employees resulting from the institution of such new methods shall begin promptly.

D. **FAILURE TO REACH AGREEMENT ON NEW METHODS.** If agreement is not reached in such negotiations on the subjects set forth in the preceding Section within the first 30-day period of the 120-day period described above, the parties shall submit all those unresolved issues to a factfinding panel during a second 30-day period. The factfinding panel shall consist as hereafter provided: Each party shall, within five (5) days, designate one person to serve as its representative and those two people shall select a third, who will act as chairman. Failing to agree upon a third, the two members shall, within five (5) days, notify the Federal Mediation and Conciliation Service, who will, within five (5) days from such notification, furnish a panel of fifteen (15) names from which the chairman will be selected by alternately striking until but one name remains. The panel shall make inquiries, investigations, hold meetings and take whatever steps it may deem appropriate to render a confidential report and recommendations within twenty (20) days, which report and recommendations shall not be binding upon either party.

Upon receipt of the confidential report of the factfinders, the parties shall resume negotiations for a period not to exceed a third 30 days.

In the event the parties do not reach agreement within such third 30-day period, then all unresolved issues in regard to job classifications, wages, working conditions and/or the disposition of displaced employees shall be submitted to final and binding arbitration.

The Arbitrator shall, within ten (10) days, be selected in accordance with the same procedure as is provided above for the selection of the chairman of the factfinding panel.

The parties further agree that the arbitrator's decision shall be final and binding, and that there will be no strikes, work stoppages, lockout, or economic action of any sort or form employed by either party in connection with or arising out of any dispute concerning or related in any way to the operation of this Section.

It is agreed and expected that the parties will exert every effort to accomplish the foregoing within the 120-day allotted period, but failing to do so, shall not prohibit or in any way impede the Employer from installing or effectuating any such new methods, systems, or equipment upon the expiration of the allotted 120-day time period, unless such period is extended by mutual written agreement. The decision of the arbitrator shall be effective on or retroactive to the date such new method is installed. The cost of the impartial factfinder and/or arbitrator shall be borne equally by the parties.

The provisions of Article 12 of this Agreement shall in no way affect or be applicable to the procedures set forth in this Section.

E. **TEMPERATURE.** Where low temperature and/or self-service cases are used for any of such merchandise coming under the jurisdiction of the Union, such cases shall be served only by employees covered by this Agreement.

F. **JOURNEYMAN ON DUTY.** There shall be at least one Head Meat Cutter or Journeyman Meat Cutter scheduled at the store for one (1) eight (8) hour shift to be worked within a nine (9) hour period on each day that the Meat Department is open and products are offered for sale.

G. CATEGORIES OF EMPLOYEES - MEAT DEPARTMENT.

1. Meat Cutter. Subject to the exclusions set forth in Paragraph 3 below, production work functions requiring the skills and judgment of the meat cutting craft in the reduction of primal and subprimal beef, pork and veal products, as may be delivered to the store, to retail cuts (except as set forth in Article 1, Section B-3 of this Appendix) is reserved exclusively to the Meat Cutter classification (Head Meat Cutter, Journeyman Meat Cutter or Apprentice Meat Cutter). Production work for the purposes of this Paragraph is defined as the work commencing with the initial reduction of the primal and/or subprimal beef, pork or veal (whether by use of the saw, knife or other tool(s) of the trade) through and including the trimming, boning and leaning out of such product as may be necessary to reduce the beef, pork or veal product to a retail cut. Production work does not include the functions of scraping/boating, dusting, traying, etc. A Meat Cutter may also perform any work in the Meat Department and shall perform such work as assigned.

2. Apprentice Meat Cutters.

(a) Ratio. One (1) apprentice shall be allowed to the first three (3) Journeymen or a fraction thereof, and one (1) additional Apprentice allowed for every three (3) additional Journeymen or fraction thereof.

(b) Length of Apprenticeship. Apprentice Meat Cutters shall be employed only in accordance with the Shelley-Maloney Act and be paid the rates provided for Apprentices herein. The Apprentice program shall consist of a three (3) year training period.

Apprentices may work without supervision fifty percent (50%) of their work schedule during the first half of the program and may work alone during the second half of the program.

3. Service Seafood Clerk. The Service Seafood Clerk classification is permitted to service the Seafood Counter.

4. Response to Customer Requests. Notwithstanding anything hereinabove, any employee covered by this Agreement shall be permitted to perform any functions on any product in satisfying a customer's request.

ARTICLE 4 - SENIORITY, TRANSFER & LAYOFFS

2) *REPLACE WITH THE FOLLOWING:*

A. SENIORITY.

1. Seniority shall be recognized on a Company-wide basis within the jurisdictional area of the Union covering all employees from the date of employment and shall prevail in reference to vacations, transfers, layoffs, rehiring and promotions as set forth below.

2. Seniority shall be used covering these issues and shall apply in each instance separately to Service Seafood Clerks and the Meat Cutter classification (Journeymen Meat Cutters and Apprentice Meat Cutters).

Service Seafood Clerks desirous of promotion to Apprentice Meat Cutter status shall make their desires known to the Employer, in writing, and such employee shall be given first consideration for such vacancies. Selection to fill the vacancies shall be made on the basis of Company seniority within the geographical jurisdiction of the Local Union, ability and qualifications being relatively equal.

A Service Seafood Clerk commencing the Apprenticeship Program shall have a thirty (30) day trial period. Said trial period shall not jeopardize the employee's former classification or seniority.

There shall be no reduction in pay to any Service Seafood Clerk as a result of entering the Apprenticeship Program, i.e., the Service Seafood Clerk rate of pay shall apply until such time as the Apprentice rate exceeds the Service Seafood Clerk rate, at which time the Apprentice rate shall apply.

When an employee is promoted or reclassified, he starts a new seniority date for that classification. For layoff purposes, he can bump back to his former classification carrying with him his total seniority. Company seniority is retained for vacation purposes. Thus, the seniority date of each employee commences with the date of hire with the Company; however, when that employee moves to a new classification his seniority will date, for seniority purposes within that classification, as the first date of his appointment to such new classification.

When an employee is assigned from one classification of work to another, the seniority acquired within the current classification shall be retained, and new seniority in the new classification shall commence as of the time of such assignment. Such assignment shall not be made for the purpose of displacing another employee. Should layoff or reduction in hours occur where the newly assigned employee is to be replaced or reduced in hours, such employee shall be permitted to reclaim the position formerly vacated, or whatever equivalent position entitled to by the combined seniority in the old and new classifications.

3. Seniority shall be recognized and employees covered by this Agreement promoted, provided they meet qualifications fitting them for such promotion. The Employer hereby agrees that when promotions are in order or a higher-rated job becomes open, those already employed by said Employer shall be given preference and a trial period of thirty (30) working days shall be given without jeopardizing the employee's former rating.

4. In order not to impair the normal operation of any Employer's business, it shall be permissible on vacations only, to apply seniority preference on a store-by-store basis.

B. PART-TIME SENIORITY. Part-time employees shall have no seniority over full-time employees.

C. LOSS OF SENIORITY. Break in continuity of service and cancellation of seniority will result from any of the following:

1. Quit.

2. Discharge.

3. Layoff for a period of time equivalent to the employee's seniority but in no event to exceed twelve (12) months.

4. Failure to return in accordance with the terms of a leave of absence or when recalled after layoff.

D. LAYOFF. In the event reduction of the work force is necessary in a particular store, the employee with the least seniority in that store, limited to the classifications as described in Section A-2 above, shall have the right to displace: (1) the least senior employee in the same classification currently employed by the Company within twenty-five (25) miles of his home; or (2) the least senior employee in the Company within the jurisdiction of the Local Union, within the same classification. Any employee displaced as the result of No. (1)

above, shall have the right to displace the least senior employee in the Company within the same classification. Should any employee who is involved in the application of seniority set forth in this Section refuse such transfer or should such employee lack the ability and qualifications to fill the job created by the seniority system set forth in this Section the Employer's obligation shall cease, except as specified in Section E below, and the layoff shall be effected in the store where the reduction in work force is necessary. No regular employee shall be laid off until the end of his 40-hour weekly shift.

Nothing set forth in the preceding Paragraph shall prevent the Employer and the Union from developing a mutually satisfactory and agreeable system pertaining to the same subject.

Before a full-time meat cutter is subject to a layoff or an hours reduction, the meat cutter will be offered sufficient hours to retain full-time status by first reducing hours of any extra meat cutter(s) or any part-time meat cutter(s) within twenty-five (25) miles from his home within the Company district in which he is employed.

Second, by reducing hours of any extra meat cutter(s) or any part-time meat cutter(s) within the entire district, and third by reducing the hours of any extra meat cutter(s) or part-time meat cutter(s) within the Union's jurisdiction. If there are no extra meat cutters or part-time meat cutters within the jurisdiction working the hours necessary to retain full-time status, then the affected full-time meat cutter shall have the right to displace the least senior full-time meat cutter within the Union's jurisdiction. This displaced least senior full-time meat cutter shall have the same hours retaining rights as set forth above.

E. RECALL. The Employer agrees that full-time or part-time employees laid off and not terminated for cause shall be eligible for recall prior to the hiring of any new employees for a period of time equivalent to the employee's seniority but in no event to exceed twelve (12) months from the date of layoff. Employees recalled pursuant to this provision shall be credited with seniority, and other benefits accumulated up to the time of layoff. Employees shall have the right to refuse recall without loss of seniority if the position available would require them to travel one way more than twenty-five (25) miles.

F. INTER-UNION TRANSFER. It is recognized that to meet the needs of the business, transfer of employees, either within or between Company districts or between the geographical jurisdiction of a Union party to this Agreement may be required. In such cases where such transfer is effected by the Employer, the transferred employee will carry to such employee's new assignment all seniority, as defined above, acquired in the employ of the Company.

G. TRAVEL DISTANCE. An employee covered by this Agreement shall have the right to refuse a transfer to another location if the distance to travel one way between his place of residence and the new location is more than twenty-five (25) miles or the distance between his place of residence and his current store, whichever is greater. A refusal of a transfer by an employee covered by this Agreement under any of these circumstances shall not constitute a reason for discrimination, layoff or discharge, except as set forth in Section D above.

H. ADDITIONAL HOURS. A part-time employee may claim a scheduled weekly work schedule of another part-time employee within the same store and classification of employment calling for more weekly hours based upon the employee's seniority over other part-time employees provided:

1. The claim is made within the same store, classification of employment and department.

2. No part-time employee can claim the weekly work schedule of full-time employees or the weekly work schedule of another part-time employee with the same amount or lesser amount of hours. It is also understood that no employee may claim a shift or shifts.

3. The part-time employee claims the entire weekly work schedule and makes his claim in writing to the store management within twenty-four (24) hours after the posting of the store's weekly work schedule. The part-time employee whose weekly work schedule has been successfully claimed then assumes the weekly work schedule of the claiming employees.

4. No claim can be made unless the claiming employee possesses the necessary skill and ability to perform the type of work being done.

5. Grievances pertaining to the application of weekly work schedule claims shall be filed in writing with store management within forty-eight (48) hours of the posting of the involved weekly work schedule. Grievances not filed within this time limit shall be deemed null and void for the week that was scheduled or any prior week.

6. Part-time employees shall be given the first opportunity at full-time employment when permanent, full-time vacancies occur in any store within the jurisdiction of the Local Union. Selection of the part-time employee to fill the full-time vacancy shall be based on seniority, qualifications, skill and ability. Total hours worked for the Employer shall be given consideration in making such selection.

4) *ADD THE FOLLOWING NEW ARTICLE 21:*

ARTICLE 21 - MANAGEMENT PREROGATIVE

MANAGEMENT PREROGATIVE. The management of the business of the Company and the direction of its working force, the type and variety of products to be handled, the work schedules and methods and means of handling or processing, are prerogatives of Management, subject to and where not in conflict with this Agreement.

APPENDIX G - UNIFORM DEPARTMENTS

ARTICLE 1 - RECOGNITION OF THE UNION

1) *ADD THE FOLLOWING SECTIONS:*

I. The company may have one (1) exclusion per uniform department per location.

Excluded employees may perform bargaining unit work.

J. The Parties expressly recognize that the efficient utilization of the Fast Food concept of product merchandising, as covered under this Appendix, requires the coordination of outside suppliers, merchandisers, salesmen and in-store employees. The Company agrees that it will not deviate significantly from its present method of operations in terms of vendors.

K. The Parties agree that preparatory work may be performed at a central location outside of the store. If this work is performed in the store or by the Employer's employees, it shall be covered by the contract. If it is performed at a central location, the work shall not be covered by this contract unless performed by the Employer's employees.

ARTICLE 2 - EMPLOYMENT PROCEDURES

2) *EMPLOYEES COVERED HEREIN SHALL BE SUBJECT TO DUES DEDUCTION AND ALL OTHER PROVISIONS OF ARTICLE 2*

ARTICLE 3 - DISCHARGE

3) *DELETE IN ITS ENTIRETY AND REPLACE WITH THE FOLLOWING:*

A. Each new or rehired employee shall be on probation for the first three hundred (300) hours of work after employment or reemployment in the bargaining unit. Upon satisfactory completion of said probationary period, seniority will be computed from the date of hire, or most recent date of rehire, with the Company.

At any time during the probationary period, an employee may be discharged for any reason and shall not have recourse to the grievance procedure.

ARTICLE 4 - SENIORITY, TRANSFER AND LAYOFFS

4) *DELETE IN ITS ENTIRETY AND REPLACE WITH THE FOLLOWING:*

A. Seniority for the purposes of this Agreement is defined as the length of continuous service with the Company starting from date of hire.

Seniority shall be recognized on a Company-wide basis within the jurisdictional area of the Union covering all employees from the date of employment and shall prevail in layoffs and rehiring.

B. Employees may only be disciplined or discharged for good cause.

C. Employees discharged for good cause, except theft, gross insubordination, falsification of Company records and the flagrant violation of posted Company rules, shall first have been progressively disciplined.

D. In cases of layoffs, the principle of seniority by classification shall apply, providing qualifications are relatively equal. In assigning employees to higher paying jobs, the Company shall select those employees who are best qualified to be promoted with consideration being given to such factors as ability, attendance and the principle of seniority. Layoffs will be administered on a Union jurisdictional basis within each major job classification.

E. Notwithstanding anything in this Agreement to the contrary, it is recognized that business conditions may require reduction of hours and/or layoffs of employees. In such an event, the following shall apply to employees.

1. In laying off an employee, other than during the probationary period, the Employer agrees to abide by the seniority rule as defined above in the following precedence: Seniority in the store, seniority in the Company within Union jurisdiction, seniority in the Company.

The Employer will give the Union advance notice of a permanent store closing.

2. The least senior full-time employee(s) being reduced in hours in the store may bump the least senior full-time employees within twenty-five (25) miles of his place of residence within the Company. If such employee does not have sufficient seniority to displace the least senior full-time employee within the twenty-five (25) miles, he may bump the least senior full-time employee within the Company.

3. The affected full-time employee may elect not to bump the least senior full-time employee in his classification in the Company and may take a reduction to part-time within his own store based on seniority and the hours available for which he is qualified and available to work.

4. The least senior full-time employee who is being displaced by the procedure in Paragraph 2 above, may bump the least senior full-time employee within the Company. If the affected full-time employee is the least senior within the Company he shall be reduced to part-time within his own store or laid off based on seniority and qualifications.

5. The least senior part-time employee who is being laid off from work in his store, may displace the least senior part-time employee within the Company in the same manner set forth in Paragraph 2 and 4 above. If the affected part-time employee is the least senior within the Company, he shall be laid off and shall have no bumping rights.

F. An employee will obtain layoff/recall rights as set forth herein upon completion of his probationary period. Before hiring any new employee or promoting an employee, the Company will first offer recall rights to employees on the layoff list in accordance with seniority. Employees not accepting recall will forfeit their recall rights. Non-probationary employees will have recall rights for a period of time equivalent to their seniority but in no event to exceed twelve (12) months from layoff.

The last employee(s) laid off, by reason of slackening of business, shall be given the first opportunity to reinstatement in the former position, if said employee presents himself for work within ninety-six (96) hours, excluding Saturday or Sunday, from the postmarked date of a certified or registered letter to the employee's last known address, and such letter shall state that failure of such employee to present himself within the ninety-six (96) hour period shall cancel his seniority. Failure of such employee to present himself within ninety-six (96) hours shall cancel his seniority.

An employee who has been reduced to part-time employment because of slackening of business or for medical reasons, must be offered the first full-time job that opens in the store in which he is employed, provided that his ability and skill equip him to fill that job.

G. Employees shall lose all seniority rights and their employment shall cease for any of the following reasons:

1. Resignation.
2. Discharge for cause.
3. Failure to report for work within three (3) days after recall from layoff.
4. Absence due to layoff for a period equivalent to the employee's seniority but in no event to exceed twelve (12) months.
5. If the employee overstays a leave of absence.
6. If the employee gives a false reason for a leave of absence, or engages in other employment during such leave, except where specifically authorized.
7. If the employee is absent from work for any reason, including non-work related illness or injury in excess of six (6) calendar months or in the case of an on-the-job injury in excess of twelve (12) calendar months.

H. The Company shall have the right to operationally transfer employees for legitimate business purposes. Said transfers shall not be discriminatorily applied and shall not be used for disciplinary purposes. In implementing said transfers, the Company shall not require employees to travel excessive distances from their place of residence.

I. When the Employer finds it necessary to make operational transfers, the employees will not be required to travel more than twenty (20) miles one way from their current store. The only exception shall be promotions and/or a situation wherein a personality clash has developed between the employees and management in the current store.

ARTICLE 5 - WORKING HOURS AND OVERTIME

5) *DELETE IN ITS ENTIRETY AND REPLACE WITH THE FOLLOWING:*

A. A full-time employee is defined as one who is routinely scheduled to work at least forty (40) straight-time hours per week [five (5) - eight (8) hour days]. A part-time employee is defined as one who is routinely scheduled to work less than forty (40) hours per week.

1. Each part-time employee shall be scheduled for at least twenty (20) hours work in each week.
2. The aforementioned weekly guarantees shall not apply if one or more of the following type of conditions exist:
 - (a) The store is normally open for business six (6) days or less in the workweek.

- (b) A week in which one of the holidays named in this Agreement falls.
- (c) Employees scheduled to work are absent.
- (d) Work is not available due to Acts of God.
- (e) The part-time employee requests and the Company agrees that the employee may work less than the guaranteed number of hours per week.
- (f) An unanticipated, significant business fluctuation.
- (g) During the week an employee is hired, recalled from layoff or returns from leave of absence.

3. Part-time employees who work a minimum of forty (40) hours [five (5) - eight (8) hours] a week for a twelve (12) consecutive week period will be redesignated as full-time. Employees scheduled to work forty (40) hours in more than one (1) store, the above shall also apply.

B. Employees will be given breaks as follows: one (1) ten (10) minute break for a four (4) hour shift and a second ten (10) minute break between the fifth and eighth hour.

C. Employees who are scheduled to work more than six (6) hours shall receive a thirty (30) minute unpaid meal period between the third and fifth hours, except that by mutual agreement between the manager and the employee a longer meal period may be granted.

D. Nothing herein shall be construed as a limitation on the Company's right to require overtime work. If required to work overtime, the employee will be expected to do so.

E. Any employee who reports to work as scheduled shall receive a minimum of four (4) hours work at his regular rate of pay, provided he is available for said hours and performs whatever work is assigned to him. The provision of this Section shall be inapplicable in the event of Acts of God and other circumstances not within the control of the Company.

F. 1. The parties recognize that the successful operation of a store requires a mix of full-time and part-time employees and flexibility in scheduling hours. The Company, consistent with legitimate business principles, will endeavor to maximize the opportunity for full-time employment. In this regard, employees will be permitted within their own store, on a seniority basis, to claim the schedule of less senior employee working in their same classification.

2. Employees shall be paid one and one-half (1½) times their regular straight-time hourly rate for all hours worked in excess of forty (40) hours in a week or eight (8) hours in a day.

3. There shall be no pyramiding of premium pay.

G. Work schedules shall be posted no later than noon on the Friday preceding the start of the workweek. Once the schedule is posted it shall not be changed except in the event of an Act of God or other circumstances not within the control of the Company. Employees requesting a given workday off for personal reasons must do so in writing to the Store Manager by noon on the Wednesday preceding the workweek. To the extent possible, these employee requests shall be accommodated.

ARTICLE 6 - WAGES

6) *DELETE IN ITS ENTIRETY AND REPLACE WITH THE FOLLOWING:*

Wage rates are set forth in Item 19 of this Appendix G.

ARTICLE 7 - HOLIDAYS

7) *DELETE IN ITS ENTIRETY AND REPLACE WITH THE FOLLOWING:*

A. After an employee has worked six (6) months under the terms and conditions of this contract, he will be entitled to two (2) holidays: Thanksgiving and Christmas. After completing one (1) year of employment under this contract, the employee shall be entitled to one (1) more holiday, 4th of July. After completing eighteen (18) months of employment, under this contract, the employee shall be entitled to an additional holiday, Labor Day. After an employee has completed a second year of employment under this contract, the employee shall be entitled to New Year's Day. After the employee has completed three and one-half (3½) years of employment under this contract, the employee shall be entitled to Memorial Day.

B. In order for an employee to be paid for a holiday not worked, he must have completed his probationary period, have worked the scheduled workday immediately before, and the scheduled workday immediately following the holiday (unless his absence was expressly permitted by the Company), and must have worked during the payroll period which the holiday occurred.

C. All hours worked on a listed holiday shall be payable at the rate of double time the employee's regular straight-time hourly rate of pay (includes holiday pay).

D. For holidays not worked, full-time employees shall receive eight (8) hours of pay at the straight-time hourly rate. Part-time employees shall receive holiday pay up to eight (8) hours prorated to the number of hours worked in the holiday week to forty (40) hours.

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

F. If a sufficient number of employees volunteer, then no employee shall be required to work on Thanksgiving or Christmas days. If an insufficient number volunteer, then employees will be scheduled to work by inverse seniority.

ARTICLE 8 - VACATIONS

8) *DELETE IN ITS ENTIRETY AND REPLACE WITH THE FOLLOWING:*

A. All employees shall receive a paid vacation in accordance with the following schedule:

1. One (1) week of vacation after completing one (1) year of service.
2. Two (2) weeks of vacation after completing three (3) years of service.
3. Three (3) weeks of vacation after completing seven (7) years of service.

B. Employees with more than one (1) year's service who are terminated for reasons other than dishonesty or insubordination to a supervisor shall receive prorated vacation pay. Employees working less than one (1) year who resign or are terminated for any reason, forfeit any vacation entitlement.

C. Part-time employees shall be entitled to vacation pay prorated on the basis of the average weekly straight-time hours worked during the preceding year to 1,940 hours.

D. The Employer agrees to post a vacation schedule for the year during the first week of January. Employees shall indicate their vacation choice for the year by March 1. Seniority shall prevail where multiple employees in any department request the same weeks, taken into consideration the needs of the business. Vacations shall be scheduled by individual stores.

ARTICLE 9 - LEAVES OF ABSENCE

9) *DELETE IN ITS ENTIRETY AND REPLACE WITH THE FOLLOWING:*

A. Upon written application from an employee, the Company may grant a written leave of absence without pay where good cause is shown for a period not to exceed thirty (30) calendar days. Where the same good cause exists an illness/injury leave or Union certified leave may be extended or renewed for additional periods of thirty (30) calendar days not to exceed six (6) calendar months in total and requests for such leaves will not be denied where proper certification for the leave is provided. The Company will exercise its discretion reasonably and fairly.

B. In the event of a death in the immediate family, the employee shall, upon request, be granted such time off with pay as is necessary to make arrangements for the funeral and attend same, not to exceed three (3) consecutively scheduled working days of which one must be the day of the funeral.

C. The immediate family of an employee is defined as: spouse, mother, father, grandmother, grandfather, mother and father of current spouse, sister, brother, and all children.

D. The employee shall furnish proof of eligibility for this benefit.

ARTICLE 10 - SICK LEAVE

10) *DELETE IN ITS ENTIRETY AND REPLACE WITH THE FOLLOWING:*

A. All employees who have been continuously employed by the Company for a period of at least one (1) year shall be entitled to two (2) days of sick leave with pay, for the subsequent twelve (12) month period. On each anniversary date of employment thereafter, the employee shall be reimbursed for the excess earned over two (2) days with pay. The two (2) days shall be increased to three (3) days on the employee's third anniversary date. With the exceptions of employees who voluntarily terminate or are terminated for dishonesty, employees who terminate prior to their anniversary date will receive a prorated sick leave payment.

Sick leave to begin on the first (1st) day of illness or injury.

B. A doctor's certificate of illness may be required by the Company as a condition of sick leave payment.

C. Sick leave shall be paid to all full-time and part-time employees. The total number of hours of accrued sick leave benefits shall be calculated on the ratio of total hours worked during the year preceding the employee's anniversary date of employment to 2,080 hours.

ARTICLE 11 - JURY DUTY

11) *DELETE IN ITS ENTIRETY.*

ARTICLE 13 - VISITS TO STORES

12) *DELETE IN ITS ENTIRETY AND REPLACE WITH THE FOLLOWING:*

A. The management of the business, including the right to determine store operations and hours, and the right to schedule and direct the work force, are reserved to management, where not in conflict with this Agreement.

B. The Company has the right to establish reasonable working rules as it may deem necessary, provided that such rules are not in direct conflict with the terms and conditions of this Agreement. Such rules shall be in writing and posted, with a copy sent to the Union.

C. The Company will maintain its current policy with regard to employees' uniforms. Any change of this policy must be done by mutual agreement.

ARTICLE 14 - GENERAL CONDITIONS

13) *DELETE IN ITS ENTIRETY AND REPLACE WITH THE FOLLOWING:*

A. The Employer shall not demand or require any applicant for employment or prospective employment or any employee to submit to or take a polygraph, lie detector or similar test or examination as a condition of employment or continued employment.

B. The Union shall have the right to have a Steward in each of the Employer's stores covered by this Agreement. In no instance shall Stewards be discriminated against for lawfully discharging their duties.

The Company recognizes that the Stewards will periodically require time off to attend such Union certified functions as Stewards training and agrees to make reasonable accommodations, however, their Store Managers must be notified at least two (2) weeks in advance so that appropriate scheduling arrangements can be made.

C. Each individual employee shall have the right to make his free choice to cross or not to cross any lawful primary picket line sanctioned by the Local Union and the Southern California Food and Drug Council. Said decision shall not constitute good cause for disciplinary action.

ARTICLE 15 - TRUST FUNDS

Pension Fund. Employees hired prior to February 29, 2004 (Current Actives) shall become participants under the Pension Plan effective April 1, 2004 unless they have not yet attained age 21, in which case their participation shall be deferred until their twenty-first (21st) birthday. Employees hired on and after February 29, 2004 (New Hires), shall become participants in the Pension Plan in accordance with the provisions of Article 15(B)(2)(c). For both Current Actives and New Hires, benefits shall be determined in accordance with the provisions of Articles 15(B)(2)(c) and (e). The Employer shall make no contribution to the Pension Fund for hours worked by either Current Actives or New Hires.

Welfare Fund. Current Actives (including those who presently are covered by the Allied Trust Fund) and New Hires during the first twenty-four (24) months following February 29, 2004 shall be covered under the current Plan G Schedule of Benefits. The contribution rate for all such employees shall be \$1.70 an hour on all straight-time hours worked in accordance with Appendix G of the 1999-2003 Agreement. Beginning with the twenty-fifth (25th) month following February 29, 2004, all such employees shall have coverage under the New Hire Plan with immediate eligibility for all benefits and the contribution thereafter shall be \$1.10 per straight-time hour worked. New Hires after the twenty-fourth (24th) month of the contract shall be treated the same as all other New Hires for both benefits and contributions as provided for in Article 15.

ARTICLE 16 - NEW LOCATIONS

15) *DELETE IN ITS ENTIRETY.*

ARTICLE 17 - SUCCESSORS AND ASSIGNS

16) *DELETE IN ITS ENTIRETY AND REPLACE WITH THE FOLLOWING:*

In the event of a bona fide sale or transfer of any store covered by this Agreement during the period hereof, the new owner of such transferee shall be notified of the existence of this Agreement. The former owner shall be required to meet any and all monetary benefits that employees have accumulated under this Agreement, but, except as provided in this Article, shall have no further or other obligations whatsoever, notwithstanding any other provision to the contrary in the Agreement.

ARTICLE 18 - OPERATIONAL CHANGES

17) *DELETE IN ITS ENTIRETY.*

ARTICLE 19 - SEPARABILITY CLAUSE

18) *DELETE IN ITS ENTIRETY AND REPLACE WITH THE FOLLOWING:*

In the event any Federal or State Law conflict with any provision of this Agreement, the provision or provisions so affected shall no longer be operative or binding upon the parties, but the remaining portion of the Agreement shall remain in full force and effect and the parties agree that they will engage in negotiations relative to a replacement for said invalid provision(s).

APPENDIX A

19) *MODIFY APPENDIX A AS FOLLOWS*: The contractual straight-time hourly rates for all employees covered under Appendix G – Uniform Departments shall be as follows:

	<u>Current Rates</u>	<u>Effective 3/5/07</u>	<u>Effective 1/1/08</u>	<u>Effective 3/2/09</u>	<u>Effective 3/1/10</u>
First 800 hours	\$7.50	\$7.75	\$8.25	\$8.25	\$8.25
Next 800 hours	7.50	7.85	8.35	8.35	8.35
Next 1000 hours	7.50	7.95	8.45	8.45	8.45
Thereafter	8.05	8.40	8.70	8.95	9.25

*Sushi: Sushi will receive one dollar (\$1.00) above these rates.

No employee shall be reduced in wages as a result of this Appendix.