

AGREEMENT

between

VONS COMPANIES, INC.
EL MONTE MEAT SERVICE CENTER

and

UNITED FOOD AND COMMERCIAL
WORKERS UNION
LOCAL 1167

March 12, 2007 - March 6, 2011

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PREAMBLE

This Agreement is made and entered into between The Vons Companies, Inc. referred to hereinafter as the “Employer” and the United Food and Commercial Workers Union Local 1167, referred to hereinafter as the “Union.”

ARTICLE 1- RECOGNITION OF THE UNION

A. **BARGAINING UNIT.** The Employer recognizes the United Food and Commercial Workers International Union, Local 1167 as the sole collective bargaining representative for the employees in the Meat Distribution Center covered by the classifications found elsewhere in this Agreement.

B. **JURISDICTION.** Exclusive of the delicatessen department, but including delicatessen products handled by meat plant employees in the Meat Distribution Center, the receiving, handling, or processing of all meats and poultry, fresh, frozen, smoked, cured or processed, except those items that are purchased direct from the source of supplier and not processed in the Meat Distribution Center, or new items agreed upon by Vons, shall be under the jurisdiction of UFCW Local 1167.

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.

In the event of the repeal or modification of the provisions in the Labor Management Relations Act of 1947, as amended, applying to Union Security prior to termination of this Agreement, the Employer agrees that, upon request of UFCW Local 1167, they will immediately meet with Local 1167 and negotiate revision of the Union Security clause.

B. **HIRING NEW EMPLOYEES.** The Employer shall have the right to hire any person as a new employee. The Employer will, however, agree to call the office of Local 1167 and advise the Union of job openings and will interview applicants sent by said Union.

C. **PROBATIONARY PERIOD.** Unless extended by mutual agreement between Employer and Union, every new employee shall be a probationary employee for a period of sixty (90) days from the date he first reports for work, and the continued employment of said employee shall be at the exclusive discretion of the Employer during this period.

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-F 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 respective Local Unions.

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 that:

- (a) He is delinquent in his financial obligations to the Union;
- (b) Advising him of the specific amount due;
- (c) How the amount is computed;
- (d) The date the sum must be received by the Union;
- (e) The penalty for noncompliance, i.e., discharge if the obligation has not been met; and
- (f) 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.

(a) 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.

(b) 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.

(c) 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" provided for in (d) below. The Union agrees that it will not in fact accept any such payments.

(d) 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.

(e) 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.

5. With regard to the application of this Article 2-D, all employees covered by this Agreement shall be treated without discrimination.

E. DUES DEDUCTION.

1. The Employer agrees to deduct the regular monthly Union dues and initiation fees which may be uniformly required as a condition of membership in the Union on a weekly basis 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 voluntary individual written authorization to make such deductions on a form(s) that has been mutually agreed upon by the Employer and the Union. Such deductions as referenced above, shall include political contributions and, by mutual agreement, weekly deductions for deposits or payments to a local credit union. The political contribution authorization may be either a separate authorization or one that has been combined with the dues deduction authorization. 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. The deduction shall be expressly limited to regular monthly Union Dues, initiation fees and political contributions only and the Employer shall have no obligation of whatsoever nature to make deductions for any other purpose, including but not limited to, reinstatement fees, special dues, special assessments, fines, strike funds or other assessments.

2. No deductions will be made from the wages of any such Employee until the Employer has received a signed copy of voluntary individual written authorization to make such deductions with such authorization to be received by the Employer no later than the first (1st) day of the month in which the deductions are to commence in order to be deducted for that month.

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.

F. NOTICE OF NEW HIRES, TERMINATIONS AND TRANSFERS. The Employer agrees to notify the Union within ten (10) days of new hires. All new employees during the sixty (90) day probationary period shall receive all benefits found in this Agreement. The Employer further agrees to notify the Union of all terminations and transfers within fifteen (15) days, in writing. The Employer further agrees to supply a seniority list to the Union, upon request, and such requests not to exceed two (2) per year.

G. MEETING NOTICES. Space shall be provided for posting notices of meeting, but same shall not be posted until they have been first called to the attention of the Employer.

ARTICLE 3 - SUSPENSION, DISMISSAL AND DEMOTION

A. No employee covered by this Agreement shall be suspended, demoted or dismissed without just and sufficient cause. Any employee claiming unjust dismissal, demotion or suspension shall make his claim therefore to the Union within three (3) working days of such dismissal, etc., otherwise no action shall be taken by the Union. If, after proper investigation by the Union, it has been found that an employee has been disciplined unjustly, he shall be reinstated with full rights and shall be paid his wages for the periods he was

suspended, demoted or dismissed. Investigation and settlement of any claim shall be made within ten (10) days of the making of such complaint by the employee.

B. In case any claim is not settled within the above ten (10) day period or any agreed upon extension thereof, then either party within an additional ten (10) days may refer said claim or grievance in connection with this Article to the grievance and arbitration procedures of this Agreement. Failure to comply with the time limits set forth in Paragraph A above shall render any claims null and void.

C. Employees may be discharged for failure to perform work as normally required or for personal misconduct, such as intoxication, dishonesty, insubordination or violation of posted or published reasonable company rules.

Employees who are discharged for failure to perform work as normally required shall first have had a prior warning in writing of a related or similar failure to perform work as normally required, with a copy sent to the Union and a copy given to the employee. Said notice shall be mailed to the Union within fourteen (14) calendar days after receipt of the warning notice by the employee. The employee shall be required to initial such notice, but initialing shall in no way constitute agreement with the contents of the notice.

A discharged employee shall be informed at the time of discharge of the immediate cause. This information shall be confirmed in writing promptly upon request.

D. Audits of store deliveries outside the Meat Plant Operation will not result in disciplinary action to meat plant employees.

ARTICLE 4 - NONDISCRIMINATION

The Employer and the Union agree to comply with the applicable State and Federal laws and regulations regarding discrimination against any employee or applicant for employment because of such individual's race, religion, color, national origin, sex or age.

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.

ARTICLE 5 - EMPLOYEE RIGHTS AND UNION PRINCIPLES

A. It shall not be a violation of this Agreement nor cause for discharge or disciplinary action for any employee to refuse to cross a legitimate, bona fide, primary picket line sanctioned by UFCW Local 1167.

B. A picket line wherein the Union involved is not affiliated with the United Food and Commercial Workers International Union AFL-CIO-C.L.C. and has not been established or recognized as the bargaining representative or offered proof of majority representation of the employees involved, or where there is no strike against nor lockout by the employer being picketed, shall not be considered "bona fide" for the purpose of this Article.

C. The parties hereto intend that the operation of this clause shall not include picket lines placed on any of the Employer's operations that are directed against financially affiliated companies which are not operationally related to the Employer covered by this Agreement.

D. In the event of such picketing at the Employer's place of business, work shall continue for a period of time necessary to clear or remove perishable products from the plant, not to exceed seventy-two (72) hours from the commencement of such picketing.

ARTICLE 6 - SENIORITY

A. Seniority shall begin with an employee's date of employment and shall be recognized within job classifications on a plant-wide basis. Whenever two (2) or more employees share the same seniority date, the employees punch-in time shall be used to designate the senior employee. Should no written documentation be available or if the employees started at the same time, the last four (4) 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. In the event of a reduction in force, the least senior employee within job classifications shall be the first to be laid off, qualifications and ability to perform the work being relatively equal. Employees who have been promoted to higher-rated classifications and who are subsequently displaced as a result of layoff shall be entitled to exercise their seniority over employees in the former classifications.

B. An employee who is being laid off as the result of a permanent reduction in force in accordance with the preceding paragraph may also be entitled to exercise his seniority over the least senior employee employed in a lower classification provided he possesses the necessary qualifications and ability to perform the available work and is more senior than the employee to be displaced. The employee who is displaced by a senior qualified employee as provided in this Paragraph shall be laid off unless he possesses seniority rights in a former classification in accordance with the preceding Paragraph.

Notwithstanding the above, it is agreed that an employee shall not be entitled to displace an employee in the "Order-Selector" classifications, except as specifically provided for in Paragraph A above.

A senior employee who exercises his seniority rights, as provided for in this Article, shall receive the contractual straight-time hourly rate of pay of the classification that he bumps into. If a senior employee does not elect to exercise the seniority rights provided for in this Article, he shall be laid off.

C. Ability and qualifications being relatively equal, seniority shall also apply to upward and downward permanent vacancies and posted promotional job bids, except that employees may be promoted to Working Foreman without reference to seniority.

When a permanent, full-time bid job or shift becomes available, the permanent bid job or shift shall be posted for a period of five (5) calendar days and employees will indicate their interest by signing the bid sheet. Said assignment may be postponed subject to additional bidding or if the next week's schedule has already been posted. Employees on vacation or holiday shall be given an opportunity to bid upon their return. Seniority shall prevail in filling the position provided qualifications and ability are equal. The employee signing the posting must be able and available to perform the work. There shall be no bumping except as provided in Paragraph A, above.

Assignment to the permanent, full-time bid job or shift shall be made on the next workweek following the removal of the bid sheet. Any employee who is promoted pursuant to this section shall be allowed up to a thirty (30) working days to successfully qualify for the position. During this period the employee must show improving performance in order to remain in the training period. Employees who are disqualified from said promotion shall be ineligible to bid onto another like position until the lapse of two (2) years. An employee who fails to fulfill the requirement of the new job within the thirty (30) working day period shall be returned to his/her former job without loss of seniority. If the successful bidder voluntarily

relinquishes the position or is disqualified within the qualification period, the permanent bid job or shift shall be awarded to the second (2nd) most senior qualified employee signing the initial bid sheet.

The successful bidder will not be permitted to bid on any other available full-time bid job or shift which is posted for a period of six (6) months from the initial assignment. However, an employee shall be permitted to sign a bid that is posted prior to the six (6) month period provided the position is scheduled to take effect at least six (6) months after the initial assignment.

It is understood that bid positions vacated as a result of posted bids shall be bid but limited to one additional job being bid. Other vacated jobs shall be available to other part time employees only. It is further understood that this limitation is not intended to reduce full time positions.

D. All disputes in connection with the provisions of this Article shall be subject to the grievance and arbitration procedure. Any claim or grievance that the employer has improperly applied the terms of this Article 6, shall be null and void unless such claim or grievance is brought to the attention of the Employer in writing within one (1) calendar week of the occurrence giving rise to the claim or grievance.

E. Break in continuity of service and cancellation of seniority will result from any of the following:

1. Quit
2. Discharge
3. Layoff for more than nine (9) months
4. Failure to return in accordance with the terms of a leave of absence or when recalled after a

layoff.

F. A part-time employee will be given a seniority date effective with the first (1st) day he is regularly assigned to the bargaining unit. Seniority possessed by a part-time employee will have application only in relation to other part-time employees. A part-time employee who is assigned to full-time work will be given his most recent hire date as his seniority date effective with the date of such assignment. Seniority shall prevail among part-time employees for full-time openings that occur within their job classification, provided the senior employee has the abilities and qualifications to perform the work.

Commencing with the thirty-first (31st) day of service in the bargaining unit, a full-time employee will have seniority over a part-time employee, irrespective of length of service in the bargaining unit.

The Union Security provision as set forth in Article 2-A of this Agreement shall apply to part-time employees hired under this Agreement. Vacation, sick pay and holiday provisions shall be prorated based on actual hours worked.

G. A sanitation employee who accepts a bid to a higher rated classification will receive the next higher rate of pay. Employees who accept a job to a lesser rated position will be assigned the lesser rate of pay.

H. Employees within the same classification, in the same department, who have the same abilities and qualifications, shall have the right to exercise their seniority for the purpose of starting time selection.

The Employer has had a policy of scheduling both consecutive and non-consecutive forty (40) hour workweeks in certain departments. Where this has occurred, we have rotated employees from consecutive to non-consecutive, to consecutive, etc. workweeks. It is agreed that we will not, in the future, rotate full-time employees and will allow them to use their seniority in choosing their forty (40) hour workweek.

ARTICLE 7 - HOLIDAYS

A. The following holidays or the days observed as such holidays shall be the holidays observed for which the Employer agrees to pay any non-probationary employee eight (8) hours at the straight-time hourly rate of pay for the classification involved.

New Year's Day	Thanksgiving Day
Memorial Day	Christmas Day
Labor Day	Personal Holiday
July 4th	Employee's Birthday
Employee's Anniversary Date of Employment	

The holidays specified above shall be observed on the days specified by Federal legislation. Employees shall be paid at the rate of an eight (8) hour day for holidays. If holidays are worked, they shall be paid at the rate of time and one-half (1½) the regular rate of pay over and above their weekly salary. Holiday weeks shall consist of thirty-two (32) working hours for forty (40) hours pay.

Personal Holiday. The annual personal holiday shall be observed by employees who have completed one (1) or more years of continuous employment.

Each eligible employee may choose a day of his preference for his personal holiday by giving the Employer at least fifteen (15) calendar days written notice prior to the day chosen. The Employer will grant the employee the day of his choice as his personal holiday, unless an excessive number of employees have chosen the same day and granting all the requests would affect the Employer's operation. In that event, the Employer may deny the request for the day chosen and the employee may request an alternate date. If the employee is unable to take their personal holiday it shall be paid to them at the end of the calendar year.

Neither the birthday, anniversary date or personal holidays may be celebrated in the same week as another contract holiday except by mutual agreement between the Employer and the employee.

Birthday and Anniversary Date Holiday. Each eligible employee shall notify his employer of his birthday or anniversary date at least two (2) weeks prior to his birthday or anniversary date. The holiday shall be granted either on the employee's birthday or anniversary date, or, by mutual agreement between the Employer and the employee, on any other date in the week during, following or prior to the week in which the employee's birthday or anniversary date falls. If the employee's birthday or anniversary falls on another holiday specified in this Agreement, he shall be granted an additional holiday and, if the employee's birthday or anniversary date falls on February 29, his birthday or anniversary date shall be considered as falling on February 28.

B. For night shift employees whose shifts end after 12:01 a.m., the eve of the day observed as the holiday shall be considered the holiday. If a night shift employee works the eve of the day observed as the holiday, the provisions covering pay for holidays worked shall become effective.

C. No employee shall receive pay for any holidays not worked or be eligible for overtime as specified in Paragraph A above unless such employee has reported for work on his regularly scheduled workday immediately preceding and following such holiday, except that employees shall be considered as reporting for work if absence is due to certified illness or express permission from or action of the Employer. No employee shall be entitled to holiday pay during the first (1st) thirty (30) days of employment (applies to new people in Southern California industry). In no case shall holiday pay be received unless the employee has worked during the holiday week, except as provided in Article 8 - Vacations.

D. In the event the holiday falls outside an employee's regular workweek, the Employer may substitute either the last shift prior to the holiday or the first (1st) shift following the holiday. The Employer agrees to give one (1) week's advance notice of such substitution.

E. Part-time employees shall receive pro rata holiday pay 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 (4) week period immediately prior to the holiday week.

F. If a holiday named under this Article falls within an employee's vacation period, he shall be granted an additional day off with pay in lieu of the holiday. The additional day off will be subject to written approval by management.

ARTICLE 8 - VACATIONS

A. Vacation weeks shall begin between January 1 and December 31 of each year at the discretion of the Employer with consideration for the wishes of the employees. Vacations must be taken unless, because of a hardship situation, the Employer and the employee agree otherwise.

Preference for vacation selection shall be in accordance with seniority and shall apply within job classifications. An employee's seniority date used for vacation purposes shall be based on the employee's seniority, i.e., work performed in the Meat Service Center only.

B. **FULL-TIME EMPLOYEES.** Employees covered by this Agreement who have one (1) year's service with said Employer shall receive one (1) week's vacation each year with pay. Employees who have two (2) years continuous service or more with said Employer shall receive two (2) weeks vacation each year with pay. Employees who have five (5) years continuous service or more with said Employer shall receive three (3) weeks vacation each year with pay. Employees with fifteen (15) or more years of continuous service shall receive four (4) weeks vacation each year with pay. Employees with twenty (20) or more years of continuous service shall receive five (5) weeks vacation each year with pay.

C. **PRO RATA.**

1. Regular employees who are laid off, or whose employment is terminated other than from a voluntary quit after six (6) months of continuous employment but prior to fifteen (15) months of continuous employment shall be paid a pro rata of accumulated unpaid vacation due on the basis of 1/12th of one (1) week's pay for each month worked or major fraction thereof and after fifteen (15) months but less than forty-two (42) months of continuous employment shall be paid a pro rata of accumulated unpaid vacation due on the basis of 2/12ths of one (1) week's pay for each month worked or major fraction thereof, and after forty-two (42) months of continuous employment shall be paid a pro rata of accumulated unpaid vacation due on the basis of 3/12ths of one (1) week's pay for each month worked or major fraction thereof.

Employees who quit voluntarily after six (6) months but less than twenty-four (24) months of continuous employment shall be paid a pro rata of accumulated vacation on the basis of 1/12th of one (1) week's pay for each month worked or major fraction thereof, and after twenty-four (24) months but less than sixty (60) months of continuous employment shall be paid on the basis of 2/12ths of one (1) week's pay for each month worked or major fraction thereof, and after sixty (60) months of continuous employment shall be paid on the basis of 3/12ths of one (1) week's pay for each month worked or major fraction thereof. Should an employee terminate after accumulating fifteen (15) or more years of continuous employment, he shall be paid a pro rata of accumulated unpaid vacation due on the basis of 4/12ths of one (1) week's pay for each month worked or major fraction thereof. Should an employee terminate after accumulating twenty (20)

or more years of continuous employment, he shall be paid a pro rata of accumulated unpaid vacation due on the basis of 5/12ths of one (1) week's pay for each month worked or major fraction thereof.

2. Part-time employees shall be entitled to pro rata vacation pay each year on the anniversary date of their employment. For part-time employees who have accumulated less than four thousand one hundred sixty (4,160) hours of continuous employment, such vacation pay shall be prorated on a one (1) week basis. For part-time employees who have accumulated four thousand one hundred sixty (4,160) hours of continuous employment and less than ten thousand four hundred (10,400) hours, vacation pay shall be prorated on the basis of two (2) weeks, and for part-time employees who have accumulated ten thousand four hundred (10,400) or more hours of continuous employment, vacation benefits shall be prorated on three (3) weeks basis. For part-time employees who have accumulated thirty-one thousand two hundred (31,200) or more hours of continuous employment, vacation benefits shall be prorated on a four (4) weeks basis. For part-time employees who have accumulated forty-one thousand six hundred (41,600) or more hours of continuous employment, vacation benefits shall be prorated on a five (5) weeks basis. Any part-time employee whose employment is terminated prior to the accumulation of one thousand forty (1,040) hours of continuous employment shall not be entitled to any vacation benefits. In any event, a part-time employee shall not be entitled to vacation pay unless he has worked at least thirty (30) days in any one (1) year of employment.

D. 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.

E. FORFEITURE OF VACATION PAY. Employees guilty of and discharged for proven dishonesty shall forfeit all rights to such pro rata vacation pay. In the event the Employer wishes to make use of this Article, and upon complaint of the employee concerned, the Union may investigate the case.

F. PAYMENT. A week's vacation pay shall be computed on the basis of the average weekly hours worked for the Employer during the fifty-two (52) weeks immediately preceding the anniversary date of the employee's employment, multiplied by the straight-time pay for those hours.

G. After the Employer has prepared the vacation schedules in accordance with the procedure set forth in Article 8-A, there shall be no change in the vacation schedules, except by mutual agreement between the affected employees and the Employer.

ARTICLE 9 - FUNERAL LEAVE

Funeral leave shall be due and payable at the straight-time rate for the hours scheduled for each workday lost because of such absence up to a maximum of three (3) calendar days within a period of fourteen (14) calendar days beginning with the date of death for the purpose of arranging for and attending the funeral of a member of the employee's immediate family. Immediate family shall be defined as follows: wife, husband, son, daughter, mother, father, brother, sister, grandparent, mother and father of employee's current spouse, or other relative living in the employee's home. Verification of time required for this purpose shall be supplied to the Employer by the employee if so required by the Employer.

ARTICLE 10 - MILITARY SERVICE

It is further agreed by both parties that in the event employees are inducted into Military Service of the United States Government, through the process of the Selective Draft Act of 1940, such employees shall be guaranteed their employment by the Corporation upon returning from Military Service, if they are mentally and physically fit, providing they apply for reemployment within ninety (90) days after their discharge from service, and the Union guarantees that if it becomes necessary in order to create a place for such returned members, those employed since their induction into Military Service shall willingly consent to being laid off. Said employee shall be given two (2) weeks notice before being laid off. An employee that is in the Reserves, that is called to serve and requests a two (2) week military leave shall receive credit toward their progression in their current classification.

ARTICLE 11 - CLOTHING REQUIREMENTS

The Employer will furnish employees with all necessary linens, including gloves for Machine Operators and have same laundered. The Employer will provide adequate clothing for work in freezers. An employee will at all times be held fully accountable for such equipment and clothing that is issued to him, as well as their proper care and maintenance and replacement in the event that they are lost. An employee, who is laid off and/or quits and/or is terminated, will be required to return to the Employer the equipment and clothing that has been issued to him in good condition prior to the receipt of his last paycheck and/or any regular or pro rata termination vacation pay that he may be entitled to or have the replacement cost of such equipment or clothing deducted from the same.

ARTICLE 12 - TIME RECORDS

All disputed claims for overtime shall be regulated so that no injustice shall be done the Employer or employee. Employer to keep time card, or time clock records for the checking of overtime and make available to the Union Representative or authorized representative of the Union in case of dispute. Where no time clock is used, the Employer shall see to it that time card weekly records are signed by the employee. There shall be no split shifts allowed.

ARTICLE 13 - WORKWEEK

A. A regular workweek shall consist of any five (5) consecutive days. The Employer may designate, continue, or discontinue specified employee workweeks and make work assignments for such shifts. A workweek of any five (5) days out of seven (7) in a week may be scheduled for employees hired or promoted into full-time positions after November 6, 1985.

Sanitation employees hired or promoted into full-time positions on or after November 7, 1988 will be scheduled to work forty (40) straight-time hours, but their work days may not be consecutive and such scheduling may involve work on a sixth (6th) day.

When it becomes necessary to temporarily assign an employee within classification from one plant locality to another, the least senior employee who is experienced, able and capable to perform the job (opposed to a full-time employee) will be so assigned unless such assignment would adversely affect the orderly operation. It is agreed and understood that the temporary assigning of work will be done so without prejudice to the exclusively reserved right of management to schedule and direct the work force.

In establishing new shifts, it is understood and agreed that the Employer determines the manning requirements, but in making shift assignments will give consideration for shift preference to senior employees having the necessary ability and qualifications. In the event a part-time employee is called back to a full-time position that he or she formerly held with consecutive work days, the employee will be called back to a full-time position with consecutively scheduled work days.

B. Eight (8) hours in a period of eight and one-half (8½) hours shall constitute a regular work shift: with a one-half (½) hour meal period.

C. Forty (40) hours shall constitute a regular workweek for regular, full-time employees.

D. Part-time employees shall be guaranteed at least four (4) hours' work per day and will be guaranteed twenty-four (24) hours per week and no junior employee will be scheduled to work more hours in the week than a more senior qualified employee. Overtime will commence after eight (8) hours worked in any one (1) day. It is understood that this change benefits current and future employees while it does not change the method in which part-time employees are scheduled.

E. A full-time employee is defined as one who works or is paid for at least forty (40) straight-time hours per week. Such full-time employee is guaranteed a minimum of five (5) eight (8) hour days' work, when said employee works as scheduled or required.

Should any employee work or be paid for forty (40) straight-time hours per week [five (5) eight (8) hour days] in sixteen (16) consecutive weeks, a permanent full-time position shall be created and said full-time position shall be put up for bid in accordance with the procedures set forth in this Article 13.

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.

With respect to part-time employees, it is understood that such employees are hired to work less than forty (40) hours a week. Schedules and work guarantees of part-time employees shall be governed by Paragraph D above.

F. All employees shall receive a fifteen (15) minute rest period twice each day. This fifteen (15) minute rest period is defined as the time allotted from work station to work station. Such rest period shall be granted as near the middle of the first (1st) four (4) hours and the middle of the second (2nd) four (4) hours of the shift as feasible. There shall be no split shifts.

G. All work performed in excess of eight (8) hours in any one (1) day or forty (40) hours in any one (1) week shall be paid for at the rate of time and one-half (1½) the employee's regular straight-time hourly rate,

in addition to the night shift premium where applicable. With the exception of employees who are hired effective on or subsequent to October 7, 1996, work performed in excess of eight (8) hours on Sunday shall be paid for at the rate of time and one-half (1½) the employee's regular straight-time hourly rate of pay or the applicable Sunday pay. For all employees, work performed in excess of eight (8) hours on a holiday shall be paid for at the rate of time and one-half (1½) the holiday rate.

H. Sixth (6th) or seventh (7th) day overtime in a regular workweek or as an extra day in a holiday week shall be offered on the basis of seniority within the classification; however, the company may schedule employees on a straight time basis before scheduling employees on overtime. If an insufficient number of employees volunteer, then work will be scheduled by inverse seniority within classification.

Daily overtime shall be offered to working, available employees within the classification; however, the concept of job continuation will apply to employees completing their current work assignment. If an insufficient number of employees volunteer for daily overtime, then the work will be assigned by inverse seniority within classification.

I. Exclusive of overtime hours, there shall be a lapse of twelve (12) hours between the end of an employee's regular straight-time shift and the beginning of his next shift.

J. All time worked in excess of ten (10) consecutive hours in any one (1) day shall be paid for at the rate of double (2) time the regular straight-time hourly rate of the employee's classification. In the event additional overtime is required employee(s) shall first receive a fifteen (15) minute break. (as defined in Section F)

K. Employees shall also be paid time and one-half (1½) the regular straight-time hourly rate of pay when required to work the seventh (7th) consecutive day in a workweek.

L. Time and one-half (1½) the contractual rates of pay in effect on October 4, 1996, shall be paid for any hours worked on Sunday between the hours of 12:01 a.m. and 2:00 p.m. Sunday rates for Warehouse Order Selectors shall remain frozen based on the 1996 straight-time wages rates. For instance, since the thereafter rate was \$16.12 per hour, then the Sunday premium rate shall remain at \$24.18 per hour.

Sanitation Sunday premium rates of pay shall be adjusted to reflect time and one-half (1½) the current straight-time rates of pay. For instance, a Sanitor rate of \$15.21 shall be frozen at \$22.82. For instance, a Sanitor rate of \$11.20 shall be frozen at \$16.80.

This section does not apply for those employees hired on or after March 8, 2004. Employees hired on or after March 8, 2004, will not receive Sunday premium.

M. Employees working more than five (5) hours without taking time off for lunch shall be paid at the rate of time and one-half (1½) per hour for all time worked over the five (5) hour period until a lunch period is given. Further, in instances where there is a mechanical breakdown within fifteen (15) minutes of a scheduled break or thirty (30) minutes of a scheduled lunch period, the Employer may at its option reschedule such break or lunch time in accordance with operational requirements of the Employer.

N. There shall be no time off in lieu of overtime pay.

O. Any employee who is off for sickness or injury or who has been granted time off by the Employer for other reasons, before reporting back to work is required to call his supervisor at least twelve (12) hours in advance of such employee's regularly schedule daily starting time. When the employee gives such notice and the absence is less than one (1) week, the employee shall be returned to work on his next scheduled

shift. If the absence is longer than one (1) week, the employee is required to notify the Employer of his availability to return to work no later than Thursday preceding the week in which he is to return. If the employee fails to comply with the above notice requirements, the Employer shall not be required to put the employee to work until the notice requirements are fulfilled.

P. Employees shall be paid a premium of twenty cents (20¢) per hour for all time worked after 6 p.m. and before 6 a.m.

Q. The Employer shall post a work schedule designating the starting and ending of the daily and weekly shifts. Such schedules shall be posted no later than the end of the first (1st) shift on Friday preceding the first (1st) day of the following workweek.

R. **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.

S. **FOUR TEN HOUR DAYS SUPPLEMENT.** The Employer may schedule and/or continue a basic straight-time workweek of four (4) ten (10) hour days for any regular full-time employees, in accordance with the following:

1. Ten (10) hours shall constitute a day's work, and shall be completed within ten and one-half (10½) hours.

2. Ten (10) hours work per day shall be offered such employee. When an employee requests to work less than ten (10) hours per day, he shall be paid at his regular hourly rate for the time actually worked.

3. All such employees shall receive at least two (2) consecutive days off each calendar week.

4. When a holiday falls on an employee's regularly scheduled day of work, and he is not required to work on that day, and his regularly scheduled workweek consists of four (4) ten (10) hour days, he shall be paid as holiday pay, ten (10) hours pay on that day and that shall be considered as ten (10) hours worked for the purpose of computing overtime in that workweek.

5. When a holiday falls on an employee's regularly scheduled day of work and the employee works on that day, he shall be paid as holiday pay, eight (8) hours pay for that day and shall be paid in addition at the contract rate of pay for the number of hours that he actually works.

6. When a holiday falls on a day other than an employee's regularly scheduled day of work, and he does not work, he shall receive as holiday pay eight (8) hours.

7. In the event a holiday falls on a day other than an employee's regularly scheduled day of work, and the employee is required to work, he shall be paid double (2) time for working that day plus holiday pay of eight (8) hours.

8. All time worked in excess of ten (10) hours in any one day or forty (40) hours in any workweek shall be paid at one and one-half (1½) times the regular straight-time hourly rate of pay unless otherwise specified in this agreement.

9. It is agreed that the Employer will check to make sure that the employees who are scheduled to work four (4) ten (10) hour days are not suffering a loss of pay in a workweek that includes a holiday,

jury duty, funeral leave or sick pay as a result of working four (4) ten's (10's). i.e., only being paid eight (8) hours instead of ten (10) hours for days not worked.

10. The company agrees to provide a fourteen (14) day notice when during a holiday week, it changes from a four (4) ten (10) hour shifts workweek to a five (5) eight (8) hour shifts workweek or when it changes from a five (5) eight (8) hour shifts workweek to 4/10s.

ARTICLE 14 - WAGES AND CLASSIFICATIONS

A. **WAGE RATES.** The Classifications and minimum wages under this Agreement shall be as set forth in Appendix A, which is attached hereto, and is expressly made a part of this Agreement.

B. Any employee working in two (2) or more classifications shall receive the higher rate of pay for the hours worked in the higher classification.

C. With the exception of the employees currently in the foreman classification, eliminate "foreman" classification for all classifications except Sanitation.

D. Add the classification Receiver/Checker to the Forklift Operator classification with the same pay scale as the Forklift Operator.

ARTICLE 15 - LEAVES OF ABSENCE

A. **ILLNESS AND INJURY.**

1. Leave of absence shall be granted up to ninety (90) days for certified illness and/or injury for any employee who has been with the Employer for six (6) months or more, and a leave of absence shall be granted up to nine (9) months for sickness or injury occurring off the job or for pregnancy for any employee who has been with the Employer one (1) year or more. Leave of absence for injury on the job shall be granted up to nine (9) months to any employee, regardless of date of employment.

2. In cases of leave of absence for illness or injury, when an employee is physically unable to return to the job within the nine (9) month period the employee shall be given preference for employment when a vacancy occurs in a position for which he can qualify if he applies for reemployment within six (6) months from the expiration of his leave of absence.

3. An employee on leave of absence as set forth above due to illness or injury occurring either on or off the job or pregnancy shall be returned to a position comparable to the one held prior to his 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.

B. OTHER PURPOSES.

1. Upon written request of an employee, leave of absence may be granted for purposes other than those set forth in this Article. Terms of all leaves of absence shall be set forth in writing. Any employee who accepts or solicits other employment during such leave of absence shall be subject to discharge.

2. The Employer agrees to grant a leave of absence up to thirty (30) days in the case of personal emergencies or death in the employee's immediate family.

3. The Employer agrees that employees will be granted leaves of absence connected with state and federal law provided all terms and conditions provided for in the law qualify an employee for any said leave.

C. WORK INJURY ASSISTANCE PROGRAM. The parties will enter into a "Letter of Understanding," which is by this reference made an integral part of the Settlement of the new 1993-1996 El Monte Meat Service Center Agreement, that will give the Employer and Local 1167 the right to develop and implement a "Work Injury Assistance Program," hereinafter referred to as the "Program," for their employees, who are covered under the terms of such Agreements as well as their other unionized and non-union employees, that sustain a work-related injury or illness. The "Program" provided for herein will be administered by a mutually agreeable third (3rd) party Provider such as Health Management Center West, Inc. that will provide certain core services to the Employer and their employees, as an integral part of the Employer's overall Workers' Compensation Program, including Early Intervention, Employee Advocacy, Medical Case Management (either exclusively by the agreed upon Provider or in collaboration with the Employer's third (3rd) party administrator), Utilization Review Management, Out-Patient/Ambulatory Review and Medical/Catastrophic Case Management. The Employer "Program" that may be established pursuant to the terms of this "Letter of Understanding" will have a Joint Labor-Management Advisory Committee that will work with the mutually agreed upon Provider in both facilitating the implementing of the "Program" and assisting in resolving any problems that may develop in its overall operation.

With mutual agreement of the parties, a "Program" may include additional services such as a Modified Work component. The decision as to whether to include this component or any other component other than those set forth above in the "Program," shall be determined mutually by the Employer and by the Union. If the Employer elects to implement such a "Program" they shall have the right to amend, modify or terminate such a "Program" in accordance with their business and operational requirements at any time provided; however, that any change in a mutually agreed upon Provider that has been retained by the Employer to administer the "Program" shall be subject to the mutual agreement of the parties.

Nothing contained herein shall be construed or interpreted as either requiring the Employer to modify or amend any Workers' Compensation Program that it may have had in effect as of the expiration of the parties' 1993-1996 Meat Plant Agreement or to preclude the Employer from implementing any new Workers' Compensation Program(s) that it may deem to be desirable or necessary at any time, provided that any such new program(s) is not otherwise violative of the express terms of the parties' 1996-1999 Meat Plant Agreement itself.

D. WORKERS' COMPENSATION ERISA PLAN AND/OR PILOT PROJECT. The parties will enter into a "Letter of Understanding," which is by this reference made an integral part of the Meat Plant Agreement, that will authorize the parties to both simultaneously actively explore the feasibility and desirability of establishing either individual Employer ERISA Plans for Workers' Compensation or a legislatively approved Workers' Compensation Pilot Project as alternative potential solutions to the

Industry's extremely serious Workers' Compensation problems and develop and implement an appropriate program(s).

ARTICLE 16 - JURY DUTY

A. When a non-probationary, full-time employee is required to be in any court or courthouse(s) for jury service and such service deprives such employee of pay that he otherwise would have earned, he shall be scheduled for a day shift on a Monday through Friday workweek and shall receive pay during such workweek for each day on such jury service at the rate of eight (8) hours times his straight-time hourly rate, 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(s) 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 for a day shift and 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.

C. If an employee is temporarily excused from jury service for any scheduled day, i.e., Monday through Friday, he shall immediately report for work for such scheduled day 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 for jury service, he shall call the warehouse manager or supervisor on duty to inform him that he has been permanently released. Thereafter, the warehouse manager or supervisor may place him on a work schedule similar to which he normally works.

D. The Employer may require proof of attendance for jury service.

E. Employees shall be entitled to one term of jury duty service per term of the Agreement.

F. Employee must notify and provide to the Employer any jury summons or similar court document pertaining to their jury service within 72 hours of receipt. Employee must notify the Employer of any request to reschedule jury duty.

ARTICLE 17 - GRIEVANCE AND ARBITRATION PROCEDURE

A. DISPUTE PROCEDURE.

1. Any grievance, controversy or dispute involving the interpretation of any provision of this Agreement, except wage claims or in cases governed by Article 3-A of this Agreement, must be protested by the Union to the Employer, in writing, within fifteen (15) working days of the occurrence of such grievance, controversy or dispute, or such shall be null and void. Such written grievance, controversy or dispute shall

set forth the nature of the grievance, including the material facts giving rise to the claim and the Contract provision(s) allegedly violated.

Any grievance, controversy or dispute by an Employer pursuant to this Agreement, except wage claims must be protested by the Employer to the Union, in writing, within fifteen (15) working days of the occurrence of such grievance, controversy or dispute, or such shall be null and void. Such written grievance controversy or dispute shall set forth the nature of the grievance, including the material facts giving rise to the claim and the Contract provision(s) allegedly violated.

(a) Diligent effort shall be made by both sides to adjust such grievance, controversy or dispute amicably within thirty (30) days from the date the grievance, controversy or dispute is first brought to the attention of both parties.

(b) The thirty (30) day period may be extended by mutual agreement.

(c) If there is no extension of time for amicable settlement, the grievance, controversy or dispute may then be referred to arbitration within fifteen (15) days.

(d) If no agreement upon an arbitrator has been reached during this period, the grieving party may then request a list of nine (9) persons qualified to act as arbitrator under this Agreement from the Federal Mediation and Conciliation Service and upon receipt of this list the parties shall immediately thereafter select the arbitrator by alternately striking names from the list until the last name remains who shall serve as arbitrator, or the parties may voluntarily agree to select an arbitrator from the panel of neutral arbitrators set forth below by alternately striking names from the panel until the last name remains; provided, however, that nothing contained herein shall prevent any individual Employer and individual Local Union party to any given dispute from mutually agreeing to select some other neutral arbitrator to hear any individual dispute.

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

Mark Burstein	Anthony Miller
Howard Block	William Petrie
Joseph Grabuskie	Michael Prihar
Edgar Jones	Thomas Roberts
Mark Keppler	

(e) If, because of refusal of either side to arbitrate, it becomes necessary for the other to file a petition to compel arbitration in the State or Federal courts, such petition shall be filed not later than sixty (60) days after said refusal to arbitrate.

(f) The findings of the arbitrator shall be binding upon the Union and the Employer, provided that the arbitrator shall not have the authority to change, alter or modify any of the terms or provisions of this Agreement.

(g) Failure to either settle the matter in dispute, or to refer the matter to arbitration, or to file a petition to compel arbitration within the time periods set forth above shall render such grievance, controversy or dispute null and void and such claim shall be forever barred, and no further action shall be taken. Nothing herein is intended to prevent either party from raising any subject proper for bargaining in future negotiations for successor agreements.

2. In the event of a grievance involving the interpretation of any provision of this Agreement, it is mutually agreed that no strike, work stoppage, lockout or other economic action will be employed by either the Employer or the Union.

3. Paragraph 2 is inapplicable in cases where it is established between the Union and a representative of the Employer that an Employer failed to pay the wages and/or all contributions required under this Agreement, unless the Employer's failure to pay involves disputed classification of employees or an interpretation of this Agreement. In the above instances described in this Paragraph, the aggrieved party has the right to take such economic action as it deems necessary.

B. EXPEDITED ARBITRATION - ALL ISSUES.

If the matter is not settled within two (2) calendar weeks from the receipt of the written notice described in Paragraph A. above, the grieving party shall promptly submit the question in dispute in writing to expedited arbitration. The Employer shall notify the Union of the office and address to which all such demands for arbitration are to be sent.

The expedited arbitrator shall decide the issue at the next succeeding regular monthly arbitration meeting as set forth below unless either party notifies the other of its intent to pursue the matter in regular arbitration as set forth in Paragraph A above.

The arbitration hearings shall be held on the last Thursday of each month. In addition, additional meetings may be scheduled as necessary and mutually agreed upon.

Unless otherwise mutually agreed, the expedited arbitrator shall be mutually selected from the permanent list of nine (9) arbitrators established under Paragraph A-1-(d) of this Article or by alternately deleting names from the list until a last name remains, the parties drawing lots to determine who shall be entitled to the first deletion.

The expedited arbitrator selected in accordance with the above procedure shall serve for a period of three (3) months. At the end of this three (3) month period or succeeding three (3) month periods, at the election of either party, a new expedited arbitrator may be selected again by striking names from the permanent list of nine (9) arbitrators as described above.

The expenses of all mutual facilities and services except the fee of the expedited arbitrator shall be borne equally by the Employer and the Union.

The expedited arbitrator shall render a decision within forty-eight (48) hours of the conclusion of the hearing, exclusive of weekends and holidays, on each case in dispute, accompanied by a written award. The expedited arbitrator's fees shall be borne by the loser. Should a dispute arise as to who, in fact, is the losing party in any given arbitration and the 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 final determination shall be paid by the losing party. Further, the 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. In the event there is more than one (1) case in dispute before the expedited arbitrator on any one day, the fee of the expedited arbitrator shall be prorated and charged equally in each dispute for which a decision is rendered.

C. FEES. With the exception of arbitrations involving suspension and/or discharge under Article 3, the expenses of the arbitration shall be borne equally by both the Employer and the Union. All jointly incurred expenses (i.e. transcripts, reporter's costs, arbitrator's fees, room rental) of arbitrations involving suspension and/or discharge under Article 3 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.

D. **MEDIATION/ARBITRATION.** Nothing contained herein shall prevent the Employer and Local 1167 from mutually agreeing to submit a timely grievance involving a discharge or suspension only 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 the 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 A-1-(f) 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 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.

E. **WAGE CLAIMS.** Wage claims for unauthorized time shall be honored and paid in accordance with applicable rates of pay when presented in writing to the Employer or his representative where it can be established between the Union and Employer or his representative that work was performed during such time. In no case shall claim for such unauthorized time exceed six (6) months. Employees who work unauthorized time shall be subject to the procedures set forth in Article 3 of this Agreement and all employees shall be so notified.

Except as may be provided otherwise in this Agreement, all wage claims shall be limited to a maximum of a six (6) month period.

ARTICLE 18 - NEW METHODS OF OPERATION

A. **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 one hundred and twenty (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 of job classifications, wages, working conditions, and/or the disposition of displaced employees resulting from the institution of such new methods shall begin promptly.

B. **FAILURE TO REACH AGREEMENT ON NEW METHODS.** If agreement is not reached in such negotiations on the subjects set forth in the preceding paragraph within the first (1st) thirty (30) day period of the one hundred twenty (120) day period described above, the parties shall submit all those unresolved issues to a fact-finding panel during a second (2nd) thirty (30) day period. The fact-finding 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 nine (9) 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 fact-finders, the parties shall resume negotiations for a period not to exceed a third (3rd) thirty (30) days.

In the event the parties do not reach agreement within such third (3rd) thirty (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 fact-finding 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 Article.

It is agreed and expected that the parties will exert every effort to accomplish the foregoing within the one hundred and twenty (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 one hundred and twenty (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 fact-finder and/or arbitrator shall be borne equally by the parties.

The provisions of Article 17 of this Agreement shall in no way affect or be applicable to the procedures set forth in this Article.

C. **PRODUCTION STANDARDS.** The Employer may establish, implement, and/or continue systems of production requirements. The Union shall be notified of such newly established systems of production requirements and the date of implementation. If the newly established and implemented production requirements are deemed to be unreasonable by the Union, that issue may be submitted to the grievance and arbitration provisions of this Agreement within seven (7) days of the date of implementation. Further, in the event an employee is suspended, discharged or issued a written warning notice for failure to meet such production requirements, the discharge, suspension or warning notice may also be submitted to the grievance and arbitration provisions of this Agreement and a determination made if the production requirements, as they pertain to the discharge, suspension, or warning notice, were unreasonable.

ARTICLE 19 - 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 19 (A)(2) of the expired 1999-2003 Agreement. The lump sum payment shall be the amount determined in the second (2nd) paragraph of Article 19 (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 19 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. ** <u>Eliminate the following caps:**</u> - Glucose Monitoring - Pap Smears - Colostomy Supplies - Health Aids
Health Reimbursement Account	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>	
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
HRA Incentives Up To:	\$50	\$100	\$200	\$250	- Asst Surgeon to \$700.
Preventive Care	100%	100%	100%	100%	- Office Visits to \$3,150.
Coinsurance	75%	75%	80%	80%	- Specialists to \$1,050 (included In Office visit max)
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 Clerk's 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) New Hire 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), participant's 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 19, 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 (7) 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 Section 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 Section 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 Section 412(e) for a valuation year after 2003, the actuarial projections will take into account the effects of IRC Section 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 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 19 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 two thousand eighty (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 19 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 Albertsons, 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 19, 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 19.

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 20 - SICK LEAVE BENEFITS

A. **SICK LEAVE ENTITLEMENT.**

1. Regular Full-Time Employees. Effective January 1, 2000, regular full-time employees are credited with a maximum of forty (40) hours [five (5) days] accrued sick leave on each anniversary date of hire provided they have worked a minimum of one thousand nine hundred (1900) straight-time hours in the twelve (12) month period immediately preceding their anniversary date of hire.

If a regular full-time employee has worked less than one thousand nine hundred (1900) straight-time hours during the twelve (12) month period immediately preceding his anniversary date of hire, sick leave shall be prorated on a ratio of total straight-time hours worked to one thousand nine hundred (1900) hours.

2. Part-Time Employees. Sick leave will accrue to part-time employees on a pro rata formula based on a ratio of straight-time hours worked during the preceding twelve (12) months to two thousand and eighty (2080) hours.

B. ELIGIBILITY FOR SICK LEAVE BENEFITS. Employees will be eligible for sick leave benefits for days of disability which are incurred by an on-the-job injury or illness up to a maximum of sick leave hours credited as of the preceding anniversary date of hire, not to exceed forty (40) hours, provided the employee has completed twelve (12) months of continuous employment with his employer.

All sick or injury leave must be verified by a certificate of a duly authorized physician.

If a regular full-time employee suffers an injury on the job that causes lost time as verified by the certificate of a duly licensed physician, he will be entitled to sick leave benefits up to a maximum of forty (40) hours during the first (1st) year of employment. Sick leave hours paid prior to completion of twelve (12) months continuous employment will be deducted for sick leave hours accrued as of the employee's first (1st) anniversary date of hire.

If a part-time employee suffers an injury on the job that causes lost time as verified by the certificate of a duly licensed physician, he will be eligible for sick leave benefits but not to exceed the number of hours for which he was hired, not to exceed forty (40) hours.

If an employee is injured on the job and a doctor certifies that he cannot return to work, the employee shall be paid for the balance of that shift provided he returns on his next scheduled shift. That day shall not be charged against his regular or injury sick leave entitlement. Part-time employees will be guaranteed only their hours worked or a minimum of four (4) hours, whichever is greater.

C. COMPUTATION AND PAYMENT OF SICK LEAVE BENEFITS FOR PERIODS OF DISABILITY. Upon receipt of a properly completed claim form, sick leave benefits will be paid if the employee is eligible for benefits as follows:

1. Sick leave benefit payments will commence on the first (1st) workday lost due to disability and will be payable for each workday lost due to such continuing disability up to the maximum accumulated sick leave hours, not to exceed forty (40) hours or until the employee becomes eligible for Supplementary Disability Benefits, whichever occurs first.

2. Sick leave benefits will be computed on the basis of up to eight (8) hours per workday lost.

D. CONVERSION OF UNUSED SICK LEAVE TO A CASH PAYMENT. An employee will be entitled to a conversion of unused sick leave to a cash payment as follows: If an employee has a minimum of two (2) years continuous employment with the employer, he will be entitled to a payment for unused sick leave as of his second (2nd) or succeeding anniversary date of hire with the employer, up to a maximum of forty (40) hours on each anniversary date.

E. TERMINATION OF EMPLOYMENT. An employee who has completed two (2) or more years with his employer will receive payment for unused sick leave at the time of termination as follows:

1. Discharges (except for dishonesty) and quits:

(a) Employee will be paid for unused sick leave accrued up to his last anniversary date of hire with the Employer, up to a maximum of forty (40) hours.

(b) The employee will forfeit sick leave earned since the preceding anniversary date of hire with his employer.

2. Discharge for dishonesty: If an employee is discharged for dishonesty, he will forfeit all entitlement to sick leave benefits.

3. Layoff:

(a) Employee will be paid unused sick leave accumulated from his prior year's anniversary date of hire with the Employer, up to a maximum of forty (40) hours, and in addition,

(b) Employee will be paid on a pro rata basis for the unused sick leave earned since his last anniversary date of hire to date of layoff.

F. SUMMARY OF EXCLUSIONS AND LIMITATIONS.

An employee will not be entitled to payment of sick leave for periods of disability during the first (1st) year of employment except for periods of disability due to an on-the-job injury.

Sick leave benefits will not be payable for any period of disability for which an employee is eligible to receive Supplementary Disability Benefits.

Sick leave benefits will not be payable for any period of disability which occurs while an employee is on vacation.

If an employee terminates employment or is terminated by his employer prior to completing two (2) years continuous service with the employer, he will not be entitled to a conversion of accrued unused sick leave to a cash payment.

If the employee terminates or is discharged from employment prior to his third (3rd) or succeeding anniversary date of hire with the employer, he will be paid for accrued unused sick leave up to his last anniversary date of hire and will forfeit sick leave earned from such last anniversary date of hire.

No payment will be made for unused sick leave if an employee is discharged for dishonesty.

ARTICLE 21 - MANAGEMENT PREROGATIVE

The management of the business of the Employer 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.

The Employer shall have the right to test (using scientifically acceptable methods) any employee or group of employees for whom the Employer has reasonable cause to believe that drug or intoxicant use is effecting work performance and safety. Failure to pass any of the above tests shall be deemed sufficient reason to disqualify said person from employment.

ARTICLE 22 - CHANGE OF OWNERSHIP

A. SALE OR TRANSFER.

1. In the event of a change or transfer of ownership of the operation, the Employer shall pay off all obligations regarding accumulated wages, pro rata of earned vacation, or other monetary benefits due employees under the terms of this Agreement and shall be obligated to pay the wages and salaries in effect at the time of the sale, lease or transfer, and shall assume all obligations of this Agreement in the place and stead of the employer signatory hereto, subject to the following:

(a) In the event of a sale or transfer, the new owner or transferee shall make every effort to fill his employment needs from employees of the seller or transferrer.

(b) Employees retained shall be probationary for the first (1st) thirty (30) days, and during this period may be terminated with or without cause, without recourse to the grievance procedure or consideration of seniority, unless the termination violates Article 6-B of this Agreement.

(c) Any employee retained beyond the thirty (30) day probationary period shall be credited with the seniority, vacation and sick leave credit acquired while in the continuous employ of the seller or transferrer.

(d) 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 transferrer.

ARTICLE 23 - 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 24 - DURATION OF AGREEMENT

This Agreement shall be in effect from March 12, 2007, to and including March 6, 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 March 6, 2011 or at least sixty (60) days prior to any subsequent March 6 of any succeeding year of its desire to alter, amend, or terminate this Agreement.

SIGNED _____ DAY OF _____ 2008.

FOR THE EMPLOYER:

FOR THE UNION:

The Vons Companies, Inc.
David Goodall, Director of Labor Relations

UFCW Local 1167
Bill Lathrop, President

APPENDIX A - WAGES

	<u>Current</u>	<u>03/12/07</u>	<u>03/10/08</u>	<u>03/09/09</u>	<u>03/08/10</u>
Foreman	\$19.99	\$20.74	\$21.49	\$22.24	\$22.99
Forklift Operator	19.57	20.32	21.07	21.82	22.57
Receiver/Checker	19.57	20.32	21.07	21.82	22.57
Warehouseman					
Thereafter	19.49	20.24	20.99	21.74	22.49
3 rd 2080 hours		18.25	18.93	19.61	20.29
2 nd 2080 hours		16.75	17.36	17.98	18.60
1 st 2080 hours		15.00	15.55	16.11	16.67
1 st 90 days		14.50	14.50	14.50	14.50

Employees at \$14.22 move to \$15.00
 Employees at \$15.99 move to \$16.75
 Employees at \$18.71 move to \$20.24

Sanitors (hired prior to 11-7-88)	\$16.41	\$17.16	\$17.91	\$18.66	\$19.41
Sanitation					
Thereafter	12.40	13.15	13.90	14.65	15.40
3 rd 2080 hours		12.55	13.26	13.98	14.69
2 nd 2080 hours	11.17	11.86	12.52	13.20	13.88
1 st 2080 hours	10.10	10.85	11.47	12.09	12.71

Employees at \$12.40 move to \$13.15
 Employees at \$11.17 move to \$11.86
 Employees at \$10.10 move to \$10.85

Retroactive to first (1st) full pay period beginning March 12, 2007
 Retroactivity based on seventy-five cents (.75¢) per hour for all employees on the payroll as of date of ratification.

Foreman in the Sanitation classification will continue to receive twenty-five cents (25¢) above the highest rate supervised.

ATTENDANCE CONTROL POLICY VONS MEAT SERVICE CENTER

We do recognize the need to provide for illness and personal emergencies. This policy is designed for those specific situations. If individual abuse of this policy occurs, management will warn the employee of the abuse, notifying the Union. Continued abuse will cause immediate disciplinary action, including termination.

Following is the absentee disciplinary procedure, which will become effective on March 8, 2004.

1. Disciplinary events will be based on “occurrences” during the past twelve (12) months, i.e. unexcused absences, unexcused early departures, or unexcused late arrivals.
2. Excused absences, i.e. bereavement, jury duty, leave of absence, etc. will not be treated as an “occurrence”.
3. Two (2) or more consecutive, scheduled work dates off from work will be treated as one (1) occurrence.
4. Employees will move back one step in discipline with ninety (90) days of perfect attendance.
5. Extended absences will freeze an employee’s attendance record in terms of computing disciplinary step backs for ninety (90) days of perfect attendance as described in #4 above.
6. Abuse of this policy, in terms of excessive disciplinary action, establishing a pattern of occurrences such as absences on holidays, same day of the week, etc. will be addressed outside of this Attendance Control Policy.
7. Following are the disciplinary steps for FULL TIME employees:

Step 1	Occurrence #8	Verbal Warning
Step 2	Occurrence #9	Conference Memo
Step 3	Occurrence #10	Five (5) Day Suspension
Step 4	Occurrence #11	Termination

Any combination of occurrences (unexcused absences, early departures, or late arrivals) in a twelve (12) month period, the following disciplinary steps will be followed:

Step 1	Occurrence #9	Verbal Warning
Step 2	Occurrence #10	Conference Memo
Step 3	Occurrence #11	Five (5) Day Suspension
Step 4	Occurrence #12	Termination

8. Following are the disciplinary steps for PARTIME employees:

Step 1	Occurrence #5	Verbal Warning
Step 2	Occurrence #6	Conference Memo
Step 3	Occurrence #7	Five (5) Day Suspension
Step 4	Occurrence #8	Termination

Any combination of occurrences (unexcused absences, early departures, or late arrivals) in a twelve (12) month period, the following disciplinary steps will be followed:

Step 1	Occurrence #6	Verbal Warning
Step 2	Occurrence #7	Conference Memo
Step 3	Occurrence #8	Five (5) Day Suspension
Step 4	Occurrence #9	Termination

By: _____
David Goodall
Director
Vons, Labor Relations

By: _____
Bill Lathrop
President
UFCW Local 1167

Date: _____

Date: _____