

RETAIL PHARMACIST AGREEMENT

between

THRIFTY PAYLESS INC. D/B/A RITE AID

and

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

JULY 13, 2008 - JULY 15, 2012

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RETAIL PHARMACIST AGREEMENT

July 13, 2008 - July 15, 2012

This Agreement is entered into and effective July 13, 2008, between Thrifty Payless Inc. d/b/a Rite Aid, hereinafter referred to as the "Employer," and UFCW LOCALS 135, 324, 770, 1036, 1167, 1428, and 1442, chartered by United Food and Commercial Workers International Union, hereinafter referred to as the "Union" and the parties agree as follows:

ARTICLE 1 - MANAGEMENT RIGHTS

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

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

ARTICLE 2 - BARGAINING UNIT

2.1 UNION RECOGNITION.

2.1.1 The Employer recognizes the Union as the sole collective bargaining agent with respect to work, rates of pay, hours, and terms and conditions of employment for the appropriate bargaining unit composed of all pharmacist employees, including employees of lessees, licensees and concessionaires (sometimes herein referred to as "leased department") who perform work within its pharmacy departments presently operated and hereafter established, owned or operated by the Employer within the present geographic jurisdiction of the Local Union. Drug stores are defined as those types of establishments covered by Collective Bargaining Agreements identified as Retail Pharmacist Agreement, July 11, 2005 - July 13, 2008.

2.1.2 The Union agrees that it will not make claim to any employees of present concessionaires or sublessees who work in the present or future store or stores of the Employer, unless

the Union can show its majority representation of such employees within an appropriate bargaining unit. In that event, the Union may take economic action without violating this Agreement.

2.2 INCLUDED BARGAINING UNIT WORK.

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

2.2.2 Future Work. Any future work of the nature generally performed by pharmacists created by the Employer shall be performed by members of the bargaining unit as herein set forth.

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

2.2.3.1 A pharmacist is a professional employee to whom a license to practice pharmacy in the State of California has been issued by the California State Board of Pharmacy.

2.2.3.2 A graduate pharmacist is a professional employee as described in Paragraph 1, above, during his first (1st) year of employment as a licentiate in pharmacy.

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

2.2.3.4 A part-time pharmacist is one who is scheduled to work less than forty (40) hours in a workweek.

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

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

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

2.3.1 Management Exclusions.

2.3.1.1 All pharmacy departments shall be allowed one (1) exclusion, the Pharmacy Manager as designated by the Employer. This exclusion shall be one (1) of the total four (4) exclusions

provided for in the Retail Drug Agreement. In addition, the Pharmacy Manager shall be permitted to perform any and all work designated by the employer without restrictions.

2.3.1.2 A department located within a multi-department retail establishment shall not be entitled to any exclusion unless it is a concession, in which case there shall be only one (1) overall manager excluded, regardless of the number of such departments involved.

2.3.1.3 In said concession, leased or subleased departments, where the Employer is actively engaged in the performance of clerks' work for more than fifty percent (50%) of his time in any one (1) single location, he shall be considered the store manager for the purpose of exclusion from the collective bargaining unit. No other exclusions shall be allowed in other departments operated by the concessionaire within the same establishment where the excluded manager, as hereinabove identified, has supervision.

2.4 INDIVIDUAL AGREEMENTS.

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

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

ARTICLE 3 - UNION AFFAIRS

3.1 REQUIRED UNION MEMBERSHIP.

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

3.1.2 Seven Day Notice. The Union will advise the Employer in writing when any employee has failed to acquire or maintain Union membership as required by this Agreement. Immediately upon receipt of said notice, the Employer shall advise said employee(s) that they will no longer be scheduled for hours of work on the subsequent weekly schedule until said employee(s) give evidence of compliance or the Union notifies the Employer of such compliance. Failure to comply within seven (7) days after removal from the schedule said employee(s) shall be terminated, if such termination is not in violation of existing law. The Union agrees to indemnify and hold the Employer harmless in any and all claims and/or causes of action which arise out of or are in any way connected with the Employer's compliance with this provision.

3.2 INFORMATION FOR UNION.

3.2.1 New/Transferred Employees. The Employer shall notify the Union of all new hires and/or permanently transferred employees within fifteen (15) working days excluding Saturday, Sunday, and holidays of the date of employment and said notice shall contain the name of such new employee, the Social Security number of the new employee, the position for which employed, the store number and

location, the date of commencement of work, and the rate of pay at which the person is employed. Failure to comply with this notice shall entitle a graduate pharmacist to receive the pharmacist's rate of pay for all days worked after the fifteenth (15th) working day excluding Saturday, Sunday, and holidays and until such notice is received by the Union. The Employer will provide the new hired reports electronically to the Union.

Claims that the notice of all new hires and/or permanently transferred employees has not been provided within the fifteen (15) days provided in Article 3.2.1 must be filed within thirty-one (31) days following the day the list should be received. This provision shall not apply to claims that the list is inaccurate.

3.2.2 Store Employee Lists. The Employer agrees to permit the Union to check the list of employees covered by this Agreement, and their respective wage rates of preceding months and will provide the Union with a seniority list for all employees covered by this agreement including: name, social security number, store number, local union number, wage rates, full-time or part-time status and hire date. The list will be automatically provided twice annually, in January and July.

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

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

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

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

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

3.5 **UNION PRINCIPLES.**

3.5.1 New Employees. When new or additional employees are needed the Employer may immediately notify the Union of said need. The Employer reserves the right to select the particular applicant to be hired; but there shall be no discrimination against any applicant by reason of membership

or nonmembership in the Union, or an applicant with previous employment experience in the Retail Drug industry with an Employer covered by a collective bargaining agreement in the State of California.

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

3.6 UNION BUSINESS.

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

3.6.2 The Employer agrees to schedule any employee who is an officer, or representative of the Union in any capacity, for hours of work that will permit the employee to attend meetings of the Union, provided it involves not more than one (1) employee per store, except where such absence unnecessarily interferes with the operation of a single shift closed case pharmacy.

3.6.3 The Union agrees to give the Employer no less than ten (10) days' notice of such meetings.

3.6.4 While the employee/representative of the Union serves in this capacity, they will not be transferred outside the jurisdiction of their current local union.

ARTICLE 4 - DISCIPLINE/VOLUNTARY QUILTS

4.1 REGISTER SHORTAGES/IRREGULARITIES.

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

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

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

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

4.1.4 A warning notice shall not be required in the case of a discharge for cash register irregularities but such alleged irregularities must constitute good cause for the purpose of sustaining said discharge. Such alleged irregularities shall not constitute good cause for discharge when the Employer fails to follow the procedures set forth in Article 4, Paragraphs 1.1 and 1.2, unless the alleged irregularities are not affected by failure to follow said procedures.

4.2 INVESTIGATION/INTERVIEW. In any instance where an employee is to be interviewed and/or interrogated by the Employer or an Employer representative in respect to any alleged violation of the collective bargaining agreement or alleged infraction of Employer policies which may result in disciplinary action, the employee shall be afforded the opportunity of calling a Union Representative and having a Union Representative present during such interview or interrogation. The Union Representative must be available within twenty-four (24) hours or sixty (60) hours on a Friday, Saturday or Sunday (seventy-two hours when a holiday falls on a Monday, thirty (30) hours for holidays which fall on days other than Monday) after such request, or the interview may proceed without a Union Representative.

4.3. DISCIPLINE.

4.3.1 Good Cause. Non-probationary employees shall not be discharged except for good and sufficient cause such as dishonesty, insubordination, incompetency, intoxication, unbecoming conduct or failure to perform work as required. Age, sex, creed or color shall not be grounds for the termination of an otherwise qualified employee.

4.3.2 Warnings. Non-probationary employees who are discharged for incompetency or failure to perform work as required (including excessive absenteeism or excessive tardiness) shall first have had two (2) prior warnings in writing within twelve (12) months preceding the discharge of such incompetency or of related or similar failure to perform work as required, with a copy sent to the Union. The employee so notified shall be required to sign such notice, but such signing shall in no way constitute agreement with the contents of such notice.

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

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

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

ARTICLE 5 - TRANSFERS/SENIORITY

5.1 EMPLOYER TRANSFER OF EMPLOYEES.

5.1.1 The Employer may transfer employees to meet the necessities of the business, as long as in so doing, he does not exceed the transfer-travel limits set forth below. Reasonable tolerance of these time limits shall be allowed for temporary transfers such as vacation relief and store openings. For good and sufficient reason, an employee may refuse a transfer from the jurisdictional area of one Local Union to another.

5.1.2 Requests for transfers within the Union's geographical jurisdiction so an employee may work nearer one's home will be given appropriate consideration and will not be refused arbitrarily. Similarly, an employee will not be arbitrarily transferred to a store farther from one's own home.

5.1.3 Transfer Travel Limits. When the transfer of an employee becomes necessary, the Employer shall not require said employee to travel one way more than twenty-five (25) miles between their place of residence and the new location. If an employee travels more than twenty-five (25) miles between their place of residence and the new location, due to the Employer's request, the employee will receive mileage reimbursement at the rate set by company policy for all Thrifty Payless Inc., d/b/a Rite Aid, employees for miles in excess of twenty-five (25) miles as outlined in Article 7.11.

In making transfers under Paragraphs 5.1.1 and 5.1.2 of this Article and this Paragraph, the Employer will make every effort to assign employees on a nondiscriminatory basis to the store which would cause the least hardship to the employee and require the least travel time. Such transfer shall not be used for disciplinary purposes.

5.1.4 Pharmacists who desire to transfer to a higher rated prescription department shall put their requests in writing to the Pharmacy Supervisor. The Employer will give full consideration to such requests and grant them if they do not have an adverse effect on the business of the Employer. Such requests shall not be refused arbitrarily.

5.2 INTER-UNION TRANSFER. If an employee is transferred from one UFCW Union's area to another in Southern California, the employee shall retain all seniority, but during a period of six (6) months from date of transfer, shall not displace any other employee, or reduce his hours. This clause shall not be applicable in the event of the application of Article 5.5.

5.3 SENIORITY.

5.3.1 Definition. Seniority is the length of continuous employment of an employee with an individual Employer. Temporary absence from work in accordance with the provisions of this Agreement shall not break seniority. Seniority can be broken only by the following:

5.3.1.1 Quit.

5.3.1.2 Discharge.

5.3.1.3 Layoff for more than nine (9) months.

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

5.3.2 Transfer to Higher Category. When an employee is transferred from one job classification to another, the seniority acquired with the store and the Company shall be retained, and new seniority in the new classification shall commence as of the time of transfer. Transfers shall not be made for the purpose of displacing another employee. Should a layoff or reduction in hours occur in his new job classification, he shall be permitted to reclaim the position he formerly vacated, or whatever equivalent job he is able to perform and to which he is entitled by his combined seniority in his old and new classification.

5.3.3 Vacation Relief. The seniority of a newly hired employee shall not take effect until the employee has completed the probationary period as provided under Article 2.2.3.6. of this Agreement and shall then be retroactive to date of hire. However, the seniority of employees hired for vacation relief periods shall not take effect until sixty (60) days of employment and then shall be retroactive to date of hire. Said sixty (60) day period shall be between May 1 and August 31.

5.4 QUALIFICATIONS. When seniority is invoked by an employee, his qualifications in performing the work claimed shall be the determining factors in establishing such rights.

5.5. LAYOFFS/RECALLS/HOURS REDUCTIONS.

5.5.1 It is recognized that legitimate business reasons may require reduction of hours and/or layoff of employees. In such event, the following shall apply:

5.5.1.1 In laying off an employee, other than during the probationary period, the Employer agrees to abide by the seniority rule as defined above in the following order: Seniority in the Store, Seniority in the Pharmacy District. The Company will advise the Union of its Pharmacy Districts and any realignments thereof.

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

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

5.5.1.2 A full-time employee who is to be laid off or reduced to part-time status will be:

5.5.1.2.1 Offered the least senior full-time position within the Pharmacy District. To accept the offer, the employee must respond within twenty-four (24) hours, excluding Saturday, Sunday and holidays.

5.5.1.2.2 Or may claim any part-time positions in his own store.

5.5.1.3 The affected full-time employee may elect not to bump the least senior full-time employee in the Pharmacy District in which they are employed and may take a reduction to part-time within their own store based on seniority and the hours available for which they are qualified and available to work.

5.5.1.4 The least senior part-time employee who is being laid off from work in their store may displace the least senior part-time employee within the Pharmacy District in the same manner as set forth in Paragraph 5.5.1.2 above.

If the affected part-time employee is the least senior within the Pharmacy District, they shall be laid off and shall have no bumping rights.

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

5.5.1.6 Legitimate business reasons shall be:

5.5.1.6.1 Reduction in sales; or

5.5.1.6.2 Technological change which would result in elimination, reduction or modification of current job duties.

5.5.2 Part-Time.

5.5.2.1 A part-time employee who is to be laid off due to legitimate business reasons will be offered the least senior part-time position within the Company district. To accept the offer, the employee must respond within twenty-four (24) hours, excluding Saturday, Sunday and holidays.

The parties will review and change, if necessary, district areas once/year to be consistent with the original intent.

5.5.2.2 After first having notified, in writing, the home store manager and the Union, a part-time employee shall also have the right to request additional available hours up to forty (40) hours per week at no more than three (3) other stores within the Union's jurisdiction. Said part-time employee shall notify, in writing, the manager of such stores of the request, and said manager shall endeavor to comply with such request on a seniority basis.

5.5.3. Recall.

5.5.3.1 The last employee laid off for legitimate business reasons shall be given the first (1st) opportunity to reinstatement in the former position, if said employee presents himself for work within ninety-six (96) hours, excluding Saturday and Sunday, from the postmarked date of a certified or registered letter to the employees last known address, and such letter shall state that failure of such employee to present himself within the ninety-six (96) hour period shall cancel his seniority. Provided however, that no employee will be required to travel more than fifteen (15) miles from their residence.

5.5.3.2 Thrifty Payless Inc. d/b/a Rite Aid agrees to recall laid off employees by seniority to any newly constructed stores within the district before hiring any new employees.

5.5.4 A full-time employee, who has been reduced to part-time employment because of legitimate business reasons or for medical reasons must be offered the first (1st) full-time job that opens in the Company, agreed upon layoff area, in which he is currently employed. If the employee declines the offer, his only rights to be restored to full-time status shall be within his store.

5.5.5 No new part-time or extra employees shall be hired until or unless said part-time employee has been afforded the opportunity to work such additional hours on a seniority basis as set forth above.

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

ARTICLE 6 - WORKDAY/WORKWEEK/SCHEDULES

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

6.2 WORKDAY/WORKWEEK DEFINED. For the purposes of this Agreement, a working day is the period from midnight to midnight. Where shifts overlap into two (2) working days, payment shall be made for the hours worked on each working day in accordance with the rate established for such days. A workweek as used in the Agreement shall be a consecutive seven (7) day period, as designated by the Employer, provided that any change of the workweek is done for all stores in the bargaining unit.

6.3 GUARANTEES.

6.3.1 Full-Time/Scheduled Workday.

6.3.1.1 Full-time Pharmacists shall receive forty (40) hours per week. Pharmacists will be paid one and one-half times (1½x) the regular straight-time rate on all hours worked over ten (10) per day, double time (2x) the regular straight-time rate on all hours worked over twelve (12) per day and one and one-half times (1½x) the regular straight-time rate on all hours worked over forty (40) per week.

6.3.1.2 All full-time employees reporting for work on their scheduled workday shall be guaranteed a full day's work of eight (8) hours' with pay; except if a full-time employee is scheduled to work six (6) days in any workweek, the employee shall be guaranteed four (4) hours' work on the sixth (6th) day. The four (4) hour day need not be the actual sixth (6th) day, but may be, in the Employer's discretion, any one (1) of the workdays in the weekly work schedule except Sunday.

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

6.3.2 Part-Time. Upon reporting for work, all part-time employees and those replacing employees in an emergency shall be guaranteed not less than four (4) hours' work with pay.

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

6.4 WORKWEEK GUARANTEES.

6.4.1 The workweek shall be Monday through Sunday. Eight (8) hours shall constitute a regular days work, and forty (40) hours, consisting of five (5) eight (8) hour days shall constitute a regular weeks work. All employees hired to work on a full-time basis or who are scheduled and work at least forty (40) hours in ten (10) consecutive weeks shall be guaranteed forty (40) hourswork per week, except in a holiday week, in which it shall be thirty-two (32) hours, provided the employee is available and able to work the required work schedule. When a question arises as to whether or not an employee has worked the ten (10) consecutive week requirement prior work periods shall be reviewed. Such review must consider weeks worked during the twelve months preceding the grievance provided that the employee files the grievance within twenty one (21) days of not being scheduled forty (40) hours pursuant to section 16.2.3 Part-time jobs shall not be created or scheduled for the purpose of destroying the forty (40) hour week principle.

6.4.1.1 The Employer may, on a one (1) time basis, change the work week if such change is done for all the stores in the bargaining unit. The process of implementing the change in the work week shall not adversely impact any employee nor shall such change modify any guarantee in the Collective Bargaining Agreement. The Employer shall provide the Union at least one (1) month's advance notice prior to making such change.

6.5 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.

6.6 WORK SCHEDULE.

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

6.6.2 Work Schedule. The work schedule will be posted in the pharmacy. The Employer shall post a work schedule in ink for all employees showing their surname and first (1st) initial not later than noon on the Thursday preceding the first (1st) day of the following workweek. Any alteration in such work schedule must be made not later than noon on Friday. If the work schedule within any day is changed after noon on Friday without reasonable cause, the matter may be subject to the grievance procedure. An employee shall be guaranteed pay for the specific days in a workweek upon which he is scheduled to work, provided he is available for such work. The schedules shall show total number of hours scheduled for each employee. The information shall be posted alongside the schedule indicating employee classification and full-time/part-time status. This information shall be updated quarterly.

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

6.6.3 Rotation of Work. For regularly scheduled employees, work on nights, Sundays, and holidays shall be rotated equally and on a periodic basis to the extent possible. Variation from such

rotation shall occur only if approved by the Employer and the Union to meet problems of the individual employee and in cases of emergency.

6.6.4 Rest Periods.

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

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

6.6.4.3 An employee working a shift with more than five (5) hours and up to six (6) hours will be provided one (1) fifteen (15) minute break.

6.6.4.4 Insofar as practicable, rest periods shall be in the middle of each work period.

6.6.4.5 All employees who are required to work a minimum of an additional one (1) hour of overtime shall be entitled to a ten (10) minute rest period prior to the start of such overtime work.

6.6.4.6 The term uninterrupted means not being called to perform work. If the employee is called back to work during the break, the employee will be given a new uninterrupted break period to replace that which was interrupted as soon as possible.

6.6.5 Lunch Period. All hours shall be worked consecutively, except for a meal period which shall be one (1) hour. No employee shall be scheduled more than one (1) hour after the middle of his shift or less than one (1) hour before the middle of his shift for a meal break. If the Union becomes aware of abuse it reserves the right to revoke the option at any location(s) after first covering the Steps 1 and 2 of the grievance procedure contained in Article 16.

6.6.5.1 "On Call". Any employee who works six (6) hours or more and does not receive an uninterrupted meal period of at least one half (½) hour prior to the fifth (5th) hour of work shall receive an additional one (1) hour of pay.

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

6.6.7 Sunday Ratio. The Employer may schedule no more than three (3) part-time shifts for every one (1) eight (8) hour shift scheduled.

6.6.8 Holiday Ratio.

6.6.8.1 An employee who works on a holiday shall be guaranteed eight (8) hours' work, except that a full-time, or regular part-time employee who regularly works less than eight (8)

hours' on the day on which the holiday is observed, shall be guaranteed not less than the number of hours regularly worked on such day.

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

6.6.8.3 The Employer may schedule no more than three (3) short shifts [less than eight (8) hours] for every one (1) eight (8) hour shift scheduled. On holiday schedules, if eight (8) hours shifts create unnecessary overlapping of employees, then full-time employees may work a short shift of four (4) or more hours on a holiday to prevent the overlapping, but an employee shall not be required to work on a holiday if less than eight (8) hours' work or pay is provided, unless the store is open less than eight (8) hours on said holiday, in which case a five (5) hour minimum guarantee is provided.

6.6.9 Holiday Scheduling. Work on Thanksgiving and Christmas shall be assigned by the Employer on a voluntary basis. Should the Employer be unable to staff its store with volunteering employees the Employer may assign employees to work the holiday by inverse seniority. Once an employee has agreed to work on Thanksgiving or Christmas and the work schedule has been posted, he shall be required to work said days. Written requests to work on any holiday shall be given first (1st) preference based on seniority. Employees working on the day of December 24 and/or December 31 shall be scheduled on the basis of inverse seniority to allow the most-senior employee the early shift on Christmas Eve and New Year's Eve.

6.6.10 Overtime Preference. Employees shall be given preference for overtime work by seniority provided they are qualified to perform such overtime work. This provision shall not be a requirement on the Employer to create overtime work.

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

6.6.12 Schedule Preferences. The Company recognizes the right of pharmacists to express preferences for schedules in certain stores in geographical areas in which they wish to work. The Company will keep written requests on file and supply a copy to the Union. When a vacancy occurs in a store or area requested, the Company shall notify the pharmacists who have registered requests, and simultaneously notify the local union, and will consider them on the basis of seniority and the ability to fulfill the requirements of that particular vacancy.

ARTICLE 7 - WAGES

7.1 ALL EMPLOYEES.

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

7.1.2 Head Pharmacist.

7.1.2.1 Pharmacies doing in excess of a daily average of one hundred twenty-five (125) prescriptions shall have one (1) head pharmacist on schedule. This daily average shall be determined by dividing the total number of prescriptions per month by the total number of days per month the pharmacy is operating on the following basis: weekdays = 1 day, Saturday = ½ day, and Sunday = 0 day. One of the criteria that will be considered by both parties will be the national average of prescriptions per pharmacy operation. No head pharmacist shall be demoted from that position because of deficient performance in the job without first having received a prior warning notice in writing, copy to the Union, calling attention to his/her deficiencies.

7.1.2.2 This head pharmacist shall receive an additional fifty cents (50¢) per hour over the applicable pharmacy rate of pay. The selection of head pharmacist shall be solely vested in management. The semiannual evaluation periods will be October 1 through March 31 and April 1 through September 30. The necessary adjustments based on this evaluation will be effective the first (1st) payroll period in January and July of each year.

7.1.2.3 Effective July 1, 1995, those pharmacists currently receiving the head pharmacist premium will be “red circled” and will continue to receive said premium. In addition, the company will continue to pay the head pharmacist premium in those stores without a pharmacy manager.

7.2 NIGHT PREMIUM. A premium of two dollars (\$2.00) per hour in addition to the applicable straight-time rate shall be paid on all hours worked by employees between the hours of 10 p.m. and 7 a.m.

7.3 OVERTIME.

7.3.1 Daily/Weekly Overtime. Pharmacists will be paid one and one-half times (1½x) the regular straight-time rate on all hours worked over ten (10) per day, double time (2x) the regular straight-time rate on all hours worked over twelve (12) per day and one and one-half times (1½x) the regular straight-time rate on all hours worked over forty (40) per week.

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

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

Where employees exchange days off for their convenience, the effect of which would result in more than seven (7) consecutive days of work, the overtime provision for over seven (7) consecutive days of work where such voluntary exchange is accomplished shall not apply. Prior manager approval of such exchange of days off shall be required but shall not be withheld arbitrarily or discriminatorily.

7.3.4 Predesignated Day Off/Full-Time. Any full-time employee called to work on the employee's predesignated day off, as established in the work schedule provision, shall be guaranteed eight (8) hours' work at the overtime rate of pay; provided that this provision shall not apply in those situations where employees voluntarily agree to switch scheduled shifts with other pharmacists or where they voluntarily agree to work less than eight (8) hours on such day.

7.3.5 Sixth Day Overtime/Part-Time. Part-time employees shall be paid time and one-half (1½) for all work performed on the sixth (6th) day of work as such, in any regular workweek. This paragraph shall not apply when a part-time employee desires, in writing, to work on a sixth (6th) workday at straight time and the Union and Employer agree in writing.

7.3.6 Early/Late Meal Periods. An employee who is required to work more than one (1) hour beyond the middle of his shift without a meal period shall receive overtime pay from said hour until the meal period commences. Employees who are required to commence their meal period prior to one (1) hour before the middle of their shift shall receive overtime pay for the time between the start of the meal period and one (1) hour before the middle of the shift.

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

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

7.4 PAY PERIOD AND WAGE STATEMENT. All employees shall be paid on a weekly or biweekly basis. The Employer shall designate a pay day not to exceed six (6) days following the completion of the applicable pay period and employees must be paid on that day. The Employer agrees to furnish each employee with a weekly itemized wage statement showing the name of the employee, period covered, straight-time and overtime or premium hours worked, total amount of straight-time, overtime and premium wages paid and all deductions made. An employee scheduled off on a payday shall be paid on his or her last scheduled working day before the payday, if checks are available. For definition purposes, pay period as used in this agreement shall be two (2) consecutive weeks. Upon request, the person in charge of the store at the time, will provide the employee with accurate information concerning their earned vacation and sick leave hours.

7.5 TIME RECORDS.

7.5.1 Daily Records. The Employer shall furnish forms, either time cards or other time records, on which the employee shall be required daily to record time worked on each day. Such daily record shall be verified by the Employer and employee at least weekly and shall be available for inspection upon request by the Union representative entitled to such information.

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

7.6 **BONUS PAYMENTS**. All extra-contractual bonuses, discounts and commissions paid or given to the associate shall not be considered as wages, but are to be considered for the purpose of this Agreement as extra compensation over and above the minimum wage provided for in this Agreement. All extra contractual bonuses, discounts and commissions are at the option of the Employer and may be changed or discontinued at any time without notice. Extra-contractual bonuses, discounts and commissions shall not be used to defeat the wage provision of this Agreement.

7.7 **TRAVEL TIME**. Whenever an employee is required by the Employer to change from one (1) store to another during the same day, all time consumed by said employee in going either to or from one (1) store to another shall be considered and paid for as part of the employee's regular duties. When an employee must travel for training purposes, he shall be paid for his mileage if the training location is more than twenty five (25) miles from his residence.

7.8 **INJURY ON THE JOB**. When an employee is injured on the job, there shall be no deduction from the employee's pay for the day in which the employee was injured and reported for medical care. When such employee returns to work following the injury, and is certified as ready and able to perform all regular duties, but requires medical treatment as a result of the same injury, the Employer shall adjust the work schedules without penalty to the employee, to provide both the time for medical care and the number of hours of work for which the employee is regularly scheduled.

7.9 **LEGAL PROCEEDINGS**.

7.9.1 Required Appearance. Any employee served with a legal notice, citation or subpoena which involves any facet of the Employer's operation, or which may require the employee to appear in legal proceedings during scheduled work time, shall immediately inform the Employer of such service.

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

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

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

7.10 **STORE/COMPANY MEETINGS**.

7.10.1 Store Meetings. No store and/or Company meetings shall be held as to conflict with the regular meetings of the Union, and upon three (3) days' notice to the Employer of a special meeting, the Employer agrees to hold no store meetings in conflict therewith. Employees shall not be required to attend store meetings on their scheduled days off. Actual time spent at store meetings shall be

considered as time worked and paid for in accordance with this Agreement, but shall not constitute hours worked with respect to overtime or any other premium pay and report-in pay provisions of Article 7.3.2, and 7.3.3 and Article 6.3.1 and 6.3.2 shall not be applicable. Should the Company have more than one (1) store meeting per quarter all time spent at store meetings in excess of the one (1) per quarter shall be considered as time worked and paid for in accordance with this Agreement, including all premiums, overtime and report-in pay.

7.10.2 Company Meetings. Attendance at Company meetings (as distinguished from store meetings) shall not be required, but shall be completely voluntary on the part of the employee.

7.11 AUTO ALLOWANCE. The mileage allowance shall be the companys uniform mileage allowance but in no event shall it be less than twenty-eight cents (28¢) per hour.

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

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

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

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

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

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

ARTICLE 8 - VACATIONS

8.1. FULL-TIME EMPLOYEES.

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

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

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

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

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

8.1.6 Continuous Employment Defined. Continuous employment for the purpose of this Article shall be measured from the last date of hire with the Employer. However, where there has been continuous leave of absence in excess of one (1) year, the period of continuous employment shall be reduced by the number of full years of such absence.

8.2 PAY. Vacation pay is a work earned benefit.

8.2.1 Full-Time Vacation Pay. The term "full pay" shall be defined as forty (40) hours pay at the employee's straight-time hourly rate which was in effect at the time the vacation became due on the employee's anniversary date.

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

8.2.2 Part-Time Vacation Pay. Part-time employees shall be entitled to vacation pay on each anniversary date of their employment, prorated on the basis of the average straight-time hours worked during the preceding year, according to the vacation formula set forth in this Article 8.1. Said vacation pay shall be based on the straight-time hourly rate in effect on the employee's anniversary date provided, however, that if the Employer does not pay the vacation pay on the anniversary date, the payment shall be based on the straight-time hourly rate of pay in effect at the time the employee takes the vacation.

8.2.3 Payment Date. Vacation pay shall be paid during the pay period the vacation is taken. Any unused vacation will be paid on the employee's next anniversary date. Upon three (3) weeks written advance request, vacation pay shall be paid on the pay date immediately preceding the vacation. Each week of vacation pay shall be issued by separate check and taxed at the employees regular weekly tax rate. Termination vacation pay is due within seven (7) calendar days of termination or resignation.

8.2.4 Pro Rata.

8.2.4.1 General. Upon termination of employment for any reason other than discharge for proven or admitted dishonesty, an employee shall receive whatever vacation pay is due,

prorated on the basis of the number of straight-time hours worked, provided that the employee has been in the continuous employ of the Employer for six (6) months or longer. Said vacation pay shall be prorated according to the ratio that the straight-time hours actually worked bear to two thousand eighty (2,080) hours. Employees terminated for proven or admitted dishonesty shall forfeit all vacation pay.

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

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

8.2.4.4 After 18 Months. When an employee has been in the employ of the same Employer in excess of eighteen (18) consecutive calendar months, the employee shall receive upon termination, a pro rata of accrued vacation pay on the basis of eighty (80) hours at straight-time pay for all months for which no vacation has been paid, but in no event shall vacation pay for the first (1st) year's employment exceed one (1) week's pay. It is further provided that employees who voluntarily quit after eighteen (18) consecutive calendar months of employment with the same Employer, and prior to two (2) years' employment with the same Employer, shall receive pro rata of accrued vacation pay on the basis of forty (40) hours at the straight-time rate of pay.

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

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

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

8.2.5 Not Waived. Vacation may not be waived by an employee, nor may extra pay be received for work during that period; provided, however, that by prior mutual agreement between the Employer, the employee and the Union, this provision may be waived.

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

8.4 SCHEDULING.

8.4.1 Posting/Selection/Scheduling. The Employer shall prepare and post in each store a vacation schedule not later than January 15th of each year and such vacation schedule shall remain posted until March 1st for the purpose of enabling the employees to select their vacation period. Vacation periods shall be fixed by the Employer to suit the requirements of the business, but as far as possible and practicable, vacations will be given during the summer months (through October if requested by the employee), and for employees with school-age children during the school summer vacation. Vacation periods other than those listed above may be applied for to management and full consideration will be given to grant the request unless it has an adverse effect on the Employer’s business. Vacation period shall be unbroken except by mutual consent between Employer and employee.

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

8.4.3 Notice. In scheduling a vacation of an employee, the Employer shall give as much notice as possible prior to the date of beginning the vacation but not less than thirty (30) days.

8.4.4 No Cumulation. Vacations may not be cumulative from one (1) year to another.

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

ARTICLE 9 - HOLIDAYS

9.1 PAID HOLIDAYS.

9.1.1 Holidays. The following days shall be holidays and granted without reduction in pay.

- | | |
|------------------|-----------------------------|
| New Year’s Day | Thanksgiving Day |
| Memorial Day | Christmas Day |
| Independence Day | Three (3) Personal Holidays |
| Labor Day | |

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

9.1.2 Eligibility. During the first (1st) year of their employment, employees shall not be entitled to pay for time not worked on the holiday. Employees shall become eligible for three (3) personal holidays each year on their anniversary date once they have been continuously employed for three (3) years.

9.1.3 Personal Holiday. An employee requesting a given workday date as the personal holiday must do so at least fourteen (14) calendar days in advance. The Employer shall endeavor to grant such requests subject to store operational requirements. The Employer will grant such holiday time off with pay to the senior requesting employee(s). Personal holiday dates, once granted for that year, will become permanent fourteen (14) calendar days prior, and no senior employee(s) shall have a right to such date.

Personal holidays are expected to be scheduled and taken and shall not be cumulative from year to year. In cases where an employee has been scheduled for a personal holiday, and the Employer cancels such holiday, the employee will receive holiday pay in accordance with the provisions of Paragraph 9.2, below. Mutual rescheduling may be undertaken in lieu of holiday pay. Employees who terminate for reasons other than proven or admitted dishonesty shall be paid for all unused personal holidays.

9.1.4 The Company agrees that no employee will be denied a personal holiday to which he would otherwise be entitled as a result of the employee's failure to request such a holiday in advance. Rather employees who fail to request the personal holiday in advance shall be entitled to another mutually agreeable day off with pay within thirty (30) days of the request. The Company will make every effort to inform employees of their entitlement to the above named holidays.

9.1.5 With respect to any of the holidays listed in this Agreement which may, by virtue of controlling legislation be celebrated on Monday, this Agreement will be changed automatically to permit such Monday observance, coincident with the dates specified in such legislation.

9.2 HOLIDAY PAYMENT.

9.2.1 Holiday Allowance. A full-time employee who does not work on a holiday shall be paid eight (8) hours' holiday allowance. Part-time employees shall receive holiday allowance as provided in Paragraph 9.2.6, below.

9.2.2 Holiday Work. All employees scheduled to work on a holiday shall receive one (1) hour straight-time holiday allowance for each hour worked on said holiday plus straight-time pay for each hour worked; provided, however, that any employee scheduled for less than the eight (8) hours on a holiday shall be guaranteed the number of hours of holiday allowance set forth in Paragraph 9.1, above.

9.2.3 Holiday Week - Overtime. Weekly overtime for employees shall commence after forty (40) straight-time hours of work. Work on the holiday up to eight (8) hours shall be included in the calculation of said forty (40) hours. When a holiday falls on an employee's sixth (6th) day of work, he shall be paid time and one-half (1½x) in addition to his holiday allowance for each hour worked.

9.2.4 Guarantee. Full-time employees shall continue to be guaranteed four (4) eight (8) hour days of work in a holiday week excluding the holiday. Any employee called in on a holiday which is his predesignated day off shall be guaranteed eight (8) hours' work at the overtime rate of pay as provided in Article 7.3.3. in addition to his holiday allowance for each hour worked.

9.2.5 Part-Time Holiday Pay. Holiday pay for part-time employees shall be based on twenty percent (20%) of the employee's average hours worked per week in the six (6) weeks worked immediately preceding the holiday or the number of weeks worked if less than six (6) except that in computing pay for the New Year's holiday, the same period of time used in computing pay for the Christmas holiday shall be used. Pay for the personal, anniversary, and birthday shall be based on the daily average (20% of the weekly average) hours worked or compensated for the fifty-two (52) week period from anniversary date to anniversary date. Provided however, that time not worked because of an approved medical leave, worker's compensation leave or family medical leave of absence shall not adversely affect the calculation and the number of weeks used shall be adjusted accordingly.

9.2.6 Examples. The following hypothetical examples accurately reflect the intention of the parties set forth above with respect to pharmacists who work a regular workweek (five (5) eight (8) hour days) after one (1) year of employment.

(Holiday)	<u>M</u>	<u>Tu</u>	<u>W</u>	<u>Th</u>	<u>F</u>	<u>Sa</u>	<u>Su</u>	<u>Total Hours Worked</u>	<u>Hours of Pay at Straight Time</u>
Example #1									
Hrs. Wkd.	0	8	8	8	8	0	0	32	
Pay for	8	8	8	8	8	0	0		40
Example #2									
Hrs. Wkd.	0	8	8	8	8	8	0	40	
Pay for	8	8	8	8	8	8	0		48
Example #3									
Hrs. Wkd.	8	8	8	8	8	0	0	40	
Pay for	16	8	8	8	8	0	0		48
Example #4									
Hrs. Wkd.	0	8	8	8	8	8	8	48	
Pay for	8	8	8	8	8	8	12		60
Example #5									
Hrs. Wkds.	8	8	8	8	8	8	0	48	
Pay for	16	8	8	8	8	12	0		60
Example #6									
Hrs. Wkd.	4	8	8	8	8	0	0	36	
Pay for	12	8	8	8	8	0	0		44
Example #7									
Hrs. Wkd.	4	8	8	8	8	8	0	44	
Pay for	14	8	8	8	8	8	0		54
Example #8									
Hrs. Wkd.	9	8	8	0	8	8	0	41	
Pay for	18	8	8	0	8	8	0		50

9.2.7 Holiday Week - Four (4) Ten (10) Hour Shift Pharmacists. Pharmacists working a four (4) day, ten (10) hour day schedule shall receive ten (10) hours straight time pay for all holidays. In addition, if the pharmacist works the holiday, he shall receive straight-time for all time worked on the holiday.

9.3 VOLUNTARY HOLIDAY CLOSING. When the Employer voluntarily closes his store to the public because of any commemoration day or celebration day, or on any holiday other than those set forth in Paragraph 9.1, above, it is agreed that the employees shall suffer no reduction in straight-time weekly earnings on account of such closing.

ARTICLE 10 - SICK LEAVE PAY

10.1 BENEFITS.

10.1.1 Eligibility. All employees covered by this Agreement who have been continuously employed by the Employer for a period of at least one (1) year shall be entitled to forty-eight (48) hours sick leave with pay, and on each anniversary date of employment thereafter, they shall be entitled to forty-eight (48) hours sick leave with pay (subject to Article 10.2 of this Article). Sick leave shall be payable only for bona fide nonhospitalized illness or injury beginning with the first (1st) working day's absence and shall be payable only during the first (1st) three (3) calendar days of absence, or until the employee is eligible for State benefits. Any working day on which an employee works more than four (4) hours shall not be considered the first (1st) day of absence.

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

10.1.3 Sick Leave Integration. Sick leave pay shall be integrated with the Supplementary Disability Benefits provided under the Trust Fund and California Disability Insurance or California Workers' Compensation Temporary Disability Benefits, or both, so that the sum of the sick leave pay hereunder, and the aforesaid State disability daily benefits which may be payable to an employee shall not exceed one hundred percent (100%) of the employee's daily wage at straight time. If the sick leave pay allowable to an employee hereunder when so combined with any such Supplementary Disability Benefits from the Trust Fund and California Disability Insurance or California Workers' Compensation Temporary Disability Benefits, or both, exceeds one hundred percent (100%) of the employee's daily wage at straight time for any one (1) day, then such sick leave pay for that day shall be reduced accordingly. Any portion of the day's sick leave pay not received by the employee by reason of any such reduction shall be retained as part of the accumulated sick leave pay credit subject to the provisions of Paragraph 10.3, UNUSED SICK LEAVE PAID, of this Article.

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

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

10.3 UNUSED SICK LEAVE PAID.

10.3.1 Commencing with the employee's second (2nd) and succeeding anniversary dates of employment, any sick leave not utilized by the employee during the anniversary year shall accumulate to a maximum of two hundred forty (240) hours. Earned sick leave hours in excess of two hundred forty (240) hours will be paid out annually on the employee's anniversary date. Employees who retire from the company will receive a pay out of all accumulated sick leave hours.

ARTICLE 11 - BEREAVEMENT LEAVE AND/OR PAY

Leave for all employees shall be provided because of death of a member of the employee's immediate family provided, however, that employees shall not be entitled to bereavement pay during the first (1st) year of employment, but will be given up to three (3) days off without pay. Pay for such leave shall be at the straight-time rate for the hours scheduled for each workday lost because of such absence to a maximum of three (3) consecutive days. Verification of time required for such paid leave shall be supplied to the Employer by the employee, if requested. Immediate family shall be defined as the employee's spouse, child, mother, father, stepparent, brother, sister, mother-in-law, father-in-law, grandchild, grandparent, stepchild, legal guardian, domestic partner or other relative living in the employee's home.

ARTICLE 12 - JURY DUTY LEAVE AND/OR PAY

When a full-time employee is required to be in any court or courthouse for jury service the employee shall be scheduled for a day shift from the hours of 8:00 a.m. to 5:00 p.m. on each day that the employee is scheduled for jury service, and on a Monday-through-Friday workweek and shall receive pay during such workweek for each day on such jury service at the rate of eight (8) hours times his straight-time hourly rate. An employee shall not be entitled to receive jury duty benefits during the first (1st) year of employment.

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

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

The Employer may require proof of attendance for jury service.

An employee must report immediately that he or she has been called for jury service and shall cooperate with the Employer in securing release from such service as appropriate in the circumstances then existing and with regard to the work performed by the individual concerned.

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

ARTICLE 13 - OTHER LEAVES OF ABSENCE

13.1 EMERGENCY LEAVE. Non-probationary employees may take an automatic emergency leave of absence not to exceed two (2) weeks in the event of certified, serious illness or injury of the employee, or serious illness, injury or death in the employee's immediate family without prior notice;

provided that the employee makes every reasonable effort to notify the Employer within twenty-four (24) hours of the commencement of said leave. Said two (2) weeks automatic emergency leave of absence shall be a part of the time limits set forth in Paragraph 2 below.

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

13.2.1 Death in Family. Death in the employee's immediate family or other personal reasons deemed sufficient by the Employer up to a three (3) month period.

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

13.2.3 Workers' Compensation. In absences covered by Workers' Compensation, the employee's leave of absence shall be continuous until such time as the employee has been released from his period of temporary disability and is available and qualified for work, provided, however, such leave of absence shall not exceed fifteen (15) months. This provision is subject to the requirements of Article 15.9 of this Agreement.

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

13.4 REINSTATEMENT AFTER A LEAVE. Upon a return from a leave of absence the employee shall be restored to the job and location the employee left. If this is impractical, the employee shall be restored to as comparable a job as possible, or to a store which is as close to the person's home as geographically possible within the travel limitations. Further, said employee, upon written request, shall have the right of first (1st) refusal for any openings in their prior store. In no event shall a probationary employee be a bar to the returning employee.

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

13.6 TERMINATION AFTER A LEAVE. Any employee on a leave of absence who fails to return to work at the expiration of said leave, may be automatically terminated by the Employer and shall then receive all vacation pay and sick leave pay owed under the contract with written notice of termination sent to the employee and the Union.

ARTICLE 14 - TRUST FUNDS

14.1 BENEFIT FUND.

The Trustees are authorized and directed to establish a study committee to review the legality, feasibility and desirability of setting up and maintaining an employee funded Section 125 Flexible Spending Account (FSA). If an FSA is determined to be legal, feasible and desirable in this context, the Trustees are further authorized and directed to establish such an arrangement and offer it to employees covered by this Agreement; provided that the FSA shall not be offered to employees of any Employer who is unwilling or unable to permit employee participation in the FSA.

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

The alternate plan of benefits, the Gold Plan, will continue to be maintained for certain employees in accordance with the existing eligibility rules. The contribution rate for the Gold Plan will continue to be seventy-five percent (75%) of the identified platinum contribution rate.

14.1.2 Benefits and Eligibility. The Trustees are instructed to amend the current benefits and eligibility rules effective January 1, 2009 as directed in the current Memorandum of Agreement. If the maximum contribution rates specified in Paragraph 14.1.3, are not adequate to continue the Plans as so amended and maintain the reserves directed by Paragraph 14.1.4, then the Trustees shall have the authority to modify the eligibility rules and regulations for active employees and retirees to the extent they determine necessary to operate within the maximum contributions and maintain reserves as provided below in Paragraph 14.1.4. Nothing herein shall limit the Trustees in determining the priorities to be given to any particular benefit or set of benefits. Benefit modifications, which the Trustees approve, shall be implemented.

The Trustees may maintain other plan options for other employers provided that the employers whose employees participate in such plans contribute at the rate established by the Trustees that will fund that plan and maintain the reserve required by Paragraph 14.1.4 below.

Retirees and their dependents, whether retired before or after July 13, 2005, are not vested in the Benefits provided by the Benefit Fund. There is no obligation on the Employer to continue to contribute or on Trust Fund to continue to provide retiree benefits after expiration of this Agreement unless a successor agreement provides for continuation of such coverage. If the contributions provided in Paragraph 14.1.3, below, are not sufficient to continue present benefits, the Trustees shall have complete discretion in modifying benefits for retirees including requiring retirees to pay part of the cost of their benefits.

14.1.3 Contributions. The Employers shall contribute:

	<u>Platinum</u>	<u>Gold</u> <u>(75% of Platinum)</u>
July 2008 hours (6% increase) through December 2008 hours	4.0280	3.0210
January 2009 hours (11% increase) through June 2010 hours	4.4711	3.3533
July 2010 hours (8% increase) through June 2011 hours	4.8288	3.6216
July 2011 hours (up to 9.5% increase) through June 2012 hours	5.2875	3.9656

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

contributions. It shall be the Plan's responsibility to collect any uncollected required employee contributions.

14.1.3.2 There is no obligation on the Employer to continue to contribute or on the Trust Fund to continue to provide retiree benefits after the expiration of this Agreement unless a successor agreement provides for continuation of such coverage. If the contributions provided in Paragraph 14.1.3 above, are not sufficient to continue present benefits, the Trustees shall have complete discretion in modifying benefits for retirees including requiring retirees to pay part of the cost of their benefits.

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

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

14.1.6 Other Benefit Plans. It is understood that the Employer retains any existing rights which he may have, in his exclusive discretion, to alter, amend, cancel, or terminate any existing employee benefit plan or plans or part thereof that are not provided for in this Agreement.

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

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

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

14.2 PENSION FUND.

14.2.1 Trust Fund and Pension Plan. The Southern California UFCW Unions and Drug Employers Pension Fund (hereinafter "Pension Fund") and the Southern UFCW Unions and Drug Employers Pension Plan (hereinafter Pension Plan) shall be continued for the life of this Agreement, subject to the terms of this Agreement and applicable law. Contributions shall be made to the Pension Fund as set forth below and shall be for the sole purpose of providing pensions for eligible employees as defined in the Pension Plan.

14.2.2 Benefit Formula. Effective August 1, 2005, the basic pension formula for pharmacist will be increased to seventy-eight dollars (\$78.50) for the first (1st) ten (10) years, and one hundred and four dollars and sixty cents (\$104.60) for each year thereafter. Effective August 1, 2002, the basic pension formula for pharmacists shall be seventy four dollars and ninety cents (\$74.90) per month per year of service for each of the first ten (10) years of service and ninety-nine dollars and eighty-five cents (\$99.85) per month for years of service thereafter. Additional benefits above the basic formula are available as provided in section 14.2.5.2.6.

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

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

14.2.5 Contributions.

14.2.5.1 The contributions credited for a given fiscal year shall be for hours worked in the twelve (12) month period beginning August and ending July of the following year. For example, contributions for the 2008 fiscal year shall be contributions due for work months August 2008 through July 2009.

14.2.5.2 For the 2008 Plan year and subsequent Plan years, the Employer shall contribute the minimum contribution up to one dollar and seven cents (\$1.07) per hour, required to avoid or reduce the amount of accumulated funding deficiency under ERISA or as determined in paragraph 14.2.5.2.4 below. Employer contributions under one dollar and seven cents (\$1.07) per hour in a Plan year shall be handled on the following basis:

14.2.5.2.1 Unused portion: each company “banks” cents per hour under one dollar and seven cents (\$1.07) which are not required under the first paragraph of 14.2.5.2.

14.2.5.2.2 “Banked” cents per hour for a year may be used in another one (1) year period if more than one dollar and seven cents (\$1.07) is required to satisfy the first paragraph of 14.2.5.2. Employer obligations shall not exceed one dollar and seven cents (\$1.07) times four (4) years for the period from August 2008 through July 2012.

14.2.5.2.3 Any “banked” amounts not required under the first paragraph of 14.2.5.2 shall not be owed at end of contract and shall remain a company asset.

14.2.5.2.4 To comply with the Pension Protection (PPA), the Plan actuary shall provide a certification to the Trustees on an annual basis starting in 2008 stating whether or not the Plan is in endangered status or critical status for the Plan year. Each year beginning in 2009, the actuary will also prepare a preliminary certification reflecting the projected contribution. If the preliminary certification shows that for the plan year in question the plan will be in endangered or critical status, then, effective with hours worked in August of such year, the contribution rate shall be increased (not beyond \$1.07 as per above) to the extent needed for such certification to show the plan to be in neither endangered nor critical status. If at a contribution rate of \$1.07 the plan is nevertheless projected to be in endangered or critical status, the banked funds, but not more than the amount needed to avoid endangered and critical status, shall be paid to the Fund by the Employer in 12 equal monthly payments

beginning in August of such Plan year; provided, however, that all payments of banked funds must be made before the expiration of this Agreement. Each Employer's banked funds shall be equal to the amount of the reduction in the contribution rate from \$1.07 multiplied by the hours reported by the Employer during the period contributions were reduced under this Agreement. The final certification will reflect these new terms. If the final certification in any given year shows the plan to be either in endangered or critical status, the Trustees shall develop a Funding Improvement or Rehabilitation Plan, as required by PPA.

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

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

14.2.6 Other Pension Plans. The Employer retains the exclusive right to alter, amend, cancel, or terminate any Employer-sponsored pension plan or employee-retirement plan that existed prior to participation in this Pension Fund.

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

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

14.2.9 The contribution rate for Employers that first contribute to the Pension Fund after June 30, 1989, excluding Employers whose predecessors first contributed to the Pension Fund before June 30, 1989, shall be (\$1.07) per hour and shall not be subject to the minimum contribution or banking provisions described above.

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

14.4 PAYMENT OF CONTRIBUTIONS.

14.4.1 Payments. Payment of contributions by the Employer required to be made to the trusts established under this Article 14 shall be made on or before the twentieth (20th) day of each month based upon all straight-time hours worked or paid for not to exceed forty (40) hours in any one (1) week during the preceding month by each employee covered by this Agreement. Such payments shall be accompanied by a list of names of the employees for whom such contribution is made, showing the number of hours worked or paid for as set forth above by each employee during the preceding month. Time during vacation periods (including vacation pay upon termination), sick leave, jury duty, bereavement leave and holiday absences which is paid for as provided for under this Agreement and all work performed on Sundays and holidays, exclusive of daily or weekly overtime, shall be considered as time worked, to which the provisions of this Article shall apply.

No fringe contributions shall be made on behalf of Christmas extra employees. However, should they be employed on or after January 16th, and Christmas Season employees who are hired back within seven (7) days, the Trust Fund shall credit them with all hours worked for health and welfare purposes retroactive to the date of hire as a Christmas extra, but no retroactive contribution shall be required from the Employer.

Contributions shall not be made for vacation payments made on the basis of industry experience as set forth in Article 8.3 and unused sick leave paid in accordance with Article 10.3. The Employer, by payments of the amounts provided for in this Article, shall be relieved of any further liability and shall not be required to make any further contributions to the cost of the benefits, either in connection with the administration of the plans or otherwise.

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

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

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

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

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

14.6 PENSION AND BENEFIT TRUST FUND APPOINTMENTS.

14.6.1 Designation of Trustees.

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

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

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

14.7 ACCEPTANCE OF TRUSTS.

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

14.7.2 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.

14.7.3 The Employer hereby specifically ratifies the appointment of Trustees made by the Employers as set forth in Paragraph 6 above, designates and appoints them or their successors, as his Trustees, and authorizes them to act in such capacity. The same parties that appointed the trustees shall appoint their successors.

ARTICLE 15 - GENERAL CONDITIONS

15.1 NONDISCRIMINATION.

15.1.1 Selection of applicants for jobs shall be on a nondiscriminatory basis and shall not be based on, or in any way affected by, Union membership, bylaws, rules, regulations, constitutional provisions, or any other aspect or obligation of Union membership, policies, or requirements, or by race, color, creed, national origin, age, sex, or disability.

15.1.2 The Employer and the Union agree not to discriminate against any person in regard to hire, tenure of employment or job status because of race, creed, religion, color, national origin, age, sex, or disability nor shall race, creed, religion, color, national origin, age, or sex be a basis for the rejection or termination of any employee or applicant for employment.

15.2 NEW CONTRACT. When a first (1st) contract is signed, the period of employment for vacation and sick leave eligibility shall be measured from the last date of hire with the Employer.

15.3 GENDER REFERENCES. All references in this Agreement to sex; for example, any reference to “his,” “he,” or “him” shall also apply to “her,” “she,” or “hers” and vice versa. References to “they,” “them,” and “their” shall apply equally to both sexes.

15.4 UNIFORMS. The Employer shall furnish all required uniforms and, except where the garment is of a drip-dry material, shall pay for the laundering and upkeep of same. The Union members shall have the right to wear their Union buttons. The Employer will permit its female employees to wear pantsuits or slacks (not blue jeans) in accordance with reasonable and appropriate standard of attire for retail employees.

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

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

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

15.8 SUCCESSORS AND ASSIGNS.

15.8.1 New Owner. This Agreement shall be binding upon the successors and assigns of the parties hereto. In the event of bona fide sale or transfer of thirty percent (30%) or more of the stores in Southern California, within a period of three (3) months, the new owner or such transferee shall be notified of the obligation of this Agreement and be required to become a party hereto. The former owner shall be required to meet any and all monetary benefits that employees have accumulated under this Agreement.

15.8.2 Accrued Vacation. Upon sale or transfer of ownership of any store, or upon dissolution of business, vacation pay for all months worked for which no vacation pay has been given, shall be immediately paid to all employees coming under this Agreement, regardless of length of time said employee has been with the Employer.

15.8.3 Sale or Transfer.

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

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

15.8.3.3 Such new owner or transferee, however, shall not be required to retain in his employ any of the employees of the seller or transferor. Any employee of the seller or transferor who is employed within the thirty (30) day period referred to immediately below by the new owner or transferee shall be employed on a probationary basis for a period of thirty (30) days from the date the

new owner or transferee assumes responsibility for the management and operation of the store or stores, subject to termination within such thirty (30) days with or without cause and without reference to seniority. Any termination within such thirty (30) day period shall not be reviewable through the grievance or arbitration procedures, except for a violation of Paragraph 15.8.3.2 of this Article.

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

15.8.3.5 The seller or transferor shall pay all vacation and sick leave accrued for time worked as of the date the sale or transfer becomes effective for all employees who have completed at least six (6) months with the Employer on the effective date of the sale or transfer, and said date shall become the date of employment with the new Employer for the purpose of vacation and sick leave only.

15.9 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.

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

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

15.12 EFFECTIVE DATES. All economic terms and conditions of this Agreement shall be effective July 13, 2008, except as otherwise specified herein. All operational terms and conditions which change previously existing practices shall be effective not later than the date of execution of this Agreement.

ARTICLE 16 - GRIEVANCE, MEDIATION OR ARBITRATION

16.1 DISPUTES OR QUESTIONS. Any and all matters of controversy, dispute or disagreement of any kind or character existing between the parties arising out of or in any way involving the interpretation and/or application of the terms of this Agreement shall be settled and resolved by the procedures and in the manner as set forth herein.

16.2 GRIEVANCE FILING/STEPS.

16.2.1 Discharge/Layoff. A discharged or laid off employee has ten (10) days from the date of discharge or layoff, excluding Saturday, Sunday and holidays, within which to file written protest with the Union (with notice to the Employer). Said discharge shall then be subject to this Article. If no protest is filed within said ten (10) day period, or within ten (10) days of the notice specified in Article 4.3.4, all rights possessed by said employee or the Union to protest the discharge or layoff are waived.

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

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

16.2.3 Reporting Monetary Discrepancies. A claim for unpaid wages, holidays, vacation, jury duty, sick leave, bereavement pay, or night premium pay, or for any other direct compensation, must be filed with the Union by the employee, promptly upon discovery. The Union shall, thereafter, if it believes such claim has validity, promptly notify the Employer. A claim not filed by the employee with the Union within twenty-one (21) days after discovery and not filed by the Union with the Employer within an additional ten (10) days, shall be deemed null and void. (The Union has thirty-one (31) days from the employee's date of discovery to file notice with the Employer.) Notwithstanding the foregoing, no wage or other direct compensation claim not involving interpretation of the contract can cause such Employer to pay such claim or any portion thereof retroactively for a period of more than six (6) months immediately prior to the date of the Employer's receipt of notice from the Union of the claim. In any event, the Employer's obligation to compensate an employee for unpaid time worked under Article 7.4, shall not be limited in any way by the foregoing, except for the six (6) month limitation.

The Employer shall promptly investigate all claims for failure to pay or incorrect payment of wages and premiums for time worked and pay any discrepancies within twenty one (21) days of the date it is brought to the Employers attention.

The claim shall include the employees name, social security number, store number, approximate time period and nature of the claim.

16.2.4 Grievance Steps.

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

The written grievance shall reasonably describe as fully as possible the matter at issue and contract provision alleged to have been violated, including the names of the individual(s) involved and the date(s) of the alleged violation, and the remedy sought.

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

Step 3 - Arbitration. Any matter not settled or resolved in Step 2 may be submitted to arbitration by either party to this Agreement, i.e., the Employer or the Union, provided that written demand for arbitration must be made within forty-five (45) days from the date of occurrence. Failure to comply within the time limits contained in this Paragraph and/or in Steps 1 and 2 shall render the grievance null and void. Any rights possessed by either the Union or the employee with respect to arbitration shall be irrevocably waived.

Upon the receipt of the written demand for arbitration, the parties shall, within seven (7) days' after receipt of such demand, confer and select an arbitrator from a list of nine (9) persons previously mutually agreed upon by the parties as being acceptable to resolve disputes under this Agreement. As for the selection of the arbitrator for a specific dispute, the parties shall select such individual by alternately striking names from the list until the last name remains.

The hearing shall be held within thirty (30) days after the arbitrator is selected, contingent upon the arbitrator's availability, with the further understanding that the arbitrator's award will be issued no later than forty-five (45) days after the hearing is completed.

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

16.4 MEDIATION.

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

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

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

16.4.4 Mediation shall continue for a trial period of not less than six (6) months. Following this six (6) month period, and upon thirty (30) days written notice, either party may cancel this mediation provision.

16.4.5 The following two (2) individual will be scheduled to mediate the disputes on a rotating basis:

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

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

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

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

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

16.5 POWERS AND LIMITATIONS OF THE ARBITRATOR.

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

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

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

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

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

ARTICLE 17 - THE EMPLOYER AND PHARMACIST RESPONSIBILITIES TO THE PUBLIC AND THE PHARMACY PROFESSION

17.1 PRINCIPLES. The foremost obligation of the Employer and the pharmacist is to assure the public that prescriptions and related matters are handled in accordance with the highest professional standards of pharmacy. The Employer and the pharmacist pledge full cooperation in such mutual undertaking.

17.2 DECLARATIONS. To make possible the fullest attainment of the above-stated objective, the following declarations shall apply:

17.2.1 The Employer shall make every possible endeavor to provide work surroundings and conditions which will prevent the pharmacist from being interrupted or distracted unnecessarily while compounding prescriptions. Such conditions will specifically include, but not be limited to:

17.2.1.1 Prescription compounding area shall be separated from the public by barriers of appropriate height and distance.

17.2.1.2 A sign shall be posted on entrance to pharmacy departments restricting entry to authorized persons only.

17.2.1.3 The pharmacist shall have full control over the pharmaceutical case and shall see that cleanliness and organization are maintained therein in accordance with State and Federal laws and Employer policies. However, he shall not be required to do work of a maintenance or clean-up nature.

17.2.1.4 The pharmacist shall be expected to keep himself informed of developments in the pharmaceutical field. Therefore, he will be expected to participate in necessary interviews during working hours with Employer-approved medical sales representatives. He will also be expected to consult trade publications and books of reference, available in the store, concerning matters of importance and immediate concern, as needed. To assist in the foregoing, the Employer will make available in the store publications containing up-to-date product information, including cross-referencing.

17.2.1.5 The pharmacist shall compound and dispense prescriptions, and sell pharmaceuticals, medicines, and related drug items. He may in his individual discretion, but shall not be required to perform, additional functions outside the prescription and drug departments.

17.2.1.6 On all matters relating to the ethical practice of pharmacy including those set forth in this Article, pharmacists shall be responsible within the Company only to supervisors who are pharmacists.

17.2.1.7 The Employer will carry an insurance policy in the amount of \$500,000 for each person in each accident, and in the aggregate, \$1,000,000 per twelve (12) month period, in order to protect the pharmacist while working on the job against any civil losses for incorrect compounding of prescriptions, or for the performance of any usual and customary professional services authorized by the Employer. The Employer shall send evidence of such coverage to the Union.

17.2.1.8 Professional Rights. A pharmacist in his or her professional judgment may delay or refuse to fill or refill any prescription if there is reason to believe that such action would protect the health of the patient or where reasonable doubt exists as to the legality of said prescription or the legal use thereof, after first having established the fact by having consulted the prescriber if said prescriber is available.

17.2.1.9 There shall be established a Professional Relations Committee composed of an equal number of Union and Company representatives.

The purpose of this Committee will be to consider, discuss, and mutually agree upon, if possible, matters of concern and common interest relating to the practice of pharmacy. In

no event shall any action of this Committee interfere with or abridge the legal and ethical duty and responsibility of the individual pharmacist in his practice of pharmacy.

The Committee shall have the right to establish its own rules and procedures, including but not limited to the selection of Chairman, Secretary, meeting dates, places and the agenda for each meeting of the Committee.

The duties and functions of the Committee shall not abridge or preclude either the Union or the Company from taking unresolved grievances arising under the terms of this Agreement through arbitration as set forth in Article 16 of this Agreement.

17.3 PROFESSIONAL WORK STANDARDS. Both the Union and the Company recognize that sufficient ancillary staffing is necessary in order to maintain professional work standards, increase efficiency, productivity and profits.

17.3.1 The following minimum ancillary hours shall be assigned to all pharmacies:

<u>Weekly Average</u>	<u>Weekly Ancillary Staffing</u>
350-560	16
561-700	25
701-840	40
841-980	50
981-1120	58
1121-1260	64
1261-1400	70

Thereafter, increase by ten (10) hours ancillary help for each additional one hundred (100) rxs per week.

Calculate rx average quarterly. Changes of ancillary help will go into effect thirty (30) days after date of ratification.

17.3.2 It is agreed that pharmacy departments currently utilizing ancillary hours in excess of the minimum stated herein shall not have their hours reduced unless dictated by legitimate business reasons. In making such decisions the Company will not be arbitrary or capricious.

17.3.3 Although ancillary hours and personnel shall be selected and assigned by Management, the Pharmacist(s) shall be consulted with respect to the needs of the pharmacy. In the selection of new personnel to be assigned as ancillary help the Pharmacist(s) will be given the full opportunity to suggest or recommend the person to be selected prior to the assignment.

In the scheduling of assigned ancillary hours to the Pharmacy, the Pharmacist, in conjunction with the Store Manager, will determine when and on what days the hours are to be scheduled provided such schedule meets the needs of the business. In the event a dispute arises between the Pharmacist and the Manager concerning the scheduling of ancillary help the Pharmacist District Supervisor shall make the final decision with respect to the correct schedule.

17.3.4 Any dispute concerning any reductions in current hours or failure to assign minimum hours shall be immediately moved to Step 2 and resolved through the grievance provisions of this Agreement.

17.3.5 The Employer agrees that when an employee is assigned as a pharmacy technician in the pharmacy that employee shall not be arbitrarily removed except in the event of an emergency.

ARTICLE 18 - EXPIRATION AND RENEWAL

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

SIGNED THIS _____ DAY OF _____, 2009.

FOR THE EMPLOYER:

Thrifty Payless Inc. d/b/a Rite Aid
Brad Sapp, Director, Labor Relations

FOR THE UNIONS:

UFCW LOCAL 135
Mickey Kasparian, President

UFCW LOCAL 324
Greg M. Conger, President

UFCW LOCAL 770
Ricardo F. Icaza, President

UFCW LOCAL 1036

UFCW LOCAL 1167
Bill Lathrop, President

UFCW LOCAL 1428
Connie Leyva, President

UFCW LOCAL 1442
Michael Straeter, President

APPENDIX A - WAGES

A. SCHEDULE OF RATES.

1. Minimum Rates. (All wage increases shall be paid on the first (1st) full payroll period following the date):

PHARMACISTS

<u>7/13/2008</u> \$55.00 per hour	<u>7/12/2009</u> \$57.00 per hour	<u>7/11/2010</u> \$59.00 per hour	<u>7/10/2011</u> \$61.00 per hour
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All Pharmacists earning an hourly wage rate in excess of the minimum rates will receive the following increases:

<u>7/13/2008</u> \$1.25 per hour	<u>7/12/2009</u> \$1.00 per hour	<u>7/11/2010</u> \$1.00 per hour	<u>7/10/2011</u> \$1.00 per hour
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No employee now receiving an hourly wage as shown by the books of the Employer in excess of the minimum rates applicable as herein set forth shall suffer any reduction in compensation by virtue of the minimum wage provision set forth, provided nothing contained herein shall prevent the payment of greater compensation than the minimum herein specified.

2. Graduate Pharmacists. During the first (1st) year of employment as a registered pharmacist following graduation from a school of pharmacy, pharmacists shall be paid as follows: during the first (1st) five hundred twenty (520) hours, one dollar (\$1.00) per hour less than the thereafter rate set forth in Paragraph 1 above; during each successive five hundred twenty (520) hour period, seventy-five cents (75¢), fifty cents (50¢), and twenty-five cents (25¢) per hour less than the thereafter rate. After one (1) year of experience as pharmacist, the pharmacist shall be paid the thereafter rate.

3. Pharmacists receiving the thereafter rate with a prior employer under a Southern California UFCW Retail Pharmacist Agreement shall continue to receive the thereafter rate.

4. Pharmacists within the progression brackets with a prior employer under a Southern California UFCW Retail Pharmacist Agreement shall receive credit for such prior experience.

B. PHARMACIST 401(K) ELIGIBILITY. As of January 1, 1990, all non-probationary pharmacists with at least sixty (60) calendar days of service shall be eligible to participate in a 401(K) Plan. The Company will contribute a matching fifty percent (50%) of the deferral up to a maximum of \$1,000 for full-time pharmacists per calendar year. For pharmacists working less than 1,800 hours per year, matching Employer contributions shall be prorated on the basis of hours worked as compared to 2,080 hours. Contributions will be made at the end of the plan year. There will be a seven (7) year vesting period with twenty percent (20%) vesting per year after two (2) years of participation. Pharmacists may defer up to and including the legal limits allowed.

APPENDIX B - ARBITRATORS

The list of arbitrators shall be:

John Gibson	Wayne Estes
Edgar Jones	Howard Block
William Petrie	Anthony Miller
Michael D. Prihar	Barbara Chvany
Don Prayzich	

APPENDIX C - MEDIATION PROCEDURE

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

The primary effort of the mediator should be to assist the parties in settling the grievance in a mutually satisfactory fashion. In attempting to achieve a settlement, the mediator is free to use all of the techniques customarily associated with mediation, including private conferences with only one (1) party. If settlement is not possible, the mediator should provide the parties with an immediate opinion, based on the Collective Bargaining Agreement, as to how the grievance would be decided if it went to arbitration. That opinion would not be final and binding, but would be advisory. It would be delivered orally and would be accompanied by a statement of the reasons for the mediator's opinion. The advisory opinion could be used as the basis for further settlement discussions or for withdrawal or granting of the grievance. If the grievance is not settled, granted or withdrawn, the parties are free to arbitrate. If they do, the mediator could not serve as arbitrator, and nothing said or done by the parties or the mediator during mediation could be used against a party during arbitration.

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