

65477

UFCW  
LOCAL 400

COLLECTIVE

BARGAINING

AGREEMENT

HECHT'S

6/19/2005

6/18/2008

2005-2008

88 pages

***A Special Message from  
C. James Lowthers,  
President, UFCW Local 400***



In our union's negotiation with the management of Hecht's, we were able to maintain and improve an impressive package of benefits and protections for our members. This collective bargaining agreement clarifies exactly what you are entitled to as a Hecht's employee and assures that management will not infringe upon any of your established rights. We are proud of the agreement; as in past contracts we have negotiated, and believe that it will serve the long term interests of our membership.

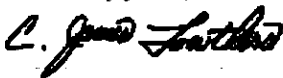
Keep in mind that when Local 400 negotiates a contract, our members set the priorities. Before bargaining begins, our professional team of negotiators, lawyers and accountants listen to what you want in a new contract; every job classification is heard from. The fact that our bargaining proposals reflect your input is important to management—they know our side of the table is expressing the collective needs and concerns of their employees.

As the largest UFCW local union in the nation, Local 400 has the clout and resources to provide our members with expert, experienced representation, both on the job and at the bargaining table. Before we place a proposal on the table, it is extensively researched and documented, to

ensure that the contract provision we win is the best obtainable.

We look forward to working with you in the future to achieve the goals that are most important to you and your families.

Fraternally yours,

A handwritten signature in black ink, appearing to read "C. James Lowthers". The signature is written in a cursive style with a large, prominent initial "C".

C. James Lowthers  
President, UFCW Local 400

## ***Collective Bargaining Agreement— How it Works***

When you join a union, you gain the right to have a voice in decisions about your work life, wages, benefits and career. The collective bargaining process puts you across the table from management, as an equal.

Bargaining is compromise. Neither the union nor management gets everything they want.

How do union negotiators know what issues are most important to the membership? You tell us! Before bargaining begins, the union surveys all members in the bargaining unit to determine priorities. An employee advisory committee provides a constant check for the bargaining team.

In addition, Local 400 business representatives and shop stewards are in the facilities almost every day, speaking to members about grievances, problems and needs. They have a hands-on sense of what the problems are.

Our research department monitors trends in the industries where we bargain, looking at wage and benefit settlements. We have a good idea of what is transpiring around the country, which means our negotiators can cite examples elsewhere to support our bargaining goals.

When the give-and-take of contract negotiations is finished, management presents its final offer. The union, as a practice and in accordance with applicable law, brings that offer to the membership. All contracts are approved or re-

jected by majority vote of those attending from the bargaining unit.

## ***Benefits***

UFCW Local 400's aggressive organizing activities in the Washington Metropolitan area have given us the strength to negotiate good salaries for our members. But we know you have concerns that go beyond your weekly paycheck—and that's why the benefits package in this contract is so important to you and your family. This extensive total compensation package, the best in the industry, is also made possible by the strength of your union at the bargaining table.

## ***Paid Vacations***

A paid vacation is something that is important to every worker in America. To assure that your work performance is continually up to par, you need paid time off to go to the beach, to visit relatives in other parts of the country, or just to break the everyday routine of the workplace. This is exactly why we have negotiated an extensive vacation schedule for every full time and regular part time UFCW member at Hecht's. Depending on your seniority with the



company, you can be eligible for up to five (5) weeks of paid vacation time per year. (Article 10)

### ***Personal Days***

Vacation days are very often insufficient, however, for meeting medical appointments and attending to family-related matters. In addition to your regular vacation schedule, we have negotiated for a number of "personal days" which you can use for any purpose that you choose. Depending on seniority with the company full time and regular part time employees are eligible for either 2 or 6 of these days off a year. (Article 11.3)

### ***Holidays***

Holidays are perhaps the best means to spend time with your family members and friends. Throughout the year, all eligible associates will be paid for the following days to enjoy the company of your loved ones: (Article 11.1 and 11.5)



New Year's Day

Labor Day

Memorial Day

Thanksgiving Day

Independence Day

Christmas Day

To assure that you do not miss out on a paid vacation day, we have made it possible that

when a holiday day falls on one of your scheduled days off, you shall be given another day off during the week. (Article 10.7)

### ***Funeral Leave***

If the unfortunate occurrence arises where you lose an immediate family member, UFCW Local 400 has made certain that you will receive adequate time off to grieve and attend the funeral. You will be given up to four (4) days of leave with pay to take care of such matters. (Article 13.8)

### ***Leaves of Absence***

Very often an employee may need to leave the workplace for an extended period of time to attend to personal affairs or health matters. As a UFCW member at Hecht's, you are eligible to take a leave of absence without pay of one month for each full year of regular service. If this does occur, we have assured that you will NOT lose any of the seniority you have accrued. (Article 14)

### ***Sick Leave Benefits***

Times of illness and disability are, needless to say, very unpleasant. Whether you are forced to treat your maladies at home or in the hospital, the UFCW has negotiated a sick leave plan



that will make the experience as agreeable as possible. (Article 12.4)

### ***Retirement /Profit Sharing Plans***

After dedicating your working life to Hecht's, you deserve to spend your latter years in comfort and security. The UFCW has therefore negotiated both a retirement plan and a profit sharing plan to fulfill your needs after your departure from the working world. As your seniority advances in your years at Hecht's, you are credited with an ever-increasing benefit package. (Article 13.2 and 13.3, May Company Retirement & Profit Sharing Plan booklet)

### ***Protections***

Providing good wages, vacation time, and insurance are only a part of what the UFCW does for its members. We also have negotiated with the company to guarantee that a certain level of respect, safety, and security are provided for every single one of our members. The guidelines of our contract assure that Hecht's will provide a safe working environment, a reasonable working schedule, overtime wages and a seniority system that establishes certain rights for employees. The UFCW realizes that these issues are very important to each and every union member. That is exactly why we have worked to provide a contract that protects the welfare of our members.



## ***Grievances and Arbitration***

This contract is a guarantee of rights and benefits the union has negotiated on your behalf. Still, in any workplace situation, events can occur that affect you adversely, and they may be in violation of the contract. Grievances may be filed and you and your representative can meet with management so that your problem can be reviewed and to assure you are treated fairly. **(Article 18 and 19)**

## ***Seniority***

The UFCW recognizes that loyal, experienced, and long-standing employees are very valuable to a company. We subsequently have bargained for increasingly better benefits, wages, and protection for employees who have the most seniority with Hecht's. As you accrue more seniority, you become eligible for additional vacation time, a higher salary, and have a greater chance for being promoted within the company. Those who have dedicated their lives to working for Hecht's deserve to be duly rewarded. Our seniority system assures that this occurs. **(Article 4)**

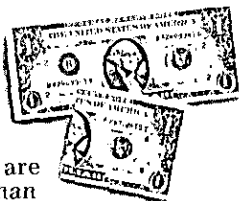
## ***Working Conditions***

Without a safe and comfortable work environment, it is virtually impossible for an employee to fulfill their job duties in a productive manner. According to our collective bargaining agreement, Hecht's has the responsibility to provide working conditions that are in full compliance

with requirements set forth in the contract. Experts within our union actively monitor the work site to ensure that all rules and regulations are being followed. If the UFCW observes violations proper action is taken. (Article 8)

### ***Overtime***

In order to spend time with your family and pursue recreational hobbies, you need to maintain a reasonable work schedule. If such a need arises when you are called to work more than eight hours in a day or forty hours in a week however, you will be paid one and one half times (1-1/2) your regular rate. UFCW has also assured that no employee will have to work split shifts. (Article 7)

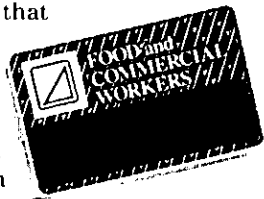


### ***Jury Duty***

Jury duty is a responsibility that every American citizen may eventually have to fulfill. Very often court cases run weeks or months at a time and it is likely you will miss a substantial amount of work. The UFCW has made it possible for you to serve your community in this manner without financial penalty. You will be granted time off and paid the difference between the amount of your regular rate of pay and the amount received for your jury duty. (Article 13.9)

## ***UFCW Local 400 Privileges***

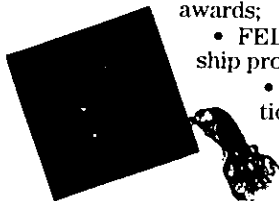
**FOR MEMBERS ONLY:** The benefits and protections that are set forth in this contract are only part of what every UFCW Local 400 member is offered. In addition, you will receive the following benefits with your union membership.



- An AFL-CIO endorsed credit card, with low-rate balance transfers, a competitive rate, no annual fee, strike skip payments and a unique Member Advocacy Program. Call 1-800-522-4000 or apply online at [www.union-pluscard.com](http://www.union-pluscard.com).
- Regain control of your finances and stop collection calls. Get help from a high quality, non-profit counseling service, with free counseling and debt management plans. Call 1-877-833-1745 or visit [www.union-plus.org/creditcounseling](http://www.union-plus.org/creditcounseling).
- Learn your credit score and get help improving it. Visit [www.unionplus.org/creditscore](http://www.unionplus.org/creditscore).
- Free and discounted legal assistance. Call 1-888-993-8886 for a referral by phone or visit [www.unionplus.org/legal](http://www.unionplus.org/legal) to search for an attorney online.
- AFL-CIO Employees Federal Credit Union, including its savings and loan program. Call 202-661-7711 or visit [www.aflciofcu.com](http://www.aflciofcu.com).

- Motor Vehicle Certification Program, the union's professional, money-saving car-buying service. Visit [www.unionplus.org/auto-buying](http://www.unionplus.org/auto-buying) or call 1-877-800-2924.
- Members who purchase auto insurance can save an average of \$350 on their auto insurance bill. Call 1-800-294-9496 to apply. For quotes, visit [www.unionplus.org/autoinsurance](http://www.unionplus.org/autoinsurance).
- Save up to 10% when you service your car or buy tires, and support union workers who make many Goodyear tires. Visit [www.unionplus.org/goodyear](http://www.unionplus.org/goodyear).
- Discounted International travel packages. Call 1-800-590-1104 or visit [www.unionplus.org/travel](http://www.unionplus.org/travel).
- Special discounts and passes to area entertainment, such as Six Flags America, Kings Dominion and other major amusement parks.
- Special leisure rate at the unionized Hotel Royal Plaza in the Walt Disney World Resort in Orlando, FL. Call 1-800-248-7890 or visit [www.unionplus.org/travel](http://www.unionplus.org/travel).
- Discounts for supplemental life and other insurance programs. UnionSecure provides a wide range of insurance protection with accident coverage, life insurance, hospital recovery coverage and \$5,000 of accidental death insurance at no cost. Call 1-800-393-0864 to speak with an expert about your insurance options or visit [www.unionsecure.com](http://www.unionsecure.com).

- Save an average of 18% on prescription costs and reduce out-of-pocket expenses on a variety of health care services such as dental and vision care, and more. Call 1-800-228-3523 or visit [www.unionplus.org/health-savings](http://www.unionplus.org/health-savings) for details.
- Pre-negotiated 20% to 60% discounts on monthly fees at over 1,500 health clubs. To sign up, call 1-888-294-1500 or visit [www.unionplus.org/healthclubs](http://www.unionplus.org/healthclubs).
- College scholarship award programs for eligible members and their families:
  - UFCW Local 400 scholarship awards;
  - FELRA & UFCW scholarship program;
  - The UFCW International Union scholarship awards;
  - A scholarship program offered by a law firm associated with UFCW.
- Provides information about loans, scholarships, how to select a school, how to prepare for college entry tests, and much more. Visit [www.unionplus.org/education](http://www.unionplus.org/education) for details. To speak to a financial aid counselor, call 1-877-881-1022.
- Union Member Mortgage and Real Estate Services makes buying or selling a home or refinancing a mortgage easier and more affordable. Features include strike, layoff and



disability assistance, and an easy over-the-phone application process. Call 1-800-848-6466 or visit [www.unionplus.org/mortgage](http://www.unionplus.org/mortgage).

- Cut the cost of owning a pet. Save 25% on veterinarian services, 10% on pet health insurance premiums, and much more. Visit [www.unionplus.org/pets](http://www.unionplus.org/pets).
- Union-printed checks and return-address labels that feature your union logo. Call 1-888-864-6625.
- Buy union-made apparel and save with a minimum 5% discount on everything you buy. Jeans, dress shirts, casual wear, jackets and more. Discounts at Justice Clothing and Union Jean & Apparel Company. Order online at [www.unionplus.org/clothing](http://www.unionplus.org/clothing) or call Union Jean at 1-877-692-8099 (use discount code Union Plus).
- Save up to 5% on cellular phone service with a unionized wireless phone company. Visit [www.unionplus.org/cingular](http://www.unionplus.org/cingular) or call 1-800-356-9752.
- Music CDs for only \$9.99 each. Buy 2 and get 1 free. Free shipping. 15,000 titles available. Visit [www.unionplus.org/music](http://www.unionplus.org/music).
- Discounts on IBM/Dell computers & accessories. [www.unionplus.org/computers](http://www.unionplus.org/computers).

Membership in Local 400 is truly a solid investment in your future. Just pennies a day bring effective representation on the job, and substantial savings off the job!

*To learn more about these benefits and  
the union itself, call the union office at*

*(301) 459-3400 or 1-800-638-0800*

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## **AGREEMENT**

THIS AGREEMENT, made and entered into this 19th day of June, 2005, by and between Hecht's, a division of The May Department Stores Company (hereinafter referred to as the "Company") and the United Food and Commercial Workers International Union, AFL-CIO (hereinafter referred to as the "Union"), for and/on behalf of the Union and the Associates only in the bargaining unit, as defined hereinafter (hereinafter referred to as "Associate" or "Associates").

### **WITNESSETH:**

WHEREAS, the parties hereto desire to establish standards and hours of labor, rates of pay, and other conditions under which the Associates herein shall perform work for the Company during the life of the Agreement, so as to promote harmonious relations between the parties, and to achieve the highest level of performance consistent with safety, health and morale.

Now, therefore, the parties agree:

### **ARTICLE 1 Management Rights**

1.1 All functions, rights and responsibilities which the Company has not expressly modified or restricted by a specific provision of this Agreement are retained and vested exclusively in the Company. More specifically, without limiting the generality of the foregoing, the Company

retains exclusive right to establish and administer policies, procedures and standards relating to the conduct of the Company's business; to determine the hours and days of operation of each facility or store of the Company and to make changes therein; to plan, direct and control operations; to direct and schedule the working force; to hire, promote, transfer, layoff, and recall associates; to grant or deny leaves of absence to associate with or without pay; to determine the number of associates and the duties to be performed; to reprimand, suspend, discharge and otherwise discipline associates for cause; to maintain efficiency; to establish, expand, reduce, alter, consolidate or abolish any job classifications, operation, departments or service; to determine staffing requirements; to control and regulate the use of facilities, supplies, equipment and other property; to determine the assignment of work; to require overtime work; to determine the qualifications required and size and composition of the working force; to discontinue; reorganize; combine or subtract any operation despite any consequent reduction or other changes in the work force (provided that if the Company subcontracts any operation it shall offer any associate affected the option of another available position in the bargaining unit for which he/she is qualified without any reduction in rate of pay for the position, or a lay-off with severance pay as set forth in Section 9.4); to introduce new or improved methods of operation, equipment or systems regardless of whether or not the same cause a reduction in the number of associates or other change in the size or composition of the work force (provided that if the Company does

take any such action or discontinues any operation it shall offer any associate affected the option of another available position for which he/she is qualified or layoff); to establish and change Company rules, regulations, policies and practices; and otherwise manage the operations and facilities of the Company so as to attain and maintain operating efficiency, all without regard to prior practices or procedures.

Both the Company and the Union recognize their responsibility to encourage promotion from within wherever possible. The Company will make every effort through the job bidding system and its performance appraisal process to provide individuals with a fair appraisal of their abilities and potential and advise them where warranted of opportunities for promotion.

## **ARTICLE 2**

### **Recognition**

2.1 The Company recognizes the Union as the exclusive representative for purposes of collective bargaining for a unit consisting of all full-time, regular part-time and part-time associates, including floaters, employed by the Company at the following stores Prince Georges Plaza, Marlow Heights, Metro Center, Montgomery Mall, Bowie Town Center, Wheaton Plaza, Lakeforest Mall, Laurel Center, St. Charles Town Center and Chevy Chase—and all its hourly associates at its Baltimore, Maryland Distribution Center, excluding all seasonal and casual associates (reserve force), confidential associates, professional associates (including layout artists, copywriters and

finish artists), management associates and guards and supervisors as defined in the National Labor Relations Act. This group of associates collectively may be referred to as the "bargaining unit" and the terms and conditions of this Agreement shall apply to them exclusively.

2.2 The parties agree that associates assigned to the following department or positions are confidential associates excluded from the bargaining unit:

- Human Resource department
- Payroll department
- Expense control department
- Statistical department
- Secretaries working in a confidential capacity
- Computer operators
- Cash Terminal Technicians
- Visual Staff Associates
- Re-markers
- Cash Office

2.3 The parties agree that all associates assigned to the following departments are guards excluded from the bargaining unit:

- Loss Prevention department
- Check and Fraud department
- Internal Audit department

2.4 The parties agree that associates classified as management trainees and interns are excluded from the bargaining unit as supervisors or management associates. Management trainees and interns are persons who are hired or associates who are selected for the purposes of being trained and in fact are being trained for management positions. The Union shall be furnished a list of said trainees and the date each commences training. If at the completion of six (6) months, excluding absences or illness, a trainee does not satisfactorily complete the program and is not assigned to a management position, then (i) in the case of a former associate he shall be returned to the former status in the bargaining unit, and (ii) in any other case he shall be treated as a new associate if assigned to a bargaining unit position.

2.5 The parties agree that associates paid directly by any lessee of the Company in a leased department, even if the Company distributes and uses its checks, at the direction of the lessee, are not associates of the Company and are excluded from the bargaining unit.

2.6 Collective bargaining between the Company and the Union shall be by duly designated and authorized representatives. The Company and the Union agree to keep each other informed in writing as to the names of their authorized representatives.

2.7 The Company shall not enter into any agreement with an associate that is contrary to the terms and conditions of this Agreement.

2.8 A regular full-time associate is one who works a regular schedule of thirty-five (35) to forty (40) hours per week.

2.9 A regular part-time associate is one who works a regular schedule of twenty (20) to thirty-four (34) hours per week, three (3) to five (5) days or evenings a week, with or without evenings, one of which can be a Saturday and can also be scheduled for Sunday.

2.10 A part-time associate is one who works a regular schedule less than twenty (20) hours and more than twelve (12) hours each week and generally works evenings, one of which can be a Saturday and can also be scheduled for Sunday.

2.11 A seasonal associate, excluded from the bargaining unit, is one employed on a temporary basis.

2.12 A reserve associate, excluded from the bargaining unit, is one who is carried on the rolls by the Company for call-in on a need basis. A weekender, excluded from the bargaining unit, is one employed on a weekend only schedule.

2.13 The Company agrees to give the Union an opportunity to make a brief presentation to each new associate at a mutually agreed upon time, and to distribute preapproved copies of materials prepared by the Union, informing the associate of his/her right to join the Union and the benefits obtained thereby.

### **ARTICLE 3**

#### **Union Security and Check-off**

3.1 (a) All associates in the bargaining unit, who are hired on or after November 1, 1995 shall, as a condition of employment, become and remain members of the Union on and after the thirty-first (31st) day of employment. All associates hired prior to November 1, 1995, who have become members of the Union and remain members on November 1, 1995, shall as a condition of employment, maintain membership in the Union.

(b) Membership in the Union for purposes of Section 3.1(a) shall mean that an associate tenders the periodic dues and initiation fee uniformly required by the Union as a condition of acquiring or maintaining membership in the Union. An associate who fails to tender the periodic dues and initiation fee, as required by this article, shall within seven (7) days of receipt of a written demand from the Union to the Company requesting discharge, be terminated as provided for in the Labor Management Relations Act of 1947 as amended.

3.2 During the term of this Agreement, the Company, upon receipt of a properly executed check-off authorization form from an associate, agrees to deduct from said associate's weekly wages the Union initiation fee and dues in accordance with said authorization. The amount to be deducted shall be certified to the Company in writing by the Union.

3.3 The Company agrees to transmit the initiation fees and dues deducted from its associ-



ates, pursuant to this Article, to the Treasurer of the Union on a monthly basis, along with identifying information concerning deductions in an EDP readable format. The Treasurer's receipt therefore shall constitute a full and complete discharge of the Company's obligations.

3.4 The Company agrees to provide the Union on a monthly basis with a list of bargaining unit associates that are newly hired, reinstated, or transferred into the bargaining unit or terminated therefrom. Such list shall include name, social security number, employment date, job classification, work location, status (full-time, regular part-time, part-time) and any change, and home address.

3.5 The Company agrees to deduct weekly and remit monthly, authorized amounts from associate paychecks, to the AFL-CIO Employees Federal Credit Union. Such remittance to the Credit Union shall be forwarded by the tenth (10th) day of each month following the month for which deductions were made.

(a) The Company agrees to deduct twenty-five cents (\$.25) per week and remit monthly to the Local Union's Active Ballot Club from associates who are members and have signed a form authorizing such deduction.

(b) The Company agrees to deduct one dollar (\$1.00) per week and remit monthly to the Local Union's Key Member Program from associates who are members and who have signed a form authorizing such deduction.

3.6 The Union agrees to indemnify and hold the Company harmless from any and all claims, suits, judgments, attachments and any other liability of any nature resulting from the Company's compliance with this article.

## **ARTICLE 4**

### **Seniority**

4.1 Seniority is defined as the length of time any associate has been continuously employed in any capacity within the bargaining unit, except that a transfer outside of the bargaining unit for a period of six (6) months or less shall not be considered a break in bargaining unit seniority. For associates employed in the bargaining unit as of the execution of this Agreement and hired prior to the execution of this Agreement, seniority is defined as the length of time the associate (including floaters) has been continuously employed in any capacity.

4.2 Seniority (as defined in Section 4.1) shall apply to the selection of staffing schedules in a department, zone or line, as applicable.

4.3 If it becomes necessary to reduce the work force at any store location or facility, the Company shall layoff Seasonal, Reserve, and "Weekender" associates first, and then lay off or recall therefrom associates by job title and status within the department(s) affected, by seniority (as defined in Section 4.1). Bargaining Unit associate's who have been laid off shall be recalled to vacant positions for which they are

qualified and available before the Company fills those positions with new hires.

(a) The least senior associate in the department being affected may elect to claim the position of the least senior associate in the same departmental grouping, if applicable, who is in the same or lesser employment status (FT, RPT or PT), provided the associate has the qualifications and ability to perform the job. However, the associate claiming the least senior associate's position must work the hours/schedule of the least senior associate who is being laid-off, and will have their employment status and benefits adjusted accordingly.

(b) Should a commission associate claim the position of a less senior non-commission associate within a designated departmental grouping, the commission associate must work the hours/schedule of the least senior associate, will have their employment status and benefits adjusted accordingly and, will have their hourly rate adjusted to the prevailing hourly rate of the new department.

4.4 Seniority, as applicable, shall accrue only while an associate is actively on the payroll. A probationary associate shall accrue no seniority during his/her probationary period. However, after completion of the probationary period the associate shall receive retroactive credit back to the date of his most recent hire.

4.5 The seniority of any associate and his rights therein shall terminate for the following reasons:

(a) Discharge for cause, quit, resignation or retirement;

(b) Exceeding an authorized leave of absence;

(c) Layoff, except that an associate with more than six (6) months Company seniority at the time of layoff shall retain seniority rights for a period of six (6) months; and

(d) Permanent transfer out of the bargaining unit for a period in excess of six (6) months.

4.6 The Company may, instead of resorting to a layoff, reduce the work schedule for all associates in a department or reduce the schedule of all associates of a particular classification or classifications therein in accordance with the Company's staffing and scheduling policies. In the event of a temporary reduction of hours within a department, zone or line, as applicable, excluding changes in staffing modules, the Company will offer, in order of seniority (as defined in Section 4.1), unpaid time off to associates on a voluntary basis. If there are insufficient volunteers, seasonal or reserve associates will not be scheduled unless regular full-time, regular part-time or part-time associates do not agree to work the available hours. Changes in staffing modules will be made in accordance with Section 4.2.

4.7 In the case of a recall, notice shall be given to an associate by registered mail. If an associate does not report for work within one (1) week of delivery or attempted delivery, then in

that event he shall forfeit any recall rights and his seniority shall terminate.

4.8 Full-time associates whose hours are reduced or who are to be laid off shall be given first preference for any vacant full-time position, regular part-time position or part-time position, in that order, within the store or facility, which they are qualified to perform. Consistent with seniority (as defined in Section 4.1), a full-time associate who is laid off shall have a preference for recall for a period of one year or to any vacant bargaining unit position at the store location or facility from which the layoff occurred, provided the associate is qualified to perform the work.

## **ARTICLE 5**

### **Hours of Work**

5.1 The work week will commence at 12:01 a.m. Sunday and terminate at midnight Saturday.

5.2 Daily and weekly work schedules shall be determined at the sole discretion of the Company, and such schedule may likewise be changed by the Company as required by operating conditions consistent with the Company's staffing program. Except during certain sales events and from November 1st through January inventory, the Company shall post weekly full-time, regular part-time and part-time work schedules at least three (3) weeks in advance in each department operating subject to May staffing (listing each associate's days of work, with starting and stopping times and days off).

The Company will make every reasonable effort to give at least forty-eight (48) hours advance notice to affected full-time associates and at least twenty-four (24) hours advance notice to affected regular part-time and part-time associates of any change in their schedule(s). The schedule for non-selling positions shall be posted on the Friday preceding the next work week, but a part-time schedule may be changed with at least one full day's notice.

Once posted, the associate must work the assigned schedule, unless prevented from doing so by a personal emergency, illness or accident involving the associate or a member of the associate's immediate family. Should the need arise, the associate can only be excused from working the assigned schedule by the Human Resource Manager or designated representative. Nothing in this section is intended to change the way an unscheduled absence is treated under the Company's absence policy.

(a) During certain sales events and from November 1st through January inventory, the Company shall post weekly work schedules in each department on Friday preceding the next work week and no change in the work week may thereafter be made except in case of an emergency as set forth above, or with at least one full day's notice for regular part-time and part-time associates.

(b) The Company agrees to post a seniority list in each department as of February 1st each year, listing each associate's full name and Company seniority. The list shall be revised bi-

monthly thereafter. It is the responsibility of each associate to verify the accuracy of the posted seniority list.

5.3 Without in any way limiting the Company's rights under Article 1, it is agreed that in the Company's distribution center, the days of work shall vary due to work loads. It is agreed that associates in these facilities shall be classified either full-time, regular part-time or reserve. Effective September 1, 2000, a new regular schedule shall be established at the Baltimore Distribution Center and staffed by ten (10) bargaining unit associates. The new regular schedule will consist of work assignments of no less than twenty-eight (28) hours for thirty-six (36) weeks during the fifty-two (52) week period of January 1 through December 31, beginning January 1, 2001. Associates working this 28 hour/36 week schedule will be considered regular part-time. Associates who work a varied schedule shall continue to be classified according to the employment status for which they were employed for purposes of benefit eligibility.

In all other work areas of the Company, associates may be required to work six (6) weeks of six (6), eight (8) hour days at such times as the Company may determine, provided that such work week(s) need not be consecutive as to any associate or uniform as to departments. Such work weeks shall be in addition to work weeks in which inventory is taken.

5.4 Without in any way limiting the Company rights under Article 1, it is agreed that the Company shall have the sole right to determine the

hours and days on which its stores and facilities shall be open or in operation; provided, however, that no full-time associate shall be required to work more than three (3) nights in any work week. Where a full-time associate is scheduled to work a Sunday shift, he/she will not be scheduled for more than two (2) nights in that week. For purposes of Article 5, Section 5.4, night means scheduled on or after 7:00 p.m. Monday through Saturday. No full-time associate will be required to work a scheduled split shift without his/her consent.

The Company shall offer five (5) day work schedules, which include two (2) days off, to full-time associates.

5.5 No regular part-time associate shall be scheduled for less than four (4) hours in one day, except where store closing hours may restrict Company's ability to implement the standard staffing policy, or unless mutually agreed otherwise between the associate and the Company.

5.6 (a) If the store is open for business, an associate who reports for work as scheduled shall be entitled to work all hours scheduled for that day, or receive pay for those hours at his regular rate, or any combination thereof at the Company's option. However, associates who report to work and then fail to complete their scheduled hours shall be paid only for hours worked that day, unless the associate's failure to complete their scheduled hours is due to the Company's decision.



(b) Associates called to work on their regularly scheduled day off shall be guaranteed a minimum of four (4) hours work or pay in lieu thereof. However, associates who report to work and then fail to complete their four (4) hours of work shall be paid only for the hours worked that day unless the associate's failure to complete the four (4) hours is due to the Company's decision.

(c) If due to weather, disaster, edict by government authorities, etc., a store or facility does not open for business at all, full-time and regular part-time associates who are eligible for vacation days or personal days may use an available vacation day or personal day, or they may choose not to use an available vacation day or personal day for that day.

5.7 No full-time, regular part-time or part-time associate shall suffer a reduction in his/her regular schedule as a result of the employment or use of a seasonal associate or a reserve force member.

The Company shall post in each human resource department in each store location a sign-up sheet for associates who are interested in working additional hours provided that no associate may sign up for or work any additional shifts which would result in daily and/or weekly overtime. The sign-up sheet shall be regularly posted and updated.

5.8 The Company recognizes its responsibility to encourage promotions from within wherever possible. Where qualifications are equal, senior-

ity shall be the determining factor in making promotions from one classification or grade to another. Qualifications will be determined by the Company on the basis of performance, capability, interest and availability.

Semi-annually, from January 1 to January 15, and July 1 to July 15 each year, associates may register with the store Human Resources Department, their desire to change from one status (full-time, regular part-time, part-time) to another. The store Human Resources Department will promptly interview the associate. Selection will be made on the basis of qualifications as described above.

## **ARTICLE 6**

### **Wages**

6.1 The Company will continue to implement a performance-based wage system such as commission/draw, variable pay, quota/bonus or hourly wage rate.

(A) Upon completion of up to twelve (12) hours of training at the training rate of pay, an associate's rate of pay will be increased to the applicable rate of pay for their position. For store associates paid on an hourly wage rate system, the Company will continue to utilize an annual performance appraisal system which provides ratings of Outstanding, Very Good, Effective and Unacceptable, or the like.

Associates rated Unacceptable will not receive a wage increase at the time of appraisal. If the associate is retained in the employ of the

Company, the associate will be placed on a performance improvement plan and will be reviewed in ninety (90) days. At the conclusion of the ninety-day (90-day) review, the associate will be taken off probation, placed on an extension of the improvement plan or terminated. No more than six percent (6%) of all associates will be rated Unacceptable. Forty-two percent (42%) to fifty-three percent (53%) of all associates will receive an Effective rating. Where fewer than six percent (6%) are rated Unacceptable, the difference between six percent (6%) and the lower percentage may be added to the high end of the Effective range. Not less than twenty-nine percent (29%) of all associates will receive a rating of Very Good. Not less than fourteen percent (14%) of all associates will receive a rating of Outstanding.

Associates in wage grade two (2) or above, who are not over their maximum, shall receive no less than five cents (5¢) per hour more than associates in wage grade one (1).

Effective for the May 1, 2006 annual wage increases, associates in wage grade one (1) who are not over the maximum rate of pay for their pay grade:

Effective rating:	not less than \$0.35 per hour
Very Good rating:	not less than \$0.40 per hour
Outstanding rating	not less than \$0.50 per hour

Effective for the May 1, 2007 annual wage increases, associates in wage grade one (1) who

are not over the maximum rate of pay for their pay grade:

Effective rating:	not less than \$0.30 per hour
Very Good rating:	not less than \$0.35 per hour
Outstanding rating	not less than \$0.45 per hour

Effective for the May 1, 2008 annual wage increases, associates in wage grade one (1) who are not over the maximum rate of pay for their pay grade:

Effective rating:	not less than \$0.30 per hour
Very Good rating:	not less than \$0.35 per hour
Outstanding rating	not less than \$0.45 per hour

Effective for the May 1, 2006 annual wage increases, associates in wage grade one (1) who are over the maximum rate of pay for their pay grade:

Effective rating:	not less than \$0.25 per hour
Very Good rating:	not less than \$0.30 per hour
Outstanding rating	not less than \$0.30 per hour

Effective for the May 1, 2007 annual wage increases, associates in wage grade one (1) who are over the maximum rate of pay for their pay grade:

Effective rating:	not less than \$0.20 per hour
Very Good rating:	not less than \$0.25 per hour
Outstanding rating	not less than \$0.25 per hour

Effective for the May 1, 2008 annual wage increases, associates in wage grade one (1) who are over the maximum rate of pay for their pay grade:

Effective rating:	not less than \$0.20 per hour
Very Good rating:	not less than \$0.25 per hour
Outstanding rating	not less than \$0.25 per hour

(B) For those employed in the Baltimore Distribution Center, following completion of the one-year Step Program, associates in pay grades one (1), two (2) and three (3) will, effective with the May 2006 annual wage increases, receive an annual pay increase of between thirty-five cents (35¢) and fifty cents (50¢). Such associates in pay grades four (4), five (5), six (6) and seven (7) will, effective with the May 2006 annual wage increase, receive an annual pay increase of between forty-five cents (45¢) and sixty cents (60¢).

For those employed in the Baltimore Distribution Center, following completion of the one-year Step Program, associates in pay grades one (1), two (2), three (3) will, effective with the May 2007 annual wage increases, receive an annual pay increase of between thirty cents (30¢) and forty-five cents (45¢). Such associates in pay

grades four (4), five (5), six (6), and seven (7) will, effective with the May 2007 annual wage increase receive an increase of between forty cents (40¢) and fifty-five cents (55¢).

For those employed in the Baltimore Distribution Center, following completion of the one-year Step Program, associates in pay grades one (1), two (2), three (3) will, effective with the May 2008 annual wage increases, receive an annual pay increase of between thirty cents (30¢) and forty-five cents (45¢). Such associates in pay grades four (4), five (5), six (6), and seven (7) will, effective with the May 2008 annual wage increase receive an increase of between forty (40¢) and fifty-five (55¢).

The one year Step Program remains the same. If subsequent to the effective date of this Collective Bargaining Agreement, the Company increases the wage rates in the Step Program at the Baltimore Distribution Center, the increase will be recited and included in a Side Letter with the Union.

The one-year Step Program at the Baltimore Distribution Center is as follows:

<i>Grade</i>	<i>Start</i>	<i>6 Mos.</i>	<i>12 Mos.</i>
1	6.00	6.25	6.50
2	6.25	6.50	6.75
3	6.25	6.50	6.75
4	7.25	7.50	7.75
5	7.00	7.25	7.50
6	8.00	8.25	8.50
7	8.00	8.50	9.00

6.2 (a) Effective as of the ratification of this Collective Bargaining Agreement, associates currently paid on a draw against commission basis shall be compensated at the following applicable commission rates for the term of the Agreement:

<i>Department</i>	<i>Commission Rate</i>	
	<i>Regular Full-time</i>	<i>Regular Part-time &amp; Part-time</i>
Furniture & Bedding & Area Rugs (hired/trans. prior to 8/28/94)	7.0%	5.8%
Furniture & Bedding & Area Rugs (hired/trans. on or after 8/28/94)	6.0%	5.0%
Men's Clothing	7.8%	6.3%
Men's Shoes	9.7%	7.7%
Men's Athletic Shoes (employed prior to 4/4/04)	9.7%	7.7%
Men's Athletic Shoes (employed/trans 4/4/04 or after)	5.0%	5.0%
Ladies' Shoes (employed prior to 8/1 /92)	11.0%	8.8%
Ladies' Shoes (employed/trans. 8/1/92 or after)	10.0%	8.0%

Women's Athletic Shoes	5.0%	5.0%
Luggage (only comm. when combined with another major comm. dept., prior to 1/1/94)	6.5%	5.2%
** (After 1/1/94, non-comm. mdse. only, and must be paid at the non-commission rate.)	3.0%	2.4%

Non-commission Merchandise

39 Outlets/Warehouse Sales (all)	3.5%	3.5%
Stores (select merchandise)	3.0%	2.4%

Service Contracts

Fabricoate Dept. 760	21.2%
Carpetcoate Dept. 625	20.0%

Salary plus Commission

Departments (not commission against draw)

Cosmetics & Fragrances	Salary + 3%
	Intersell - 2%
Children's Shoes (select stores)	Salary + 3%



6.2(b) Associates paid on the basis of draw against commission:

(1) Will be provided a training guarantee of sixty (60) days in Big Ticket and thirty (30) days in Ladies Shoes, Men's Clothing and Men's Shoes.

(2) Shall not be required to report to work earlier than thirty (30) minutes prior to the actual opening of their store;

(3) Can be required to attend training sessions outside normally scheduled hours with pay based on average hourly rate (with a minimum of two (2) hours pay for such training held at a location other than the associate's assigned store and a minimum of three (3) hours pay for such training held at the Company's Joppa Training facility);

(4) Shall be required to take a lunch break consistent with Company staffing requirements;

(5) Shall be required to leave the selling floor at the end of their normally scheduled work day, except when in the process of completing a sale or with the specific approval of their supervisor;

(6) Shall have any deficit balance, resulting from their draw exceeding their commission, deleted from their commission earnings.

(7) Shall have a charge-back against their account for any refunds or credit on merchandise sold by them in all instances, except for returns over ninety (90) days, which will not be charged back to any draw against commission or salary plus commission associate. The guidelines used

to determine if a return is ninety (90) days is as follows:

- (i) The governing dates for the ninety (90) day determination is the period between the date the sale is validated and the date the call was placed by the customer to pick up the merchandise.
- (ii) If a credit on a return is not validated properly when merchandise is originally returned, the ninety (90) day determination will be the original return date in relation to the date the sale was validated.
- (iii) If a customer places a call to an associate to cancel merchandise and the cancellation is not processed, the ninety (90) day determination will be from the date the sale was validated to the date the customer originally called to cancel.

(8) Unidentified returns will be prorated and charged back to the associates in the department and in the store where the return was credited.

(9) Except as specifically stated, commission sales associates will be paid in accordance with the Company's Commission Compensation policies and procedures.

6.3 The Company also has the right to grade a new associate on past experience and skill and start said associate at such level in his/her grade as it deems appropriate.

6.4 Notwithstanding the provisions of Sections 6.1 through 6.3, the Company shall have

the right to pay an associate at a higher rate in order to procure or retain his services.

6.5 Any money or other incentive compensation received from a vendor of the Company for distribution to associates as an incentive shall be distributed to the associates in accordance with the terms agreed to between the Company and the vendor.

6.6 Work by draw against commission associates at Warehouse sale events will be on a voluntary basis.

## **ARTICLE 7**

### **Overtime**

7.1 All hours worked by associate hired prior to June 19, 2005, in excess of either eight (8) hours in a day or in excess of forty (40) hours in a work week (thirty-two (32) hours in a work week in which an associate receives holiday pay as provided in Article 11 for a holiday recognized in Section 11.1) shall be paid for the overtime rate except as provided in Section 7.2. Provided however, that the daily overtime rate shall not apply to an associate who works a regular schedule of four (4), ten (10) hour days. Such schedules shall not be implemented, however, without the consent of the Union. Associates hired on or after June 19, 2005, shall be paid the overtime rate for hours worked in excess of forty (40) hours in a work week (thirty-two (32) hours in a work week in which an associate receives holiday pay).

For associates hired after June 19, 2005, eliminate references to overtime after eight (8) hours and to daily overtime.

7.2 Associates compensated on a draw against commission basis shall not be paid at the overtime rate for hours covered by Section 7.1, unless required by law.

7.3 Unscheduled overtime shall be offered to associates in the department who are working on the shift when the overtime need occurs by seniority in the following order; full-time, regular part-time and part-time, provided that the associate(s) is able to perform the work. When sufficient volunteers are not available, in a department, then overtime shall be assigned in each department on an equitable basis to the extent this is practicable.

Scheduled overtime shall be assigned to associates in each department on the basis of ability to perform the work by seniority. If no specific skill is required by the Company to perform the work, scheduled overtime shall be offered in each department on a voluntary basis by seniority. When sufficient volunteers are not available in a department, then overtime shall be assigned in each department by inverse order of seniority.

7.4 There shall be no duplication or pyramiding in the computation of overtime and other premium pay, and nothing in this Agreement shall be construed to require the payment of overtime or premium pay more than once for the same hours.

7.5 Except during the Christmas season and the inventory periods, an associate shall have a minimum of ten (10) hours between the end of a scheduled shift and the beginning of his/her next scheduled shift. Unless mutually agreed otherwise between the associate and the Company, any associate required to work any hours in this prohibited ten (10) hour period shall be paid for all such hours at twice the associate's regular rate of pay in lieu of any other overtime or premium pay.

## **ARTICLE 8**

### **Working Conditions**

8.1 The Company shall provide associates with reasonably safe and comfortable working conditions that are in full compliance with all applicable legal requirements.

8.2 The treatment of associates by their supervisors shall at all times be proper and associates shall be accorded that degree of courtesy and consideration that is appropriate under the circumstances. Associates shall be under a reciprocal duty and obligation with regard to the supervisory personnel of the Company.

8.3 The Company agrees to pay any costs associated with any medical examination or health permit required by the Company, except in the case of an associate validating, an absence or leave for medical reasons, or returning from an illness.

8.4 Stock work, as well as maintenance of work areas, fitting rooms, merchandise, fixtures

and register areas are required in each selling department and shall to the extent practicable, be equally distributed among the associates assigned thereto.

8.5 The Company agrees to cooperate with the Union to ensure a safe working environment for its associates, and in furtherance thereof, agrees to furnish the Union upon its request, available statistical information pertaining to occupational injuries and illness.

8.6 No later than October 1, 2000, the Company shall provide associates with "daily use" lockers to secure their handbags and like articles. Associates shall supply their own locks which must be removed daily. In no event shall the Company be responsible for the property of associates.

8.7 An associate shall not be responsible financially for the acceptance of a customer's check or credit card, except in the case of proven theft, fraud or collusion. In the event that he/she does not follow and conform to the Company's policy with regard to such transaction, the associate shall be subject to discipline as per company policy.

8.8 The Company shall bear all expenses in connection with any training or training program for which it requires an associate to participate.

8.9 The Company shall not use any polygraph psychological stress evaluator, or similar device in testing applicants.

8.10 Every associate working a shift of five (5) hours or more shall be entitled to one (1) break of fifteen (15) minutes with pay. Every associate working a shift of more than six (6) hours shall be entitled, in addition to the fifteen-minute (15-minute) break, to one uninterrupted unpaid meal period of not less than one-half (1/2) hour or more than one (1) hour, depending on the length of the shift, in addition to necessary restroom breaks.

## **ARTICLE 9**

### **Probationary Period and Termination**

9.1 Each full-time associate hired or rehired after termination shall be considered on probation until completion of ninety (90) calendar days of employment. Each part-time and regular part-time associate hired or rehired after termination shall be considered on probation until completion of one hundred twenty (120) calendar days of employment. During and at the end of the probationary period, the Company may at its discretion terminate any such probationary associate, and such termination shall not be subject to the provisions of Articles 16 and 17.

9.2 Without in any way limiting the rights of the Company under Article 1, it is agreed that the following shall be just cause for immediate discharge of an associate, subject to proof thereof in the event such discharge is contested under Articles 16 and 17:

(a) Use of intoxicants at work or reporting to work under the influence thereof;

(b) Use or possession of non-medically prescribed narcotic drugs at work or reporting for work under the influence thereof;

(c) Possession of firearms or concealed weapons at work;

(d) Theft or dishonesty of any nature;

(e) Conviction of a crime other than traffic offense (forfeiting bail or collateral shall be deemed the equivalent of conviction); and

(f) Fighting, insubordination or other activity justifying immediate discipline.

9.3 The Company may consider an absence by an associate without notice for three (3) working days, as a voluntary quit or termination of employment.

9.4 The Company shall provide each associate permanently laid off, one (1) week's notice, or at the option of the Company, one (1) week's pay. In addition, associates who are permanently laid-off shall receive severance pay of one full week's pay for every completed year of service as of their anniversary date of employment. An associate is considered 'permanently' laid off if he/she is told his/her services are no longer required or he/she will not be scheduled for two months or if, in fact, he/she is not scheduled for two months.

In the event of a store closing or subcontracting, the Company will make every reasonable effort to place associates in available positions giving due consideration to seniority, status, hourly rate, ability and qualifications. Associates



who are not placed and are laid-off as a result of the associate's position being subcontracted or the closing of a store or location which results in the discontinuance of its operations, shall receive in addition to one week's notice or pay in lieu thereof, severance pay of one full week's pay for every completed year of service as of their anniversary date of employment. Severance is not payable to any associate who is laid-off as a result of that associate's refusal to accept an offer of employment in that location, or another location within a reasonable commuting distance, which includes maintaining the associate's employment status and hourly rate of pay.

## **ARTICLE 10**

### **Vacations**

10.1 Vacation will be earned and taken during a "vacation year" running from May 1 to April 30. All full-time and regular part-time associates shall earn and be eligible to take vacation with pay in each completed vacation year for continuous service as a full-time or regular part-time associate as of each May 1. At any time after an associate has been in a full-time or regular part-time status for six (6) continuous months, he/she will also be credited with part-time service which occurs after he/she has been in a full-time or regular part-time status for purposes of determining "continuous service", provided that there has been no break in full-time, regular part-time, and part-time service of greater than six (6) months. Effective May 1, 2001, any additional vacation entitlement resulting from credit

for part-time service, as described above, shall become available to associates on May 1, 2001 and each May 1 thereafter.

As of each May 1, each eligible full-time and regular part-time associate, except where previously grandfathered policies (see Appendix "A" attached hereto and made a part of this agreement) would provide greater benefits, will be eligible to vest in and earn vacation as follows:

<i>Completed Continuous Service as of May 1</i>	<i>Vacation</i>
6 months	1 week
2 years	2 weeks
5 years	3 weeks
15 years	4 weeks
25 or more years	5 weeks

Vacation Pay for any week is calculated based upon the associate's scheduled hours times the straight time hourly rate of pay earned by the associate at the time of vacation.

10.2 For associates with six (6) months of continuous service as a full-time or regular part-time associate as of the eligibility date below, vacation entitlement will be as follows:

<i>First Month Coincident With or Following Hire Date</i>	<i>Six-Month Eligibility Date</i>	<i>Maximum Vacation Days To Be Taken From Eligibility Date to The Next May 1</i>
November 1	May 1	5 days
December 1	June 1	5 days
January 1	July 1	4 days
February 1	August 1	4 days
March 1	September 1	3 days
April 1	October 1	3 days
May 1	November 1	3 days
June 1	December 1	2 days
July 1	January 1	2 days
August 1	February 1	1 day
September 1	March 1	1 day
October 1	April 1	0 days

Vacation pay for any week is calculated based upon the associate's scheduled hours times the straight time hourly rate of pay earned by the associate at the time of the vacation. However, no eligible associate with service less than one (1) year shall be entitled to payment of vacation upon termination.

10.3 Eligible associates will accrue one-twelfth (1/12) of their annual vacation entitlement on May 1, and one twelfth (1/12) of their annual vacation entitlement on the first day of each successive month of that vacation year.

10.4 Vacations shall be taken during the vacation year at the time specified by the Company. Once vacations have been formally scheduled, changes shall only be made with the mutual consent of the Company and the associate involved in the change.

10.5 Associates who terminate, for any reason other than retirement, shall be entitled to receive payment for all accrued but unused vacation. Vacation will be paid at the rate of one twelfth (1/12) for each month worked between May 1 and the termination date minus any vacation taken by the associate. However, no eligible associate with service of less than one (1) year shall be entitled to payment of vacation upon termination.

10.6 Associates who retire from the Company under the terms and conditions of The May Department Stores Company Retirement Plan and who will be receiving a retirement benefit, shall be considered to be 100% vested in their current

vacation year Maximum Vacation Entitlement, regardless of the effective retirement date and shall be entitled to receive payment for all vested but unused vacation.

10.7 For associates who are eligible to receive holiday pay, it is agreed that whenever a Holiday falls within an associate's vacation period, and occurs on a day which is within an associate's regularly scheduled work week, the associate shall be paid holiday pay for that holiday. Alternatively, the associate, with at least two (2) weeks notice in advance of the holiday, may elect to receive an additional day off with pay to be scheduled within sixty (60) days of the holiday. The Company will make every reasonable effort to approve such time off requests within forty-eight (48) hours of the request.

10.8 For each vacation day taken, full time associates and regular part-time associates will be paid for their regularly scheduled hours. An associate cannot receive pay in lieu of taking vacation.

10.9 Associates on a draw against commission basis of compensation will receive vacation with pay computed on average hourly earnings.

10.10 The period during which vacations may be taken during a vacation year and the number of associates permitted to be on vacation during any week shall be established by the Company for each department. The Company agrees that no more than nine (9) weeks shall be restricted by it in any one vacation year in any department as a period in which vacations may not be selected.

10.11 The Company shall notify associates of their vacation eligibility at the commencement of each vacation period. Consistent with the Company's staffing program, associates will be allowed to select their vacation not less than eight (8) weeks in advance of the date for the commencement of their vacation. The Company will provide a response (approval or denial) within one (1) week of receiving notice of the selection. The Company will not unreasonably deny an associate's vacation request. In the event of a conflict in the selection of vacation between or among associates, vacation selections will be approved in order of request on the basis of Company seniority (as defined in section 4.1). Once the Company has approved an associate's vacation, the Company may not require the associate to change his/her vacation schedule. However, the vacation schedule may be changed upon the mutual consent of the associate and the Company.

With management approval, associates may take their current annual vacation entitlement in advance of it being earned and vested.

10.12 In cases where the Company denies an associate within a given vacation year his vacation, and the associate fails to reschedule his/her vacation by June 1 of the following vacation year, the Company will schedule that associate's vacation prior to August 1. If an associate fails to request earned vacation by March 1 of each vacation year, the Company will schedule that associate's vacation prior to the end of the vacation year.

## **ARTICLE 11**

### **Holidays and Personal Days**

11.1 The Company agrees to observe the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

~~11.2 When a holiday falls on a Sunday, and the location or facility is closed, it shall be celebrated on the following Monday.~~

11.3 On or after one (1) year of continuous service as a full-time or regular part-time associate, each full-time and regular part-time associate shall earn and accrue two (2) personal days per calendar year. At any time after an associate has been in a full-time or regular part-time status for at least one (1) year, he/she will also be credited with part-time service which occurs after he/she has been in a full-time or regular part-time status for purposes of determining "continuous service", provided there has been no break in full-time, regular part-time, and part-time service of greater than six (6) months. The personal days shall be awarded and available on the first pay day of January and once awarded, personal days must be taken by December 31st of each calendar year. Unused personal days shall not be paid on December 31st or carried over.

Associates hired prior to 7/1/93 and who have continuously maintained their status as full-time or regular part-time associate are eligible for six (6) personal days per year. At any time after such an associate has been in a full-time or regular part-time status for six (6) continuous

months, he/she will also be credited with part-time service which occurs after he/she has been in a regular full-time or regular part-time status for purposes of determining "continuous service", provided there has been no break in full-time, regular part-time, and part-time service of greater than six (6) months. Effective January 1, 2001, any additional personal day entitlement resulting from credit for part-time service, as described above, shall become available to associates on January 1, 2001 and each January 1 thereafter. The personal days shall be awarded and available on the first pay day of January and once awarded, personal days must be taken by December 31st of each calendar year. Unused personal days shall not be paid on December 31st or carried over.

Personal days may be used by an associate for any purpose, and may be selected at any time after being awarded. Associates should, whenever possible, provide advance notice to the Company. The Company shall make every reasonable effort, consistent with operating requirements, to allow an associate who so desires to utilize a personal day on Martin Luther King's birthday. For each personal day taken, eligible associates will be paid their regular rate for their regularly scheduled hours.

In the event an eligible associate's employment is terminated, the associate will be paid for unused personal days as follows: (a) up to two (2) personal days as of January 1, provided that the associate has not already used such personal days in the calendar year of his separation and (b) for an eligible associate hired before July 1,



1993, one personal day for each calendar quarter of completed service in the year of his/her separation to the extent that such personal days have not already been used.

11.4 For purposes of computing holiday pay, eligible full-time and regular part-time associates will be paid at their regular rate for their regularly scheduled hours. Associates paid on a draw vs commission basis will be paid their average hourly rate. Eligible part-time associates will be paid their regularly scheduled hours for the holiday provided that the holiday falls on the part-time associate's regular work day.

11.5 In order to be eligible for holiday pay, an associate (a) must be in a full-time, regular part-time or part-time status (including floaters) and must have at least one hundred eighty (180) days of continuous service and (b) must have worked his/her last scheduled work day before and his/her first scheduled work day after the holiday, except in the case of proven illness or accident preventing the associate from working. To receive holiday pay, appropriate medical documentation will be required even if the associate uses an unscheduled personal day for an absence on his/her last scheduled workday before the holiday, including the holiday (if scheduled) and his/her first scheduled workday after the holiday.

11.6 Nothing in this Article shall restrict the Company's right under Article 1, including the right to determine the hours and days of operation of its store and facilities.

11.7 The Company shall not change an associate's work schedule for the purpose of avoiding holiday pay.

11.8 Holiday work shall be scheduled based on the Company's staffing schedules and rotations. Holiday work will be scheduled so as to equally distribute holiday assignments among associates. The Company will make every reasonable effort to grant an associate's request for time off for a specific holiday.

11.9 Eligible non-commission associates who work on a holiday shall be paid time and one half (1-1/2) for hours worked on the holiday. Associates paid on the basis of draw against commission who work on a holiday shall be compensated at \$8.15 per hour, plus commissions earned on the holiday. In addition, the associate may elect to receive one of the following: (a) holiday pay, or (b) an additional day off with pay to be scheduled within sixty (60) days of the holiday. The Company will make every reasonable effort to approve such time off requests within forty-eight (48) hours of the request, provided the request is received with at least two (2) weeks' notice in advance of the week in which the holiday falls.

## **ARTICLE 12**

### **Sick Leave**

12.1 The Company will provide sick leave with pay to full-time and regular part-time associates.

12.2 All full-time and regular part-time associates who have completed twelve (12) months of continuous service shall be eligible for sick leave with pay, For the purpose of computing said twelve (12) months of continuous service, associates on authorized leaves of absences shall be included in the computation.

12.3 All costs and expenses for sick leave shall be borne by the Company.

12.4 (a) For associates hired prior to June 19, 2005, the Company shall continue to provide benefits to covered associates in accordance with the following benefit level and schedule:

<i>Continuous Regular Service</i>	<i>Waiting Period Per Illness</i>	<i>Yr. Scheduled Work Days Paid at 60%</i>
1-3 Years	3 Days	55 Days
3-5 Years	2 Days	80 Days
5-10 Years	1 Day	115 Days
10-15 Years	0	130 Days
15-20 Years	0	155 Days
20 Years and over	0	180 Days

(b) For full-time and regular part-time associates hired on or after June 19, 2005, the Company will provide sick leave benefits in accordance with the following benefits level and schedule:

Effective First day of the month following six (6) months continuous regular service.

Benefit After an absence of three (3) consecutive scheduled work days, pays 60%

up to 13 weeks per year, based on scheduled hours.

(c) The Company's Long Term Disability Plan, in effect as of May 1, 2005, will continue in effect through the life of this Collective Bargaining Agreement.

12.5 Benefits for associates shall be computed at 60% of their regular hourly pay, except benefits for associates paid on a draw against commission basis shall be computed at 60% of the associate's average hourly rate. Benefits shall not be interrupted or discontinued as a result of the occurrence of a holiday during the course of a disability or sickness, as an associate on sick leave is not eligible for holiday pay.

12.6 The Company shall have the right to request satisfactory medical certificate and to verify any claim for benefits.

12.7 Eligibility for benefits and the payment of benefits for an actual current sickness or disability shall cease when an associate retires.

12.8 Sick benefits shall not be payable in the case of a work connected injury or sickness compensable under any applicable workers' compensation law. However, during any statutory waiting period before the commencement of payments under such a law, an associate, if otherwise qualified and entitled to benefits, shall have the right to apply for benefits.

## ARTICLE 13

### Benefits

13.1 The parties agree that the provisions of The May Department Stores Company Profit Sharing Plan and The May Department Stores Company Retirement Plan, in effect July 1, 1995, as supplemented, restated and amended, and as the same may in the future be supplemented or amended in accordance with their provisions, are included in and made part of the Agreement.

13.2 The May Department Stores Company Retirement Plan ("May Retirement Plan"). An associate is eligible to join the May Retirement Plan if he/she is at least twenty-one (21) years old and has worked for May at least one (1) year in which he/she was paid for one thousand (1000) or more hours.

If the 1000 hours requirement is met in the first year of employment, the associate becomes a member of the Plan on the first day of the following January, April, July or October, if the 1000 hour requirement is not met in the first year of employment, the associate will become a member on the January lot which follows the first calendar year in which he/she is paid for 1000 hours.

Plan members receive a year of vesting service under the Retirement Plan on each anniversary of their hire date with May (excluding certain break-in-service periods). For the first year of the Agreement, service for Woodward and Lothrop incorporated will be considered as ser-

vice for eligibility and vesting under the May Retirement Plan.

An associate will qualify for lifetime discount offered to other Hecht's retirees if he/she retires from The May Department Stores Company at age 55, with ten (10) years of service, and is eligible to receive a benefit under the May Retirement Plan.

13.3 The May Department Stores Company Profit Sharing Plan ("Profit Sharing Plan" or PSP). Every member of The May Department Stores Company Retirement Plan is eligible to enroll in the Profit Sharing Plan on the first day of the calendar quarter coinciding with or next following the date he/she becomes a Retirement Plan member.

Plan members receive a year of vesting service under the May Profit Sharing Plan on each anniversary of their hire date with May (excluding certain break-in-service periods). For the first year of the Agreement, service for Woodward and Lothrop incorporated will be considered as service for vesting under the May Profit Sharing Plan.

13.4 Notwithstanding the terms of this Agreement or any other agreement between the Company and the Union, or any amendment, supplement or modification thereof, and notwithstanding the termination data of this Agreement or of any future agreements between the parties, it is agreed that until such time as the PSP or the Retirement Plan may be terminated in accordance with its provisions, the Company shall be under

no obligation, legal or contractual, to bargain or negotiate with the Union on any supplement or amendment of PSP or the Retirement Plan, or any other pension, retirement or profit sharing plan. Notwithstanding any other contractual or legal provisions, it is agreed that all questions arising in the administration, interpretation and application of PSP or the Retirement Plan shall be determined exclusively by and in the sole discretion of the PSP or the Retirement Plan Administrative Committee or the Company as the case may be, in accordance with the provisions of PSP or the Retirement Plan and the regulations and procedures established thereunder and all such determinations shall be final and binding on all persons. No disputes or disagreements with respect to or arising in any way under the provisions of PSP or the Retirement Plan shall be subject to the grievance procedures set forth in Article 23 of this Agreement or the arbitration procedures set forth in Article 24 of this Agreement.

13.5 (a) To the extent that such an associate is currently participating in a medical, life, disability, sick leave or any other welfare plan, e.g. dental and vision, such associate shall be eligible to participate in a corresponding Company plan, if any, with no lapse in the period of coverage, provided all applicable premiums and other plan requirements are met. Except as provided above, all associates entering a medical or life plan or program of the Company shall be treated as new associates only for purposes of premium payments, deductible payments and out of pocket maximums.

(b) Full-time associates (on a weekly schedule of 35 hours or more) and regular part-time associates (on a weekly schedule of 20 - 34.9 hours) who are eligible for, and elect to participate in, the May Choice Plan, the applicable Health Maintenance Organization (HMO), or the Part-time Medical Plan, shall contribute at the current cost sharing percentage of the applicable gross premium rate. Any premium increases for medical coverage will be shared on a fifty-fifty (50-50) basis. Full-time and regular part-time associates who elect to participate in the May Dental Care Plan or the Vision Care Plan will contribute at a cost sharing rate of 100% of the gross premium rate.

(c) No retiree medical, life or other welfare benefits will be provided.

(d) The Company reserves the right to unilaterally amend, modify, or terminate any such retirement or profit sharing plan without seeking Union consent. However, it is understood by the parties that the Company will offer a suitable plan equivalent to the plan offered or made available to any non-represented hourly associates of The Hecht Company.

13.6 The Company agrees to reimburse associates who use their privately owned automobiles on Company business at the rate paid by the Company.

13.7 The Company agrees to continue, for associates, the privilege of purchasing at the Company's present discount rate, and in accordance with the Company's practice, an amount



of merchandise equal at retail prices to seventy-five percent (75%) of each associate's annual compensation. Annual compensation is defined as the earnings stated on an associate's W-2 form for the prior full calendar year, or in the event an associate was not so employed for such period, then an associate's regular rate projected on an annual basis, except for associates paid on a draw against commission basis, in which event department average earnings projected on an annual basis shall be used. In the sole discretion of the Company, the discount privilege may be withdrawn from an associate during any period in which the associate is delinquent in making payments on his account with the Company.

13.8 A leave of absence of up to four (4) calendar days with pay will be granted to a regular associate due to a death in the associate's immediate family. Immediate family is defined as mother, father, wife, husband, child, sister, brother, or any relative residing in the associate's household.

13.9 A full-time or regular part-time associate actually summoned to jury duty shall be granted time off for such and shall be paid the difference, if any, between his/her regular rate of pay for his/her normal schedule and the amount received for jury duty for every day of jury service that falls on an associate's regular scheduled day of work. Any associate who is excused from jury duty must return to work provided there is half of his/her regular work schedule remaining after his/her jury duty.

## **ARTICLE 14**

### **Leave of Absence**

14.1 An associate may be granted a leave of absence without pay for personal, medical or maternity reasons at the Company's discretion consistent with FMLA and the Washington D.C. Medical Leave Act of 1990 and subject to its operating needs on such terms and conditions as to which may be agreed.

14.2 In order to be eligible for a personal leave of absence, an associate must have completed one (1) year of continuous regular service and there must be reason to expect a return to work at the completion of the leave.

14.3 An associate on an authorized leave of absence shall retain all accrued seniority.

14.4 An associate who does not return on time from an authorized leave of absence may be considered by the Company to have voluntarily quit or resigned.

14.5 An associate shall apply for a leave of absence on forms provided by the Company and no leave shall be considered authorized unless approved in writing by the Company prior to the commencement of the leave.

14.6 Except in the case of an FMLA leave of absence for an associate, the normal period of a leave shall not exceed a period longer than one (1) month for each full year of regular service prior to the leave of absence.

14.7 Medical leave requests will require a written request properly attested to by a licensed physician.

14.8 Associates shall not be granted more than one (1) leave of absence in any twelve (12) month period, except in the case of FMLA leave, and a successive leave of absence may not be granted within six (6) months of the return to work from a prior leave of absence.

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## **ARTICLE 15**

### **Military Duty**

15.1 Any associate required to attend any United States Reserve Military training camp or program shall suffer no loss of pay by such attendance, provided such training period does not exceed two (2) weeks per calendar year. The Company agrees to compensate such an associate for the difference, if any between his/her pay as computed for vacation purposes under this Agreement and the total compensation and allowance received for his/her military duty for up to two (2) weeks.

## **ARTICLE 16**

### **Union Activity**

16.1 It is agreed that associates shall not engage in Union activity on working time or at any time in working areas of the Company.

16.2 Associates designated or selected as Union representatives or shop stewards shall, consistent with the operating needs of the Com-

pany, be granted time off without pay to conduct Union business, provided they first receive advance approval or permission from the Company.

16.3 Non-associate, Union representatives shall have reasonable access to the Company's stores and facilities for the purpose of administering this Agreement. Representatives of the Union shall notify the store or facility manager or his/her designated representative upon entering the store or facility.

16.4 The Union shall have the right to appoint shop stewards at each present store or facility of the Company.

16.5 A shop steward shall perform such duties as assigned by the Union, including the reporting of all irregularities to the Union, provided however, that any such irregularities shall first be reported to the applicable store or facility manager.

16.6 A shop steward shall not be discriminated against for discharging his/her duties, provided such duties do not unreasonably interfere with his/her regular performance of work for the Company.

16.7 Subject to the limitation in number of two (2) shop stewards for each floor of every facility, a shop steward shall not be transferred from his/her store or facility or from his/her assigned job without the written consent of the Union, except in the case of promotion.

16.8 Subject to the limitation in number of two (2) shop stewards for each floor of every facility, the Company shall grant shop stewards two (2) days off per calendar year with pay, to attend shop steward training and education, subject to a maximum of one (1) per floor, with a total of not more than two (2) from any store or facility. The Union shall notify the Company at least two (2) weeks in advance of any such absence and shall certify to the Company the attendance of shop stewards.

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16.9 Two (2) times each year, at times mutually agreed upon between the Union and the Company, the Union shall notify the Company in writing of the names of the shops stewards who are subject to the benefit of Sections 16.7 and 16.8.

16.10 The Company agrees to provide the Union a bulletin board at its present stores or facilities for the posting of notices relating to Union business.

16.11 The employer will grant union leaves of absence, upon request by the Union, to two (2) associates for the purpose of conducting business. Such leaves of absence may be up to four (4) months and will be without loss of seniority, wages, or benefit eligibility upon return from leave of absence.

16.12 One Shop Steward at each location shall have seniority in all cases of layoffs or reduction in hours. The Union shall notify the Company in writing of the name of the shop steward who is subject to this section.

## **ARTICLE 17**

### **No Strike and No Lockout**

17.1 For the duration of this Agreement, the Union, its officers, agents, representatives and members, and the associates of the Company, shall not in any way, directly or indirectly, authorize, cause, assist, encourage, participate in, ratify, recognize or condone any strike, sit down, sit in, slow down, cessation or stoppage or refusal of work, boycott, picketing or similar, activity, interference with the operations of the Company, or interruption of the operation of the Company for any purpose. inciting or inducing or participating in any such activity by any associate shall constitute cause for immediate discharge.

17.2 In the event any activity prohibited by Section 15.1 occurs, the Union, within twenty-four (24) hours of a request by the Company, shall:

- (a) Publicly disavow such activity;
- (b) Advise the Company in writing that such activity has not been sanctioned;
- (c) Notify associates of its disapproval of such activity and instruct them to cease such activity immediately; and
- (d) Prepare and have posted, notices on Union bulletin boards that such activity is not sanctioned and the Union disapproves of it.

17.3 For the duration of this Agreement, the Company agrees that it shall not lockout its associates for any purpose.

17.4 For the duration of this Agreement, there shall be no exception, direct or implied, to the obligation imposed by Sections 17.1 through 17.3.

## **ARTICLE 18**

### **Grievance Procedure**

18.1 A grievance shall be defined as any dispute which may arise between the parties concerning the application, interpretation, performance or alleged breach of a specific provision of this Agreement including alleged abuse of discretion by a supervisor in the treatment of an associate.

18.2 A grievance shall be processed in the following manner;

*Step 1:* The Union steward or other authorized Union representative, with or without the associate, shall present the grievance to the associate's store manager or designee so that it is received within fifteen (15) days of the date of the grievance. The date of presentation of the grievance shall be recorded on a form provided by the Company. The store manager or designee shall attempt to Adjust the matter and shall respond to the steward and/or authorized representative within five (5) days of the date on which the grievance was filed. If the grievance is not settled at Step 1, then the Union may appeal.

*Step 2:* The Union steward or authorized Union representative may appeal the Step 1 decision by submitting such appeal in writing on a

form provided by the Company, which must be received within ten (10) days after receipt by the Union of the Step 1 decision, to the Company's Senior Vice President of Human Resources or designee. The Senior Vice President or designee shall issue a written response to the Union steward or authorized Union representative within five (5) days of receipt of the grievance. If the grievance is not settled at Step 2, then the Union may appeal to arbitration by appealing the Step 2 decision within ten (10) days after the Company's answer.

18.3 All time limits specified in this Article shall be deemed to be exclusive of Saturdays, Sundays and holidays. All grievances shall be presented and/or appealed at each step within the time limitation(s) contained herein or they shall be considered waived. Unless a grievance is appealed after the Company's answer in each step within the time limitations contained herein, such grievance shall be conclusively deemed to have been settled in accordance with such answer, which shall be final and binding upon the aggrieved associate or associates and the Union. In no event may waiver or extension of any time limit hereunder be implied from any action or inaction of the Company or the Union. A waiver or extension of time shall arise only upon the express written agreement of the parties.

18.4 Meetings between the parties at any step are encouraged as an aid in resolving grievances.



## **ARTICLE 19**

### **Arbitration**

19.1 Any grievance that has been properly processed through the grievance procedure as set forth in Article 16 and has not been settled or waived therein may be appealed to arbitration by the Union by serving written notice on the Company, which must be received within ten (10) days after the Company's answer at Step 2 of the grievance procedure. The evaluation of an associate on a performance appraisal shall not be subject to grievance or arbitration. If the Union fails to serve such notice of its intention to arbitrate within this time limitation, which shall be strictly construed, it shall be deemed to have waived the arbitration and the grievance shall be considered settled. In such event, no question of arbitration shall be deemed to exist and no recourse to arbitration shall be had. As in the case of grievance procedure, no waiver or extension of time limits shall be implied by the acts of either party. A waiver or extension shall arise only upon the express written agreement of the parties. No individual associate shall have the right to invoke this arbitration procedure.

19.2 If the Union and the Company are unable to agree upon the selection of an arbitrator within ten (10) days after the notice of appeal to arbitration, the Union shall request the American Arbitration Association (with a copy to the Company) to furnish a list of not less than seven (7) arbitrators, one of whom may be designated by the parties to act as arbitrator of the grievance. If no agreement can be reached

as to the arbitrator within ten (10) days after receipt of the said list, the Union shall petition the American Arbitration Association to furnish a second list of not less than seven (7) additional arbitrators. If the parties are still unable to agree on an arbitrator, selection shall be made by the Union and then the Company representatives alternatively striking any name from the list until only one name remains. The final name remaining shall be the arbitrator of the grievance.

19.3 All time limits specified in this Article shall be deemed to be exclusive of Saturdays, Sundays and holidays.

19.4 The jurisdiction and authority of the arbitrator of the grievance and his/her opinion and award shall be confined exclusively to determine the grievance presented. The arbitrator shall have no authority to add to, alter, amend or modify any provision of this Agreement. The arbitrator shall not hear or decide more than one grievance without mutual consent of the Company and the Union. The award in writing of the arbitrator within the proper jurisdiction and authority as specified in this Agreement shall be final and binding on the aggrieved associate, the Union and the Company.

19.5 The Union and the Company shall each bear its own expenses in any arbitration proceeding, except that they shall share equally the fee and other expenses of the arbitrator in connection with the grievance submitted.

## **ARTICLE 20**

### **Successors and Assigns**

20.1 This Agreement shall be binding on all signatories hereto, and their successors and assigns, whether such status is created by sale, lease, assignment or any other type of transfer or transaction. In consideration of the Union's execution of this Agreement, the Employer promises that its operations covered by this Agreement or any part thereof shall not be sold, conveyed or otherwise transferred or assigned to any successor without first securing the Agreement of the successor to assume the Employer's obligations under this Agreement and to offer employment subject to the terms of this Agreement, to all of the Employer's then current employees, recognizing their accrued seniority for all purposes. Provided, that the Employer shall not be a guarantor or be held liable for any breach by the successor or assignee of its obligations, and the Union will look exclusively to the successor or assignee for compliance with the terms of this Agreement.

## **ARTICLE 21**

### **Miscellaneous**

21.1 The Company and the Union agree to continue existing policies of promoting equal employment opportunity and to continue to observe all laws and regulations relating to fair employment practices.

21.2 The use of personal pronouns of the male and/or female gender is for grammatical

purposes only and the Agreement applies equally to persons of either gender.

21.3 Any notification to an associate shall be deemed sufficient if made verbally in person, by written memorandum personally delivered or by mail addressed to the associate's address as listed on his personnel record. It is the responsibility of every associate to keep the Company informed of his current mailing address and telephone number.

## **ARTICLE 22**

### **Complete Agreement**

22.1 If any term or provision of this Agreement is at any time during the life of the Agreement in conflict with any applicable law, such term or provision shall continue in effect only to the extent permitted by such law. If any such term or provision of the Agreement is or becomes invalid or unenforceable, such invalidity or unenforceability shall not affect or impair any other term or provision of this Agreement and the remaining terms and provisions shall continue in full force and affect for the duration of the Agreement.

22.2 The express provisions of this Agreement for its duration contain the complete and total contract between the Company and the Union with respect to rates of pay, wages, hours of work and all other terms and conditions of employment. It is agreed that this Agreement can only be added to, detracted from, altered, amended or modified by a document in writing,

signed on behalf of the parties hereto by their duly authorized representatives. Both parties have had full opportunity to negotiate concerning every aspect of wages, hours and working conditions. Any such matters not specifically covered by this Agreement shall remain within the sole right and discretion of the Company, and during the term of this Agreement and any extension thereof, the Company may not be required to negotiate with respect to such matters.--

## **ARTICLE 23**

### **Duration**

23.1 This Agreement shall become effective as of June 19, 2005, (effective date) and shall continue in full force and effect until June 18, 2008, and shall continue in effect from year to year thereafter, unless either party serves written notice on the other which is actually received more than sixty (60) days prior to June 18, 2008 or June 18 of any year thereafter of a desire to terminate or change the Agreement. In the event either party serves such notice, the parties shall immediately commence negotiations, and pending termination of the negotiations or expiration of the Agreement whichever is later, the terms and conditions of the Agreement shall continue, provided that either party may, in its own discretion, by seven (7) days written notice, unilaterally terminate said negotiations whenever it so desires after the expiration date of the Agreement.

FOR THE COMPANY:



8.17.05

Bruce P. Kelso  
Senior Vice President-Human Resources  
Hecht's

Date

FOR THE UNION:



8/29/05

C. James Lowthers  
President  
UFCW Local 400

Date

**APPENDIX A**  
**ARTICLE 10 - GRANDFATHERED VACATION POLICIES**

<i>Associate Status Type</i>	<i>Weekly Hours</i>	<i>Vacation Eligibility Date</i>	<i>Hours Worked During Prior Calendar Year</i>	<i>Eligibility</i>	<i>Vacation Benefits</i>	
					<i>Continuous Regular Service as of May 1</i>	<i>Annual Vacation Amount</i>
F or C	35-40	Prior to 7/1/93	Not Applicable	After completion of 1 year of continuous Regular service as of May 1	1 year	1 week
					18 months	2 weeks
					5 years	3 weeks
					15 years	4 weeks
					20 years	5 weeks
F or C	35-40	7/1/93 and after	Not Applicable	After completion of 6 months of continuous Regular service as of May 1	6 months	1 week
					2 years	2 weeks
					5 years	3 weeks
					15 years	4 weeks
					25 years	5 weeks
M or C	20-34.9	Prior to 7/1/93	Minimum 1000 hours	After completion of 1 year of continuous Regular service as of May 1	1 year	1 week
					18 months	2 weeks
					5 years	3 weeks
					15 years	4 weeks
					20 years	5 weeks

M or C	20-34.9	7/1/93 and after	Minimum 1000 hours	After completion of 6 months of continuous Regular service as of May 1	6 months 2 years 5 years 15 years 25 years	1 week 2 weeks 3 weeks 4 weeks 5 weeks
X or C	0-19.9	Prior to 5/1/92	Minimum 500 hours	After completion of 1 year of continuous Regular service as of May 1	1 year	1 week (hours paid is based on total number of hours worked the previous calendar year divided by 40)
X or C	0-19.9	5/1/92 through 6/30/93	Minimum 1000 hours	After completion of 1 year of continuous Regular service as of May 1	1 year	1 week (hours paid is based on total number of hours worked the previous calendar year divided by 40)



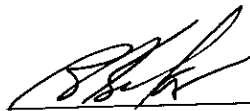
## LETTER OF UNDERSTANDING

In connection with the Collective Bargaining Agreement (Article 13) between Hecht's and UFCW Local 400 effective June 19, 2005 until June 18, 2008 the parties agree as follows:

In conjunction with the Federated/May pending merger, current benefit plans will continue until the first anniversary of the merger/change in control (CIC), except as required by law and practical considerations, e.g., no more May Stock. From the first anniversary to the third anniversary of the change in control (CIC), Federated Department Stores has agreed with May to provide a substantially comparable level of benefits in the aggregate. For associates eligible for the May benefit plans, they will receive credit for service with Federated to the same extent it was counted under the similar benefit plans provided by May. Substantially comparable level of benefits in the aggregate shall mean a suitable plan equivalent to the plan offered or made available to any non-represented hourly associates of Hecht's.

**Agreed to by:**

**On behalf of the Company:**



8.17.05

Bruce P. Kelso  
Senior Vice President-Human Resources  
Hecht's

Date

On behalf of the Union:





C. James Lowthers  
President  
UFCW Local 400

Date

## LETTER OF UNDERSTANDING

In connection with the Collective Bargaining Agreement between Hecht's and UFCW Local 400 effective June 19, 2005 until June 18, 2008, the parties agree as follows:

The Union for the term of the Collective Bargaining Agreement in effect between June 19, 2005 and June 18, 2008, agrees not to seek to represent, solicit, or accept into Union membership any associates of Hecht's, a Division of the May Department Stores Company not presently covered by the Collective Bargaining Agreement, including associates employed at the New York Avenue Distribution Center. In consideration for this commitment, the Company agrees that any store opened by Hecht's between June 19, 2005 and June 18, 2008, in Washington D.C. and the Maryland counties of Prince George's, Montgomery, Calvert, Charles, St. Mary's shall be covered by the terms of the Collective Bargaining Agreement provided that a majority of the covered associates in the new store had previously been covered by the Collective Bargaining Agreement prior to their transfer to the new store. If the new store is not staffed by a majority of formerly bargaining unit associates, the Company agrees to recognize the Union as the bargaining agent and apply the terms of the Collective Bargaining Agreement once the Union has secured majority status by a card check. Any associate transferring from a store not covered by the Collective Bargaining Agreement to one of these new stores will have the choice of whether or not to become a member of the Union.

For the term of the Collective Bargaining Agreement in effect between June 19, 2005 and June 18, 2008, Hecht's (including in this third paragraph its successors and assigns) agrees that the replacement store in Chevy Chase for the existing Chevy Chase store will be covered by the Collective Bargaining Agreement because a majority of the staff at the new store will be transferees from the existing Chevy Chase store. Further, for the term of the Collective Bargaining Agreement in effect between June 19, 2005 and June 18, 2008 Hecht's (including in this third paragraph its successors and assigns) agrees that if Hecht's (including in this third paragraph its successors and assigns) closes the Laurel Center store and identifies and builds a new location as a replacement for the Laurel Center store, such new replacement store will be covered by the terms of the Collective Bargaining Agreement provided that a majority of the covered associates in the new store had previously been covered by the Collective Bargaining Agreement prior to their transfer to the new store. If the new store is not staffed by a majority of formerly bargaining unit associates, Hecht's (including in this third paragraph its successors and assigns) agrees to recognize the Union as the bargaining agent and apply the terms of the Collective Bargaining Agreement once the Union has secured majority status by a card check. Any associate transferring to the new replacement store from a store not covered by the Collective Bargaining Agreement will have the choice of whether or not to become a member of the Union. The Union will be granted access to the replacement Laurel Center store's

employee break room, with appropriate notice to the Company, in order to make contact with associates, and the Company will remain neutral in the context of the Union's efforts to secure authorization cards. The Union will not make any remarks to the associate's that places the Company in a bad light.

**Agreed to by:**

**On behalf of the Company:**



8.17.05

Bruce P. Kelso  
Senior Vice President-Human Resources  
Hecht's

Date

**On behalf of the Union:**



8/29/05

C. James Lowthers  
President  
UFCW Local 400

Date

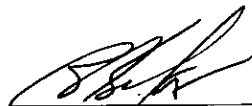
## LETTER OF UNDERSTANDING

In connection with the Collective Bargaining Agreement between Hecht's and UFCW Local 400, ratified on May 21, 2005 and effective June 19, 2005 until June 18, 2008, the parties agree as follows:

The parties will review, twice annually, the commission departments (i.e. associates paid on a draw vs commission basis) staffing levels to determine coverage and staffing concerns which may impact the earnings of associates paid on a draw vs commission basis.

**Agreed to by:**

**On behalf of the Company:**



8.17.05

Bruce P. Kelso  
Senior Vice President-Human Resources  
Hecht's

Date

**On behalf of the Union:**



8/29/05

C. James Lowthers  
President  
UFCW Local 400

Date

## LETTER OF UNDERSTANDING

In connections with the Collective Bargaining Agreement between Hecht's and UFCW Local 400, ratified on May 21, 2005 and effective June 19, 2005 until June 18, 2008, the parties agree as follows:

The following comprise the departments at the Baltimore Distribution Center:

- Receiving (unloading, GOH, pushout, fast-track)
- Flat (checkmark, material handlers, imports)
- Security cage (checkmark, material handlers)
- CTH (checkmark, rack ready, material handlers)
- GOH (marking, rack ready, material handlers)
- Baggers
- ASN Clericals
- Bulk (checkmark, material handler)
- Wrap & Pack
- Tabletop (office & stock)
- China (checkmark)
- Data Entry
- Housekeeping
- Relay (loaders, strippers, sorters)
- Maintenance engineers

**Agreed to by:**

**On behalf of the Company:**



8.17.05

Bruce P. Kelso  
Senior Vice President-Human Resources  
Hecht's

Date

**On behalf of the Union:**



8/29/05

C. James Lowthers  
President  
UFCW Local 400

Date





# UNION SHOP

*Shop Union*

UNITED FOOD & COMMERCIAL

WORKERS UNION, AFL-CIO

LOCAL  400

**C. JAMES LOWTHERS**  
PRESIDENT

**THOMAS P. MCNUTT**  
SECRETARY-TREASURER

**LOCAL 400**  
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