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**AGREEMENT
BETWEEN**

**CALIFORNIA
TEAMSTERS**



LOCALS

**78, 150, 166, 542,
572, 853, 986**

AND

**COSTCO
WHOLESALE**

February 1, 2004 through January 31, 2007



87 pages

TEAMSTERS LOCAL 986

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MEMBER SERVICE

The Employer's policy and commitment is to provide outstanding and courteous service to our members. All Employees, Union and Management, must remember the importance of providing Costco members with satisfactory shopping experiences. The Union and Employer jointly agree that this level of Member Service must be maintained through the efforts of all Employees.

COSTCO WHOLESALE - EMPLOYEE AGREEMENT

THIS AGREEMENT, entered into this 1st day of February, 2004 by and between COSTCO WHOLESALE, hereinafter referred to as the "Employer" or "Company" and TEAMSTERS LOCAL #166 and TEAMSTERS LOCAL #542, chartered by the International Brotherhood of Teamsters, hereinafter referred to as the "Union".

WITNESSETH

That the Employer and the Union acting by their duly authorized agents agree as follows:

ARTICLE I - RECOGNITION

The Company will continue to recognize Teamsters Union Locals 542 and 166 as the sole Collective Bargaining Agent for its employees who are employed at its warehouses and Central Offices within the classifications covered by this Statewide Agreement. The Company will also continue to acknowledge those Teamster Local Unions who have been assigned by Teamsters Locals 542/166 to service employees at Costco Wholesale warehouses operating in their geographical areas, as agreed to by Teamsters Locals 542/166, the Company and those Local Unions.

Teamsters Unions 542/166 shall in all events be the contracting parties with the Company and the exclusive Unions to represent and bargain for the employees, and this requirement shall apply regardless of what other Teamster Local Union may operate, or have so-called jurisdiction, in certain areas where the Company presently or in the future has a warehouse.

Without waiving the generality of the foregoing the Company shall not recognize any other Teamster Local Union for purpose of Union shop check-off or otherwise, unless mutually agreed to by the Company and Teamster Local Unions 542/166.

The other Teamster Local Unions who have been recognized to service Costco Wholesale employees and recognized to receive Union shop check-off from Costco Wholesale employees working under the Master California Costco Wholesale Statewide Agreement are as follows: Teamsters Local Union #150 for employees working in Sacramento, Placer, and Yolo Counties, Teamsters Local Union #853 for employees working in Mendocino, Sonoma, San Mateo, San Francisco, Marin, Alameda, Contra Costa, Napa, and Solano Counties, and Teamsters Locals #986 and #572 in previously agreed to areas, and Teamsters Local Union #78 in Santa Clara, San Benito, Santa Cruz, Monterey County and Kern County.

If the Local Unions or any affiliated body attempt to assign or transfer any of their rights or obligations hereunder without the Company's consent, the Employees at the locations affected shall be given the right to vote with three (3) options.

1. To remain represented by the Local Union that is presently recognized by the Company.
2. To be represented by a different Local Union.
3. To not be represented by any Union.

ARTICLE II - UNION MEMBERSHIP

(a) Membership Requirements

The Employer agrees, as a condition of employment; that all employees eligible shall become members of the Union within thirty-one (31) days after the execution of this Agreement or within thirty-one (31) days after their hire, as the case may be. All employees who become members of the Union shall remain members of the Union during

the term of this Agreement; provided, however, that in the event any State or Federal statutes or regulations shall require an election or other procedure as a condition precedent to its enforcement, then in that case this paragraph shall not become effective until such procedure or election has been complied with.

(b) Written Notice Requirement

The Union agrees that notice shall be given in writing to the Employer and employee at least seven (7) days before any regular employee is to be removed from their employment by reason of their failure to maintain their membership in good standing in the Union.

(c) Union Registration Forms

The Employer shall mail a notice to the Union of all hires and/or employees who are transferred between warehouses or from outside of the bargaining unit, within seven (7) days of the date of employment or transfer; and said notice shall contain the name, social security number, classification, wage rate, location and the date of transfer or commencement of work. The Union shall provide forms to each of the Employees' locations for this purpose.

(d) D.R.I.V.E. Democratic-Republican-Independent-Voter-Education

The Employer agrees to deduct from the paychecks of all employees covered by this Agreement voluntary contributions to D.R.I.V.E., assuming programming technology is available. D.R.I.V.E shall notify the Employer of the amount designated by each contributing employee that is to be deducted from his/her paycheck on a bi-weekly basis for all weeks worked. The phrase "for weeks worked" excludes any week other than a week an employee earned a wage. The Employer shall transmit to D.R.I.V.E. National Headquarters on a monthly basis, in one check, the total amount deducted along with the name of each employee on whose behalf a deduction is made, the employees' social security number and the amount deducted from the employees' paycheck.

The International Brotherhood of Teamsters shall reimburse the Employer annually for the Employers' actual cost for the expenses incurred in administrating the bi-weekly payroll deduction plan.

It is agreed by the parties that employees' voluntarily contributing to D.R.I.V.E. shall maintain such deduction for a minimum period of twenty-six (26) pay periods and thereafter may notify the Company and Union in writing of the date of cancellation of said deduction after said twenty-six (26) pay periods.

(e) Indemnification

The Union hereby indemnifies and defends the Employer and holds it harmless against any and all suits, claims, demands and liabilities that may arise out of, or by reason of, any action that shall be taken by the Employer for the purpose of complying with the foregoing provisions of this Article, or in reliance on any list or certificate which shall have been furnished to the Employer under any of such provisions.

(f) Exclusions

The following employees will be exempt from union membership:

Warehouse

- Warehouse Manager
- Manager in Training
- Assistant Manager (2 per location)
- Human Resources Manager
- Manager-Miscellaneous Businesses
- Front End Manager
- Assistant Front End Manager (2 per location)
- Receiving Manager
- Administrative Manager
- Merchandise Manager
- Assistant Merchandise Manager
- Area Merchandise Managers (4 per location; 1 being a night Manager)
- Marketing Manager
- Membership Manager
- Ancillary Business Manager
- Business Center Account Manager

- Opticians
- Pharmacists
- Photo Manager
- Central Operations Security Personnel
- Fleet Manager (Business Delivery)
- Assistant Fleet Manager (Business Delivery)
- Picking Manager (Business Delivery)
- Assistant Picking Manager (Business Delivery)

Office

- Office Salaried Management Staff
- Confidential Secretaries
- Employees historically excluded at Central Offices
- Computer programmers

(g) Bargaining Unit Work

It is agreed that Management as described in paragraph (f) may perform bargaining unit work in the case of safety situations, extreme absenteeism in affected departments, or to assure prompt flow of members during peak sales periods, or other production efficiencies. If a violation of this provision occurs, the employer agrees to pay six (6) hours at the straight time rate of pay to the employee in the department who was affected, if such employee can be determined. If not, the employee who filed the grievance shall be paid. A safety emergency is defined as a situation that could cause immediate injury to customers or employees and one where there are no qualified employees available who could correct it. The above does not apply to Managers of the Meat, Bakery, Tire Center, Food Service, Deli operations, Photo Manager, Merchandise Area Managers (Hardlines, Center and Foods).

(h) No Discrimination

The Employer and the Union will not discriminate against any person with regard to employment or Union membership because of their race, religion, color, sex, age, national

origin, qualified handicap, veteran status or ancestry, or sexual orientation and hereby declare their acceptance and support of existing laws. This shall apply to hiring, placement, and training during employment, rates of pay or other forms of compensation, layoff or termination and application for admission to Union membership. The parties agree that the Contract will be subject to all applicable federal, state and local laws and regulations.

(i) New Hire Orientation Meetings

The Warehouse Manager, or the Manager's designee, will use reasonable efforts to notify the Local Union of new hire orientation meetings.

ARTICLE III - AUTHORIZATION FOR DEDUCTION

(a) Initiation and Monthly Dues

Employer agrees to deduct initiation fees and dues from the wages of employees' in the bargaining unit who provide the Employer with a voluntary written authorization which shall be irrevocable for a period of one (1) year, or until the expiration date of this Agreement, or until the employee is no longer eligible for Union membership. Initiation fees will be deducted in two consecutive monthly payroll deductions. Teamsters Local 542/166 shall decide the initiation fee and dues structures for the lifetime of this Agreement.

(b) Monthly Deductions

Such deductions shall be made by the Employer from wages of employees' for their first (1st) pay period in the calendar month for the coming month, and will be transmitted to the Union no later than the twentieth (20th) of the month after such deductions are made, unless such deductions are unable to be made because of equipment breakdown or acts of God.

(c) Employee Authorization

No deductions will be made from the wages of any employee until the Employer has received a signed copy of the voluntary written authorization for such deductions.

(d) Union Indemnification

The Union hereby indemnifies and defends the Employer and holds it harmless against any and all suits, claims, demands and liabilities that may arise out of, or by reason of, any action that shall be taken by the Employer for the purpose of complying with the foregoing provisions of this Article, or in reliance on any list or certificate which shall have been furnished to the Employer under any of such provisions.

ARTICLE IV - DISCHARGE

(a) Right to Discharge

It is mutually agreed that the Employer reserves the right to discharge any employee for sufficient and proper cause. Sufficient and proper cause for discharging an employee shall include but is not limited to theft, gross insubordination, intoxication, possession of or working under the influence of illegal/dangerous drugs/substances and/or narcotics, in the employee's system above the minimum levels determined by a N.I.D.A. or S.A.M.S.H.A. approved facility corresponding to D.O.T. standards, refusal or continued failure to observe posted or issued Company rules or procedures, or actions endangering the safety of others. It is agreed that all Company rules and procedures, the breach of which will be cause for disciplinary action, will be posted and sent to the Union simultaneously.

Employees past their probationary period who are discharged for offenses other than the above shall have had a prior verbal corrective consultation on record and a written corrective consultation, or two (2) written corrective consultations of a related or similar offense, with copies sent to the Union.

Additionally, employees with less than two (2) years of service may be discharged who have a total of four (4) corrective consultations, even if unrelated, excluding those for absenteeism.

Said corrective consultation notices must provide a space on them for the employee to write in their views on the offense.

The employee shall be required to sign such notice, but such signing shall not constitute agreement with the contents of the corrective consultation notice. The Employer reserves the right to issue unpaid disciplinary suspensions for up to ten (10) working days for violations that would normally result in termination, in extraordinary circumstances.

Employee corrective consultations shall be effective for a period of time not to exceed six (6) months, and will be removed from their personnel files except for:

1. Records of disciplinary suspensions for any major offense will remain in their file for a period of two (2) years. However, exclusion from job postings will only be for a period of six (6) months.
2. Consultations for excessive absenteeism shall be effective for twelve (12) months.
3. The six (6) month, twelve (12) month and two (2) year period shall be extended for any leaves of absences.

Excessive absenteeism is absence from work for any reason for more than eight (8) occasions in any twelve (12) month period and will be subject to progressive discipline and/or discharge if there is no improvement.

The Company may take separate disciplinary action for patterns of absenteeism and abuse of the attendance program. Patterns of absenteeism is defined as instances of absenteeism in conjunction with scheduled time off, weekends, or any other regular reoccurring events exceeding three times within a six (6) month period. Vacations, holidays, funeral leave and jury duty will not be considered.

Absences caused by Workers Compensation injuries and treatment, or F.M.L.A., C.F.R.A., A.D.A. injuries and treatment where documented by a physicians note for each occasion, or S.D.I. that is used to extend F.M.L.A., C.F.R.A., or A.D.A., will also not be considered.

An occasion will be any length of absence of more than fifty percent (50%) of the employees scheduled work shift. Employees who work more than fifty percent (50%) of their scheduled shift and then leave due to illness other than Workers' Compensation shall only be charged with half (½) an occasion of absence.

The Employer shall have the option to give an Employee an immediate investigatory suspension for a maximum of three (3) of the employee's scheduled work days, not including the day the investigatory suspension is issued, (not to exceed seven (7), calendar days) following the employee's notification of the suspension for violation of a major offense which would normally result in immediate termination as described in the Company Rules and Regulations, until Employer has decided what final action is to be taken as a result of the violation.

If an employee is returned to work after an investigatory suspension, the employee shall be paid for the lost wages and all records of that event shall be removed from the employee's personnel file.

All employees shall be treated equally in respect to corrective consultations and there shall be no preferential treatment.

A copy of all employee corrective consultations, suspensions and terminations must be given to the employee at the time of issuance, and a copy must be mailed to the Union within seven (7) calendar days.

A corrective consultation must be given within three (3) scheduled working days, from the time any Manager acquires knowledge of the offense not including the day the investigatory suspension is issued, excluding Saturday and Sunday.

A corrective consultation shall have no force or effect after six (6) months from the date on which it was issued (except absenteeism or records of disciplinary suspensions for major offenses), and the remaining corrective consultations shall thereupon be reduced accordingly.

(b) Probationary Period

The Employer shall have the right to discharge without cause any employee during the first ninety (90) calendar days of employment if said employee is not satisfactory to the Employer. Such discharge shall not be subject to Settlement of Disputes, Article VI.

Should a probationary employee have a break in service for any reason excused by management for three (3) or more consecutive work days, the remainder of the probationary period will commence following the employees' return to work to their original hire position.

ARTICLE V - NO REDUCTION

The Employer agrees that no Union member employee who prior to the date of the signing of this Agreement was receiving more than the hourly pay rate designated in the Agreement for the class of work in which they were engaged, shall suffer a reduction in the hourly wage rate through the operation of or because of adoption of this Agreement.

Any employee receiving a higher rate of pay or conditions in excess of this Agreement will suffer no loss in monetary increases or conditions through the signing of this Agreement. The increases for such employees will be the same percentage increase as that received by the top bracket of employees of the same classification.

ARTICLE VI - SETTLEMENT OF DISPUTES

(a) Exclusive Remedy

The grievance procedure provided herein shall be the exclusive means, except as limited by law, for the disposition of all grievances; and there shall be no strike, lockout, picketing or cessation of work during the term of this Agreement, except that this limitation shall not be binding upon either party hereto if the other party refuses or fails to abide by an arbitration award which has become final, unless such award exceeds the limitations outlined in this Agreement.

(b) Definitions

The term "grievance" shall mean any dispute or difference between the Employer and the Union concerning the application or interpretation of any provision of this Agreement.

(c) Bench Decision

If the nature of the discipline is such that no question of contract interpretation is involved, the arbitrator so selected may be instructed by mutual agreement of the parties to hear evidence without transcript or the filing of briefs and to issue their decision from the bench, with an opinion, if requested by either party, to be subsequently prepared. It is recognized that certain cases involving questions of contract interpretation may require a transcript, briefs, and the preparation of written awards and opinion. Either party may choose this bench decision procedure, except that mutual agreement of the parties is required for this procedure to apply.

(d) Procedure

It is understood that the application of the grievance procedure does not permit the Union to impede or stop any employee from working or to interfere with any employee's work, without first having obtained the specific approval of the Supervisor or Manager who supervises the employee(s) involved. All grievances shall be handled in the following manner:

Step 1:

(a) All grievances, except for wage claims or discharge, shall be raised within fourteen (14) calendar days of their occurrence.

(b) Discharge grievances must be raised within seven (7) calendar days of receipt of notice by the Union or the employee, reduced to writing in the manner outlined herein, and submitted directly to Step 2.

(c) In the case of a grievance for an alleged discrepancy in wages, holiday pay, sick leave or vacation pay, for hours actually worked, guaranteed or benefits accrued, after the discovery thereof, any monetary adjustment or award shall not be retroactive for more than ninety (90) calendar days from the date of the filing of the

grievance in writing. The matter should first be taken up orally between the Supervisor and the aggrieved employee.

- (d) If the grievance cannot be settled by the immediate Supervisor the employee shall then attempt to settle the problem with the Warehouse Manager utilizing the Union Steward, if desired. If the matter is still not settled, the employee should request the Union to assist them and proceed with the grievance procedure.

If the matter is not satisfactorily adjusted in Step 1, then it is to be reduced to writing, specifying the nature of the grievance, the provisions of the contract relied upon, the identity of the individuals involved, if any, and the relief requested.

Step 2:

- (a) The written grievance shall then be submitted by the Union's Business Representative to Location Management within five (5) calendar days after being raised in Step 1 for the purpose of resolving the dispute. If the written grievance is not settled between the parties, the Location Manager shall notify the Union, in writing, of the Company's position not later than five (5) calendar days after the parties met to discuss said grievance.

- (b) In the event the parties are unable to resolve the grievance, then the matter may be reviewed by the Secretary-Treasurer of the Union and the Corporate Labor Relations Representative of the Employer or their designated Representatives within fifteen (15) calendar days after the receipt of the Employer answer.

- (c) In the event that a satisfactory settlement is not reached within thirty-one (31) calendar days after being raised in Step 2: (a), either party may request, in writing, that the grievance be referred to a Grievance Panel comprised of two (2) persons designated by the Employer and two (2) persons designated by the Union, none of whom shall be directly involved in the grievance and a neutral Arbitrator who shall hear the grievance and render a decision in accordance with the Costco/Teamsters

Board of Adjustment Rules and Procedures. In the event that the two by two (2 by 2) panel cannot come to a majority decision, the Arbitrator shall cast a vote to break the deadlock.

Step 3: Board Of Adjustment:

- (a) There shall be no grievances presented to the Board of Adjustment (hereinafter the Board) until all steps of the grievance procedure have been utilized. All such grievances shall be considered settled and not subject to the Board unless either party (the Union or the Company) first serves written notice of intention to move the issue to the Board upon the other party during the first ten (10) calendar days after the decision in Step 2 (b) of the grievance procedure.

Each of the parties shall, within ten (10) calendar days after the execution Agreement appoint its regular Representative and sufficient alternates and immediately notify the other party in writing of the name of each Representative appointed.

(b) Selection of the Chairperson

The Board of Adjustment Chairperson shall be selected by the regular members designated in accordance with the above. Each side, Union members and Company members, shall nominate five (5) candidates for Chairperson of the Adjustment Board. From the list of ten (10) candidates, the Union and the Company members of the Joint Adjustment Board shall select a total of five (5) nominees by alternately striking names until five (5) names remain. The side striking first shall be determined by lot. In the event a particular name appears on both lists, however, that name shall automatically be included in the permanent list of five (5) names and only four (4) additional names would be selected by striking, etc.

From the list of five (5) permanent nominees a single name shall be selected in the same manner as described above and he shall be considered as the Chairperson for a period of at least six (6) months to hear all matters to come before the Board.

After the six (6) month period, if either the Company or the Union desires, another name shall be selected from the remaining list of four (4) names in the manner described above, and so on at each six (6) month interval.

The Board shall convene each month at a time mutually agreed to in accordance with the Costco/Teamsters Board of Adjustment Procedures. The Board shall have the authority to issue decisions immediately upon hearing all evidence presented. If for any reason the Board requires additional time to deliberate on the matters presented, the Board may, by majority vote, grant an extension of time in issuing a decision for whatever period deemed appropriate by the Board members. After presentation of issues, a simple majority vote is required to dispose of items on the agenda.

All grievances arising out of the interpretation or application of any of the terms or conditions of this Agreement, which have not been resolved in accordance with Article VI, Settlement of Disputes, shall be submitted for determination and shall be determined by the Board of Adjustment Procedure. Neither the Board nor the Chairperson, in determining any grievance or dispute shall have the power to add to, subtract from, modify, alter or change any of the terms of this Agreement or any other terms made supplemental hereto, or to arbitrate any matter not specifically provided for in this Agreement or arbitrate any new provision into this Agreement. The Board's authority is to interpret and apply provisions of the Agreement. The Board shall be bound entirely by the records presented to it in the form of evidence and argument.

Except as provided in this Agreement, in no event shall the Company be penalized or in any way liable for monetary damages prior to ninety (90) calendar days preceding the submission of the grievance to management, but in no event prior to the event giving rise to the grievance.

It is understood and agreed that the procedures outlined in the Grievance and Arbitration Article of this Agreement shall be the exclusive remedy for any alleged violation of this Agreement.

Each decision of the Board or the Chairperson shall be made in writing with a copy of each decision sent to the Union and the Company. The determinations of the Board are final and binding upon all the parties. There shall be no appeal of a decision rendered by this forum by either party.

The procedural rules are set forth in the Costco/Teamster Board of Adjustment Procedure and may be reviewed and revised by the mutual written agreement between the parties.

The Board shall have the authority to order or deny reinstatement of an employee with or without back pay in whole or in part. In the event there is an award of any back pay, any earnings by the employee and any Unemployment Compensation Insurance collected by the employee during their period of unemployment shall be offset and deducted from this award. The Union agrees to cooperate in determining the earnings of the employee while unemployed.

The grievant(s) shall be made whole within thirty (30) calendar days from the date of settlement or Board of Adjustment decision, unless otherwise mutually agreed.

Step 4: Arbitration

(a) It is agreed by the parties that not all instances can be resolved by the Board of Adjustment Procedure. In these issues, it is agreed that by mutual written agreement the parties may proceed directly to arbitration.

Within five (5) calendar days after receipt of the written demand for arbitration, referred to in Step 2, the parties shall select an impartial Arbitrator; and if they are unable to agree upon their selection, the Union shall forthwith request the Federal Mediation and Conciliation Service (FMCS) to submit a list of nine (9) disinterested persons within the geographical region qualified and willing to act as

impartial Arbitrators and simultaneously mail a copy of such request to the Employer. From this list, within two (2) calendar days after receipt thereof, excluding week ends and holidays, the Employer and the Union shall each alternately strike one name until six (6) names have been eliminated; and the person whose name remains shall be selected impartial Arbitrator. The parties shall draw lots to determine who shall make the first deletion from the list.

(b) The parties may continue to meet as often as required prior to going to arbitration in an effort to resolve the grievance.

(c) Award

The Arbitrator shall hear the submitted grievance as expeditiously as possible and shall render an award within thirty (30) calendar days after conclusion of the last hearing.

(d) Final and Binding

The award shall be final and binding upon all parties per sub-section (a) of this Article.

(e) Limitations on Arbitrator

The Arbitrator shall have no power to:

1. Alter, change, modify, or add to or subtract from this Agreement or any provisions thereof;
2. Determine any dispute arising out of the interpretation or application of Section (a) of this Article;
3. Determine any provisions to be incorporated in a new Agreement or an extension or renewal of this Agreement;
4. Impose on either party hereto a limitation or obligation not set forth in an express provision of this Agreement.

5. The Arbitrator shall have the authority to order or deny reinstatement of an employee with or without back pay in whole or in part. In the event there is an award of any back pay, any earnings by the employee and any Unemployment Compensation Insurance collected by the employee during their period of unemployment shall be offset and deducted from this award. The Union agrees to cooperate in determining the earnings of the employee while unemployed.

(f) Expenses

The expenses of the Arbitrator and reporter or the cost of the FMCS Arbitrator list shall be borne equally by the Employer and the Union. Any other expenses shall be paid for by the party incurring them.

(g) Time Limits

A grievance which is not brought forward within the time limit provided within each of the sections herein shall be deemed waived. All time limits provided in this Article may be extended by mutual agreement of the parties.

(h) Monetary Awards

Any pay awarded from Grievances other than Board of Adjustment or Arbitration decisions will be paid no later than the following pay period.

ARTICLE VII - UNION REPRESENTATIVES/SHOP STEWARDS

(a) Visits

It is the general policy of the Union to have its Representatives refrain from visiting the warehouses or offices during their busiest hours or days, such as days before holidays, weekends, or closing days. However, this policy may be waived in case of emergency.

Upon receipt of reported violations, the Union Representative shall have the right of visiting such warehouse or office for the purpose of investigating such violations, provided that such visits shall be so conducted and at such time as not to interfere with the conduct

of business at such warehouse or office. It is further agreed that Union Representatives and the employees shall not engage in Union activities during working hours.

Upon arrival at the location, the Business Agent will notify the Duty Manager of their presence.

(b) Union Stewards

The Employer agrees that the Union may appoint four (4) Stewards for each location. It is understood and agreed that such Steward has full-time productive work to perform and that they will not leave their work during working hours except when necessary to perform their duties, and with prior permission of a Supervisor which shall not be arbitrarily denied. If requested by the employee, a Shop Steward shall be present at all disciplinary meetings provided a Shop Steward is available. Stewards shall be present in accordance with the Weingarten process. Stewards shall be allowed to attend a Stewards' meeting during working hours once a month.

ARTICLE VIII - STRIKES, LOCKOUTS & PICKETING

The Company and the Union recognize the right of an employee to not cross a lawful primary picket line which has been established by a Local Union of the Teamsters Union which has been recognized by the Company as having geographical jurisdiction over the location being picketed, provided the picketing has been sanctioned by the Teamsters Joint Council in the area and, provided, further, that at least five (5) days notice of such sanction must be given to the Company's Vice-President of Operations. The Company agrees that during the life of this Agreement it will not lockout the employees.

Except as provided above, it is agreed that for the duration of this Agreement, there shall be no strike, slowdown, stoppage of work, boycotting or picketing by the employees or by the Union. The terms "strike, slowdown, stoppage of work, boycotting or picketing" shall include any such actions relating to so-called sympathy strikes, sympathy slowdowns, sympathy stoppages of work, sympathy boycotting, or sympathy picketing.

ARTICLE IX - HOLIDAYS

(a) Paid Holidays

The following days shall be considered contract holidays, and such holidays not worked shall be considered as time worked for the purpose of computing overtime.

NEW YEAR'S DAY	MEMORIAL DAY	FOURTH OF JULY
LABOR DAY	CHRISTMAS DAY	THANKSGIVING DAY
EMPLOYEE'S BIRTHDAY	EMPLOYEE'S ANNIVERSARY (Hire Date)	3 OPTIONAL HOLIDAYS

Employees who desire to celebrate Martin Luther King's birthday may request to use a Floating Holiday at least two (2) weeks prior to the holiday. The Company shall extend every effort to accommodate the request.

(b) Holiday Work Week

A regular holiday workweek shall consist of the holiday itself and four (4) other eight (8) hour days. A full-time employee not working on a holiday shall receive eight (8) hours pay for the holiday, in addition to the pay specified in this Agreement for the other four (4) days referred to above. All time worked on non-holiday days exceeding thirty-two (32) hours shall be paid for at the rate of time and one-half (1 ½) the employee's regular rate of pay.

Whenever a holiday falls outside an employee's regular work week, the employee will have the option of eight (8) hours additional pay at their regular rate or an optional floating holiday within their work week or the following week on a day that is mutually agreed between the employee and their supervisor. New Years Day, Fourth of July and Christmas Day will be celebrated on January 1st, July 4th and December 25th, respectively.

(c) Part-time Employees

Part-time employees' who have completed their probationary period, shall be entitled to holiday pay in accordance with this Article. Holiday pay for such part-time employees'

shall be based upon a formula of twenty percent (20%) of the average number straight time hours in each week regularly worked by such employees during the four (4) weeks preceding the holiday week.

(d) Employee's Birthday and Anniversary

Employee's birthday and anniversary need not be scheduled within the calendar work week that they occur, but any time within thirty (30) days before, or sixty (60) days after, the employee's birthday or anniversary that is mutually agreed between the employee and their Supervisor. Whenever practical, said holiday may be scheduled so as to afford the employee a long weekend. Employees must request the holiday two (2) weeks in advance in writing on the form provided by the Company. The Employer agrees to honor all such requests, unless they are denied within three (3) scheduled working days of the request. The three (3) day period commences when the designated person or Manager acknowledges receipt of request by signature and date.

(e) Optional Holidays

After ninety (90) days of continuous employment, employees shall be granted two (2) optional holidays to be taken in the first year of employment. After one (1) year of continuous employment, employees shall be granted an additional holiday for a total of three (3) optional holidays each year. The optional holidays may be taken at any time that is mutually agreeable between the employee and their Supervisor. Said holidays may be scheduled so as to afford the employee a long weekend or a longer vacation. Employees must request the holidays two (2) weeks, but not more than four (4) weeks in advance, in writing on a form provided by the Company. The Employer agrees to honor all such requests unless they are denied within three (3) scheduled working days of the request. The three (3) day period commences when the designated person or manager acknowledges receipt of request by signature and date. It is understood that an employee can only take one (1) paid holiday in any one eight (8) hour day.

(f) Holiday Eligibility

It is understood that to be eligible for any of the above holidays, the employee must have been available for work the regular scheduled work day preceding the holiday, and the

regular scheduled work day following the holiday, unless the employee obtains permission from the Employer, which will not necessitate their working the preceding or following scheduled work day, or if the employee was absent due to illness or injury as certified by a doctor. The Employer may, at their option, elect not to require such proof.

(g) **Holiday Pay**

When any work is performed by any employee on any of the holidays as provided for in this Agreement, such time shall be paid at the rate of time-and-one-half (1½) the employee's regular straight-time rate of pay, in addition to the non-worked pay allowance provided for in this Article; or the employee at their option may elect to work the holiday at the time-and-one-half (1½) pay rate and take an extra day off in the following two (2) weeks. If a holiday recognized in the Agreement falls on a Sunday the pay scale shall be one point five (1.5) for all hours worked.

Employees working within the Combo classifications shall be paid fifty percent (50%) at the Clerk rate and fifty percent (50%) at the Assistant rate, provided the employees are scheduled in both classifications, for all holidays, vacations, sick leave, and jury duty.

(h) **Probationary Employees**

Probationary employees shall not be entitled to holiday pay.

(i) **Other Closings**

When the Employer closes its business to the public on any holiday, the employees effected shall be offered hours of work on another day so as not to suffer a reduction in pay.

ARTICLE X - VACATIONS

Upon completion of one (1) year of employment with the Company, employees' shall be eligible for paid vacations under the conditions set forth in this Article. No employee is entitled to any pro-rata vacation until completion of one (1) year of service.

(a) Paid Vacation

Full-time and part-time employees continuously employed who have accumulated hours of two thousand (2000) or more (nineteen hundred (1900) hours for those employees who are regularly scheduled to work on Sundays) since their previous anniversary date will receive annual vacation as follows:

Continuously Employed	Vacation	Hours of Vacation
1 Year	1 Week	40 Hours
2 Years but less than 5	2 Weeks	80 Hours
5 Years but less than 10	3 Weeks	120 Hours
10 Years but less than 15	4 Weeks	160 Hours
15 Years and above	5 Weeks	200 Hours

Full-time and part-time employees who have accumulated less than two thousand (2000) hours (nineteen hundred (1900) for those employees who are regularly scheduled to work on Sundays) since their previous anniversary date shall have vacation hours prorated accordingly. The calculation period shall be based on the twenty-six (26) pay periods immediately preceding the employees' anniversary date.

Hours lost due to on-the-job injuries, up to a maximum of six (6) months shall be considered as hours worked when computing pro-rata vacation. The six (6) month allowance can not be used more than once in any two (2) year window period.

(b) No Accumulation

Vacation may not accumulate but must be taken during the twelve (12) months following the anniversary on which the vacation was earned. Employees may elect to carry one (1) week of earned vacation over the next twelve (12) months following their anniversary date. No pay in lieu of vacation will be allowed.

(c) Scheduling of Vacations

Employees will bid for vacation time by writing in their bid on a vacation schedule posted each year by the Employer in the months of December and January. Bids must be made

through January, and will be awarded by seniority. Bids made during this time must be made in one (1) week intervals. Employees may take all of their vacation at one (1) time or weekly. Any changes thereafter will only be by mutual agreement of the employees involved and the Employer. An approved Department vacation schedule shall be posted by March 1st, of each year.

During the period between September 1st and January 1st of each year, no more than five percent (5%) of the employees in a department and classification will be allowed to take vacations at any one (1) time. During the other months of the year, no more than ten percent (10%) of the employees in a department and classification will be allowed to take vacations at any one time, with a minimum of one (1) per department. However, it is recognized that Employer has no obligation to grant a vacation for the period from the week of Thanksgiving through December 24th.

If a holiday occurs to which an employee is eligible during their vacation period, said employee shall be given an extra day's vacation.

Employees shall be allowed to take up to forty (40) hours of vacation in one (1) hour increments by mutual agreement between Management and the employee.

(d) Vacation Pro-ration Upon Termination

Any employee who quits or is laid off before a year of continuous employment shall receive no vacation pay.

Any employee whose employment is terminated between their first (1st) and second (2nd) anniversaries shall receive vacation pay on the basis of one (1) week pro-rated pay according to the ratio of straight-time hours worked since their most recent anniversary to 2,080 hours.

Any employee whose employment is terminated between their second (2nd) and fourth (4th) anniversaries shall receive vacation pay on the basis of two (2) weeks pro-rated pay

according to the ratio of straight-time hours worked since their most recent anniversary to 2,080 hours.

Any employee whose employment is terminated between their fifth (5th) and ninth (9th) anniversaries shall receive vacation pay on the basis of three (3) weeks pro-rated pay according to the ratio of straight-time hours worked since their most recent anniversary to 2,080 hours.

Any employee whose employment is terminated between their tenth (10th) and fourteenth (14th) anniversaries shall receive vacation pay on the basis of four (4) weeks pro-rated pay according to the ratio of straight-time hours worked since their most recent anniversary to 2,080 hours.

Any employee whose employment is terminated after their fifteenth (15th) anniversary shall receive vacation pay on the basis of five (5) weeks pro-rated pay according to the ratio of straight-time hours worked since their most recent anniversary to 2,080 hours.

(e) Vacation Pay Upon Termination

Any employee with one (1) year or more of service who leaves the employ of the Employer shall be entitled to a pay-off of accumulated and unused vacation and pro-rata portion of accumulated vacation since their latest anniversary date.

(f) Vacation Pay Payment

Vacation pay will be paid at the payday prior to the vacation, provided the employee requests such payment one (1) week in advance.

Employees working within the Combo classifications shall be paid fifty percent (50)% at the Clerk rate and fifty percent (50%) at the Assistant rate, provided employees are scheduled in both classifications, for all holidays, vacations, sick leave, and jury duty.

(g) Vacation Sharing

Vacation sharing shall be permitted pursuant to the Company Vacation Sharing Policy.

ARTICLE XI - SICK LEAVE

(a) Paid Sick Leave

All full time employees covered by this Agreement who have been continuously employed by their Employer for a period of at least one (1) year shall be entitled to a total of forty eight (48) hours sick leave with pay per year. Such sick leave pay shall commence on the first partial or full working day lost in the event the employee requires immediate hospitalization for non-work, incurred injury or illness, or the first (1st) full working day lost if the employee presents a certificate of illness from a doctor. The Employer may at his option elect not to require such proof.

Falsification of sick leave claims or proven abuse of sick leave privileges may be cause for discharge or disciplinary action.

An employee who is sick when they come to work and who goes home sick after working at least half (1/2) of their scheduled hours may be paid sick leave for time lost if they are entitled to sick leave.

A doctors certificate of illness may be required from any employee who is absent from work because of illness, in the case of excessive absenteeism.

Any employee who becomes sick and is unable to report for work shall notify their Supervisor one (1) hour before the start of the work shift (except for the first (1st) shift of the day, which should be notified at that time).

(b) Sick Leave Eligibility and Accrual

Subject to Paragraph (c) below, full pay shall mean eight (8) hours pay at the employee's regular straight-time hourly rate, for those days which the employee would have worked had the disability not occurred, calculated at straight time. Absence from work up to thirty (30) calendar days (one hundred-eighty (180) days for Workers' Compensation) within the employee's employment year, due to sickness, injury, temporary layoff, or leave of absence, shall be considered as time worked for the purpose of determining eligibility for the full forty-eight (48) hours of sick leave each employment year. In the event that an

employee is absent in excess of thirty (30) days (one hundred-eighty (180) days for Workers' Compensation) as set forth above, whatever sick leave the employee is entitled to shall be pro-rated according to the straight-time hours actually worked.

(c) Sick Leave Integration

Sick leave pay shall be integrated with Unemployment Compensation Disability benefits and worker's Compensation temporary disability benefits so that the sum of the daily sick leave allowance hereunder and the aforesaid State Disability daily benefits, exclusive of the daily hospital benefits which may be payable to an employee, shall not exceed one-hundred percent (100%) of the employee's regular daily wage at straight time. If the sick leave pay allowance to an employee hereunder when so combined with any such State Disability daily benefits received by the employee exceeds one hundred percent (100%) of their regular daily rate at straight time, for any one (1) day, then such sick leave pay for that day shall be reduced accordingly. Any portion of the sick leave pay allowance not received by the employee by reason of such reduction shall be retained in employee's sick leave pay account as a part of their accumulated sick leave pay credits.

In order to effectuate the foregoing integration with the U.C.D., all sick leaves will be broken down from days of sick leave as earned to hours, and such sick leave will be used and retained as hours of sick leave.

(d) Sick Leave Payoff

Sick leave earned on the employee's anniversary date, and not used during the following anniversary year will be paid off on the next anniversary date.

Employees working within the Combo classifications shall be paid fifty percent (50%) at the Clerk rate and fifty percent (50%) at the Assistant rate, provided the employee is assigned to both classifications, for all holidays, vacations, sick leave, funeral leave, and jury duty.

(e) **Industrial Injury**

When an employee is injured on the job and is sent home by the Employer or the Doctor, the employee shall be paid for the balance of that day; but this will not be deducted from sick leave. There shall be no delay for sick leave benefits.

(f) **Sick Leave for Part-Time Employees**

Part-time employees shall receive pro-rated sick leave based upon hours worked to 2080 and the first (1st) paragraph of this Article. Sick leave shall be calculated based on the twenty-six (26) pay periods ending after the employee's anniversary date.

(g) **Sick Leave Pay Upon Termination**

Any employee with two (2) years or more of service who leaves the employ of the Employer shall be entitled to a pay-off of accumulated and unused sick leave and pro-rata portion of accumulated sick leave since their latest anniversary date.

ARTICLE XII - BEREVEMENT LEAVE

Leave for all employees shall be provided for the purpose of arranging for and/or attending the funeral, as well as grieving the loss, of a member of the employee's immediate family. Pay for such leave shall be at the straight-time rate for the hours scheduled for each work day lost because of such absence, to a maximum of three (3) days.

Verification of time required for such paid leave shall be supplied to the Employer by the employee, if requested.

Immediate family shall be defined as the employee's spouse, mother, child, father, brother, sister, current mother-in-law, current father-in-law, brother-in-law, sister-in-law, grandparents, step children, grand children, current step parents, and benefit eligible domestic partners.

In addition to the above, an employee will be allowed extended time off (without pay) in extenuating circumstances or involving relationships other than defined above.

Employees working within the Combo classifications shall be paid 50% at the Clerk rate and 50% at the Assistant rate, provided the employee is assigned to both classifications, for all holidays, vacations, sick leave, funeral leave, and jury duty.

ARTICLE XIII - JURY DUTY

(a) **Jury Pay Integration**

Each day that any employee, covered by this Agreement, and who is past their probation period is required to serve on any jury except Grand Jury, and when such service deprives an employee of pay that the employee otherwise would have earned, the Employer agrees to pay such employee for those days, the difference between any remunerations received for such jury duty and the amount that they would normally be paid for that day at regular straight-time rate. Mileage pay received is not included in such remunerations.

Employees are encouraged to use the phone-in system where available, to minimize time away from work.

(b) **Return to Work Requirement**

If any employee is excused from jury duty service on a scheduled work day, the employee shall immediately upon release report for work to complete the remaining hours of their scheduled work shift, unless there are less than two (2) hours of time left in their scheduled hours or if the hours spent on jury duty are equal to or more than the hours scheduled to work that day.

(c) **Certification and Falsification**

The employee shall be required to have a jury duty form completed by an Officer of the Court, indicating the amount of jury duty pay received, if any, and the time released from jury service. Falsification of jury duty claims shall be cause for disciplinary action including termination. A copy of this form will be given to the employee's Supervisor.

(d) Change of Schedule

Eligible employees with a morning starting time prior to 8:00 a.m., when selected to serve on jury duty and are actually reporting to jury duty, shall have their schedules changed to concur with the reporting time for jury duty.

- Example: an employee required to report, in person, for jury duty at 8:00 a.m. shall be scheduled to commence their workday at 8:00 a.m. Such employee however, shall actually report for jury service at 8:00 a.m. All other provisions of this article shall apply. An employee who is normally scheduled to work both Saturday and Sunday and who is impaneled in a jury trial, and who requests, will be scheduled at least one weekend day off. It is the intent of this Article that employees who are scheduled to work at any time on the day of jury duty, shall not be required to work if their time of jury duty is equal to, or greater than, the hours that they are scheduled for on that day.

Employees working within the Combo classifications shall be paid fifty percent (50%) at the Clerk rate and fifty percent (50%) at the Assistant rate, provided the employee is assigned to both classifications, for all holidays, vacations, sick leave, funeral leave and jury duty.

ARTICLE XIV - SEVERANCE PAY

(a) Employer Notice in Event of Layoff

When a regular employee has been in the employ of the Employer continuously for one (1) year or more, such employee upon layoff shall receive either one (1) week's notice of discontinuance of employment or one (1) week's pay in lieu thereof. An employee with three (3) years' service shall receive two (2) weeks' notice or two (2) weeks' pay. An employee with ten (10) years' service shall receive three (3) weeks' notice or three (3) weeks' pay.

(b) Warehouse Closure

In the event a warehouse is closed, and employees cannot be placed in another warehouse within a fifty (50) mile radius of their home warehouse, such employees shall be compensated as follows:

- An employee with less than five (5) years of service shall receive one (1) week's pay for each complete year of service. An employee with five (5) years or more of service shall receive two (2) week's pay for each complete year of service. The aforementioned total compensation shall be concurrent with any obligations under the W.A.R.N. Act.

ARTICLE XV - UNION BUTTONS

Union members shall have the right to wear their official Union buttons. No buttons, clothing, or accessories of a political or controversial nature are authorized.

ARTICLE XVI - CONTRIBUTIONS

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

ARTICLE XVII - BOND

Whenever the Employer requires the bonding of any employee or the carrying of any insurance for the indemnification of the Employer, the premium shall be paid for by the Employer.

ARTICLE XVIII - CLASSIFICATIONS & WAGES

Classifications and wages shall be those set out in Appendix "A"

(a) Lead Wage Premium

The Employer may at its discretion create or eliminate Lead person positions and fill such positions or remove employees from those positions. The positions are exempt from posting for bidding purposes. Any employee designated as a Lead person shall receive one dollar (\$1.00) per hour above their regular rate of pay for all hours spent as a Lead and continue to accumulate goal hours if applicable, except for new warehouses. After six (6) months in a Lead position, the hourly rate of pay will be one dollar (\$1.00) above the highest rate led, including their own rate if applicable. Except during their first (1st) year of operation, Lead positions filled by new employees must be authorized by Central Operations.

If an employee is awarded a Lead position in his/her home department and is subsequently reduced from the Lead position, such employee may remain in that department.

If an employee either bids into the department, or was placed in the department in the case of an opening of a new warehouse, or was hired into the department in a non-Lead capacity, then that department is their home department.

Any reduction in the department as a result of the employee's removal from Lead shall be based on seniority among the employees within the department including the reduced Lead.

If an employee is awarded a Lead position in other than his/her home department and is subsequently reduced, the employee is reassigned to the Front End and merged in based on their seniority.

Except in extreme cases, Management will notify employees seven (7) days prior to removing them from Lead positions.

(b) New Classifications

The Company shall notify all Local Unions of its intention to create a new job which is not now covered under this Agreement or to revise an existing classification or department. Such notice shall be given to the union in advance of the implementation of such new job

or revision of an existing classification or department provided operational requirements permit. The Employer shall, upon the request of the Union, negotiate a wage applicable to such employee(s). Failure on the part of the parties to reach an agreement will result in the matter being submitted to the following arbitration procedures:

The parties agree to meet to establish a wage rate for the new classification. In the event the parties cannot agree within sixty (60) days, the matter shall be referred to an impartial Arbitrator.

The Arbitrator shall determine if a new classification is appropriate and shall retain jurisdiction until such time as the parties resolve the wage question.

ARTICLE XIX - REPORTING TO WORK

It is agreed that employees are responsible for reporting to work at their scheduled time. An employee who is unable to report to work must call their Supervisor or, if the Supervisor is unavailable, another Manager, at least one (1) hour prior to the start of the shift, or at the start of the shift if this is the first (1st) shift of the day, or unless prevented from doing so by reasons beyond control of the employee. The Company will keep a telephone log on sickness calls.

For first (1st) shift employees, a time verified recording device on a direct line will be made available so that those employees are able to comply.

Employees must present a neat, clean appearance when reporting to work and wear appropriate clothing for their job responsibilities. All warehouse employees must wear closed-toe, low heeled shoes for safety reasons.

Failure to notify the Warehouse or Central Managers of an inability to report to work for three (3) consecutive days shall be considered job abandonment. The employee shall be so notified by mail.

The Company has the right to establish a dress code consistent with its operation. The Company agrees to notify, meet and discuss any changes to the dress code with the Union prior to the implementation of the changes.

ARTICLE XX - WORKING HOURS, OVERTIME & WORKING IN A HIGHER CLASSIFICATION

(a) Basic Work Week

The basic workweek for full-time employees shall be forty (40) hours for any five (5) consecutive workdays not including Sunday or thirty-eight (38) hours for any five (5) consecutive work days including Sunday.

For employees hired before the effective date of this Agreement, the basic workweek shall be forty (40) hours for any five (5) consecutive workdays, not including Sundays, or thirty-eight (38) hours for any five (5) consecutive days including Sunday.

For employees hired after the effective date of this Agreement, there shall not necessarily be a requirement to schedule consecutive days off.

For employees hired prior to the effective date of this Agreement, and who, through no fault of their own, are forced out of a job which has consecutive days off, shall be scheduled with consecutive days off in their new job function. Nothing herein shall prevent an employee from signing a bid for a job that does not contain consecutive days off.

However, once said employee opts out of a consecutive days off schedule, he/she shall not have a right to consecutive days off unless they obtain a future schedule that has consecutive days off. The employer agrees to attempt to schedule as many full time positions as possible with consecutive days off, including future postings for full time jobs.

The parties mutually agree to consider four (4), ten (10) hour days for full-time employees during the life of this Agreement.

It is understood and agreed that the Employer shall not replace full-time positions with part-time positions except as defined in Article XXI (a)(1). It is the Employer's intent to maintain a fifty percent (50/50) full-time to part-time ratio of employees excluding seasonal periods and those employees working twenty-five (25) or less hours per week.

As openings occur, full-time employees will be given their choice of workweek by seniority in accordance with Article XXXII 2 (d).

(b) Guaranteed Minimum Work Week

All regular full-time employees shall be guaranteed a minimum week's work of forty (40) hours (exclusive of lunch periods) except that employees who normally work Sunday as part of their regular work week will be guaranteed a minimum week's work of thirty-two (32) hours plus a minimum of six (6) hours guaranteed on Sunday or actual hours worked, whichever is greater. Employees volunteering to leave work early will be paid only for actual hours worked on that day.

All regular part-time employees shall be guaranteed a minimum work week of twenty-five (25) hours in any five days. Whenever possible, it shall be five (5) consecutive days. It is understood that there can be a maximum of twenty (20) individuals at each warehouse who are excluded from the twenty-five (25) hour guarantee. However, they are guaranteed the equivalent of twelve (12) hours pay. Notification of identity of such individuals will be given to the Union.

The senior twenty percent (20%) of part-time employees, in each department will be offered a regular schedule.

(c) Guaranteed Minimum Hours' Pay

Full-time employees scheduled to work or called in on their scheduled day off will be guaranteed four (4) hours work or pay in lieu thereof, both at the rate of time-and-one-half (1 ½).

(d) **Overtime**

1. All hours worked in excess of eight (8) hours in any one (1) day, or in excess of forty (40) hours in a regular work week, and thirty-two (32) hours in a holiday week, shall be paid at the overtime rate of time-and-one-half (1½) of the employee's regular rate of pay.

2. All hours worked in excess of twelve (12) hours in any one (1) work day shall be paid at the overtime rate of two (2) times the employee's regular hourly rate of pay.

3. A premium of thirty cents (\$.30) per hour shall be paid for all hours worked between 10:00 pm and 5:00 am.

4. No employee shall be required to work seven (7) consecutive days except in an emergency. It shall not be a violation of this Agreement nor shall it constitute cause for disciplinary measure if an employee is not able to work on the seventh (7th) consecutive day.

5. As far as practical, employees who are required to work beyond their scheduled shift shall be notified as near the commencement of their shift as possible, but not later than two (2) hours before the end of their scheduled shift, unless the additional time worked is fifteen (15) minutes or less.

(e) **No Duplication of Overtime**

Hours worked on Sundays, days recognized as holidays, and any other hours worked for which overtime or premium rate of pay is payable under any provisions of this Agreement shall not be taken into account in computing overtime hours worked, nor shall there be any other duplication or accumulation of overtime.

(f) **Basis of Overtime and Premium Pay**

Overtime and premium pay shall be computed based on the employee's regular hourly rate of pay whether such rate is a contract rate or in excess thereof.

(g) Allocation of Overtime

When overtime hours are to be worked, said hours will be allocated by Company seniority within classification, department, and function as scheduled shifts allow.

(h) Sunday Premium

All time worked by employees on Sunday shall be paid at the rate of one point five (1.5) times their regular hourly rate of pay. This subsection shall not apply for Probationary employees for the duration of time as designated in Article XXVIII.

(i) Interchange of Duties

Employees assigned to duties outside their job classifications carrying a higher rate of pay, shall be paid at the next higher rate of pay for all time worked in the higher classification. If working in a lower classification, there shall be no reduction in pay. It will be permissible for the Employer to schedule regular work in each of two (2) classifications, in which case such employee will be paid the hourly rate accruing to each bracket for time worked in each bracket.

(j) Warehouse Meetings

Time spent in warehouse or department meetings or in meetings called by the Employer before the commencement of the days work or after the days work shall be considered as time worked and shall be paid in accordance with the provisions of this Agreement. It is understood that attendance at the above meetings require compensation at the applicable rate; however, employees who voluntarily attend such meetings on their day or days off, shall be guaranteed a minimum of one-half (½) their normally scheduled hours. Attendance at such meetings by employees on their day or days off shall not be considered as hours worked for overtime purposes only.

(k) Employees On The Last Shift

Employees on duty at the recognized hour of closing may be required to service all customers and perform other duties necessary to closing. Such employees shall be scheduled wherever possible so that their shift ends at least fifteen (15) minutes after the recognized hour of closing.

ARTICLE XXI - PROMOTIONS TO FULL TIME AND SERVICE CLERK

(a) Promotions to Full Time

In the event a part-time employee works forty (40) hours (or thirty-eight (38) hours including Sunday) or more for eight (8) consecutive weeks, the most senior part-time employee in the department will be offered a full-time position, and said full-time position shall continue to be offered by seniority until the full-time position is filled. Paid sick leave, vacation and holidays shall be counted as time worked.

A specific Employee's assignment to temporary vacancies caused by vacations, illness, absenteeism, injuries or leaves of absences, and warehouse relocations, shall neither count towards nor interrupt the aforesaid accumulation of eight (8) consecutive weeks.

1. Full-Time to Part-Time

When the Employer's business is adversely affected by economic conditions beyond their control and thereby affecting the staffing requirement of that location, the Employer may reduce the number of full-time positions to compensate. The reduction shall be by seniority.

In order to enable the Company to offer more hours of work to its regular part time employees during the seasonal period, both parties agree as follows;

Hours worked by regular part-time employees during the named seasonal period above their normal average of hours shall neither count towards nor interrupt accumulation towards eligibility for full-time status.

(b) Promotion to Service Clerk

If a Service Assistant accumulates a total of eight hundred (800) hours worked in the Service Clerk bracket in the prior twenty-six (26) consecutive pay periods, the most senior Service Assistant in the department shall be promoted to Service Clerk.

When moving to a higher classification, an employee will move from the progression step they were at to the progression step in the new classification that will grant them an

increase, and will carry over all hours towards the next progression step in the new classification.

A specific employee's assignment to temporary vacancies caused by illness, absenteeism, injury or leaves of absence shall neither count towards nor interrupt the aforesaid accumulation.

Employees at the top step on the Service Assistant scale will move to the top step on the Service Clerk scale when accepting a promotion or posting to Service Clerk.

The Company shall post the Service Clerk hours on a bi-weekly basis.

(c) **Demotion**

1. **Involuntary**

Involuntary demotions shall have been preceded by at least one (1) written consultation for poor work performance within the six (6) months period preceding the demotion. The rate of pay will be reduced to the next lowest rate of pay in the lower bracket, but the Employee retains all hours earned towards their next goal raise. Employees demoted shall not be able to use their seniority to claim shifts, hours or Service Clerk pay for a period of six (6) months.

2. **Posted / Voluntary Demotion**

For the Employee who is granted a voluntary demotion or who posts for a Service Assistant position, the new rate of pay will be the next-lowest rate of pay in the lower classification, and the employee will retain all hours accumulated toward their next pay increase. An employee who voluntarily gives up a Service Clerk or Service Assistant shall be paid Service Clerk rate of pay for all hours they work in the higher classification. They will however be paid Service Assistant rate for all other hours unless they want to return to the Service Clerk job through a job posting. Employees who voluntarily demote themselves from a Service Clerk to a Service Assistant position to move to the front end shall not be able to use their

seniority to claim shifts, hours, or Service Clerk pay for a period of three (3) months.

ARTICLE XXII - LUNCH PERIODS & BREAKS

(a) Meal Period

Each employee shall be allowed one (1) uninterrupted period for a meal, without pay, approximately in the middle of the working day. Hours of work shall be consecutive, with the exception of the meal period.

No eight (8) hour employee shall be scheduled for more than five (5) hours, or less than three (3) hours, before a meal period.

Employees working at least five (5) but six (6) or less hours in a day, by mutual agreement between the employee and Employer, need not be granted a meal period.

Forty-five (45) minute and one (1) hour lunch periods may also be scheduled on a consistent basis only for the individual concerned.

The intent of this Article is to assure that all meal periods for employees will be completed no later than the fifth (5th) hour of work.

(b) Breaks

An employee scheduled to work and who works six (6) or more hours in a day shall receive one (1) fifteen (15) minute rest period in the middle of the first (1st) half (1/2) of the shift and one (1) fifteen (15) minute rest period in the middle of the second (2nd) half (1/2) of such shift. An employee scheduled to work less than six (6) hours in a day shall receive one (1) fifteen (15) minute rest period in the middle of their shift.

Any employee who works ten (10) hours or more in a day shall receive one (1) additional ten (10) minute rest period. Insofar as practicable, rest periods shall be in the middle of each work period.

A clean separate area shall be provided for lunch and rest breaks, secluded from access by customers, with facilities to accommodate the number of employees using them. Whenever practicable, the employees shall have access to employees' only rest rooms.

ARTICLE XXIII - WORK SCHEDULE

The Employer agrees to post a work schedule in each location no later than 12:00 noon on Friday preceding each workweek. Said schedule is normally produced by the computer and includes the employee's name, starting and ending times and days off.

Once the work schedule has been posted for the succeeding week, such schedule shall not be changed except on twenty-four (24) hours notice to the employee affected.

Prior to making a mandatory schedule change, the Employer agrees to make reasonable effort to fill scheduling needs on a voluntary basis.

No prior notice is necessary in the event of scheduled changes necessitated by acts of God, mechanical or power failure.

Nothing herein restricts the Employers' right to request employees to come in voluntarily or employee's right, to come in when requested, or to leave early if mutually agreed between Employer and employee.

More senior employees shall be offered earlier start times on shifts when all other aspects are equal. (i.e., full-time/part-time status, length of shift on the day in question)

It is hereby agreed that full-time employees reporting for work as scheduled shall be guaranteed the hours in the day as scheduled or pay in lieu thereof, unless the employee volunteers to go home early or is terminated.

Part-time employees will be guaranteed a minimum of four (4) hours, or pay in lieu thereof, for the day in which they are scheduled or called in, unless the employee volunteers to go home early or is terminated.

When unscheduled hours are needed for part-time employees, such hours will be offered by Company seniority, classification, department and function.

ARTICLE XXIV - MISCELLANEOUS SCHEDULING

(a) **Shift Lapse**

All employees shall be off ten (10) hours between consecutive shifts, except for the weekly rotation of shifts, inventory or emergencies. Work performed prior to the ten (10) hours elapsed time shall be paid at the rate of time-and-one-half (1 ½).

(b) **Direction of Work Force and Travel**

Employee will not be required; even in emergency situations, to work in a capacity from which employee has previously been removed for disciplinary reasons or in which the employee refuses to perform for safety reasons.

No employee other than maintenance classified employees shall be required to do scrubbing or other heavy cleaning or heavy janitorial work except in a safety emergency. Such heavy work does not include normal housekeeping and cleaning.

When employees are asked to travel from their home warehouse to another location, they shall be reimbursed in accordance with the Company's Travel Policy.

(c) **Inventory**

Any employee may be required to work inventory, and work historically performed by bargaining unit members will not be performed by management personnel. However, Management may assist hourly employees in inventory related tasks.

Schedules for employees may be changed for a maximum of one (1) week during two (2) scheduled inventory periods per year. Employees must have a minimum of seven (7) calendar days notice.

Employees who have scheduled and been awarded vacation time per Article X shall not have their vacation schedule changed unless there is mutual agreement between the employee and the Employer.

Notice of said inventory must be given at least one (1) week in advance, and whenever possible, inventory scheduled on a Saturday or Sunday will be on a voluntary basis.

The Company agrees to continue the practice of offering additional inventory work, which may be needed by a warehouse, to members of the bargaining unit working in other represented warehouses as availability permits.

ARTICLE XXV - WAGE PROGRESSION

(a) Wage Progression

The hourly rates set forth in this Agreement are the minimum rates for the job classifications within a given bracket.

(b) Minimum Wage Rates

No employee shall receive less than the wage rate herein provided for their classification of work.

ARTICLE XXVI - MISCELLANEOUS

(a) Polygraph

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

(b) Bulletin Boards

The Employer agrees to furnish space on the bulletin boards for the Union to post official Union notices with a copy being given to Management at the time of posting. The Union may provide a locked, glass enclosed bulletin board to be used for Union notices and announcements.

(c) **Training School Fees**

In the event the Employer requires an employee to attend any trade school or training session on the employee's non-working time, the Employer agrees to reimburse the cost of same upon completion.

(d) **Uniforms**

Should the Employer require uniforms or special clothing, the Employer shall furnish all such garments and except where garment is of a drip dry material, shall pay for the laundering upkeep of same.

Employees required to wear a vest shall be provided their own clean vest. This does not apply to forklift spotters. The Employer shall provide complete rain gear for those employees who must work outside during inclement weather.

(e) **Parking**

The Employer shall provide a parking area for the Employees.

(f) **Post Accident Testing**

When, after investigation by Management at the scene, an employee's performance cannot be conclusively discounted as a contributing factor for a serious forklift accident or an accident which causes injury or damage to individuals, property or equipment, the employee will be required to submit to drug and alcohol screening test.

(g) **Drug and Alcohol Rehabilitation Program**

If an employee comes forward on their own and asks for help with a drug or alcohol problem prior to being involved in an incident resulting from drug or alcohol use, they may be enrolled in the Company's confidential program and there will be no disciplinary action taken against them. The Employee will be expected to agree to a contract for continued employment.

The Duty Manager, if they suspect an employee is under the influence of alcoholic beverages or illegal/dangerous drugs/substances and or narcotics, can require the

Employee be taken to a medical facility and be tested. All time so spent shall be compensated time.

(h) Employee Membership Benefit

Each employee is entitled to a Wholesale Membership at no charge. The employee is also entitled to three (3) free additional memberships, for which the employee is responsible. This may be issued to any individual of the employee's choice, provided they are related to the employee or reside with the employee and are at least 18 years of age.

Employees who leave the Company with at least fifteen (15) years of service and are fifty-five (55) years of age shall be entitled to a lifetime Executive membership card. This shall be in accordance with current Company policy.

**ARTICLE XXVII - TEMPORARY LAYOFF, ROLLEBACKS & JOB
DISCONTINUANCE**

(a) Temporary Layoff

The Employer shall have the right to temporarily layoff employees by seniority within a location as required by the Employer's business.

(b) Reductions and Job Discontinuance

In the event of a roll-back, reduction or job discontinuance which affects full-time positions within departments:

The least senior full-time employee may bump the least senior full-time employee by classification in any department.

Should the reduction affect the least senior Service Clerk in the warehouse, he or she shall have the right to bump the least senior Service Assistant position in any department to maintain full-time status.

The full-time employee has the option to remain in the department as a part-time employee, based on his or her seniority, if other part-time positions are available.

For purposes of this Article, departments that a displaced Service Clerk may bump into are Receiving, Merchandising, Front End and Administration.

A displaced Service Assistant may bump into the previously mentioned departments as well as Ancillary Business (Bakery, Deli, Photo, Meat, Tire Center and Pharmacy, all of which are considered one department for the purposes of this Article. Food Service may be included if the employee is less senior in all other ancillary businesses).

The employee must demonstrate the ability to perform the job moved into within forty-five (45) days or be placed on the Front End.

A part-time employee may not bump into a full-time position.

If the employee is bumping into a position that requires minimum testing performance, or prior job knowledge (i.e. Administration including Inventory Auditor, Tech Center, Maintenance II, Bakery or Meat Cutter), the employee shall be required to meet those standards.

Employees displaced to the Front End ring according to overall seniority. If they are not trained, training will be provided.

Maintaining full-time status on the Front End will be determined by overall seniority.

If departmental reductions cause a part-time employee to be removed, the provisions of this Article shall also apply.

(c) Displaced Employees

Employees, who have been displaced under paragraph (b) above, may be returned to their original position within the first one hundred twenty (120) days from their roll back, operation permitting.

ARTICLE XXVIII - SEASONAL

It shall be understood and agreed that the period from October 10th of one year to the following January 10th shall be designated as the Seasonal Period for the warehouses. Those warehouses that have inventories scheduled during Period 5 will have their Seasonal Period extended through the Sunday at the end of their inventory week.

The Coachella Valley warehouse shall have a Seasonal Period from November 7th to March 7th.

All Tire Centers shall have a Seasonal Period from May 1 through the first Monday in September of each year.

Employees hired during these periods shall be designated as seasonal probationary employees. Employees hired in this period shall be required to pay Union dues, subject to preceding Articles. However, no initiation fee will be charged those employees unless they are retained after the seasonal period. If the employee is so retained after the seasonal period they shall be required to pay the initiation fee.

Pension Trust Fund contributions shall be from date of hire.

Seasonal Probationary employees do not qualify for paid Sick Leave, Sunday pay, Holidays, Vacations, Jury Pay, Funeral Leave pay, seniority, minimum hours guarantee or Health & Welfare insurance.

When a seasonal probationary employee continues to be employed after the seasonal period (with no lay off) and is reclassified a regular employee, said employee's seniority date shall revert to the original hire date.

Any weeks worked at forty (40) hours or thirty eight (38) hours including Sunday do not apply to the accumulation of eight (8) consecutive weeks for promotion to full-time, but do apply towards qualifying for medical coverage.

No regular employee shall suffer a lay off or reduction in hours or loss of any premium pay, as a result of the hiring of seasonal probationary employees.

ARTICLE XXIX - LEAVES OF ABSENCE

(a) **Approval of Leave of Absence**

It is understood and agreed that the leaves of absence will be honored by the Employer only if given in writing and will normally only be granted for medical purposes. It shall be further understood that the employee must request a leave of absence in writing and shall furnish the Union with a copy of Employer's reply.

Maximum leave time and continuance of benefits:

Length of Employment	Maximum Time Benefits	Maximum Time LOA
	Continue	Continue
Less than 90 Days	30 Days	30 Days
Over 90 Days, But Less than 12 Months	3 Months	6 Months
Over 12 Months	6 Months	12 Months

(b) **Accepting Employment While on Leave**

Any employee who accepts employment elsewhere while on leave of absence will be terminated.

(c) **Pregnancy**

Pregnancy shall be handled as follows. The employee must provide her Supervisor with written medical substantiation from her Physician of the expected date of delivery and the length of time the employee will be able to perform her normal duties. The term of the Maternity Leave will extend from the date the employee's doctor advises or the date she leaves her job, up to a date one (1) month after release by doctor. Paternity Leave will be granted within the parameters of the California Family Leave Act.

(d) Return from Leave

An employee returning from an injury or illness must furnish the Employer with a written release from their Physician stating that they are fully able to perform any and all functions of the position to which they are returning. However, the Employer reserves the right to substantiate the employee's Physician's findings.

When an employee returns from a leave of absence and subsequently returns back to a leave of absence due to the same injury within thirty (30) calendar days or less, the leave of absence is considered continuous and unbroken.

Employees who return from any leave of absence of up to one (1) year may return to their original position. An employee who does not return to work upon expiration of their approved leave of absence will be automatically terminated.

ARTICLE XXX - HEALTH & WELFARE

(a) Benefit Plans

The Union agrees that the Employer will provide insurance coverage to eligible Employees, which will include:

- Eye care,
- Dental care,
- Major medical, including prescriptions,
- Life insurance

The exact terms of the above coverage will be as defined in the Costco Health Plan Booklet.

(b) Eligibility

Terms of eligibility are described in the Costco Health Plan booklet.

This Article will not be subject to the Grievance and Arbitration procedure outlined in Article VI.

ARTICLE XXXI - PENSION

The Employer agrees to continue to be a party to the Western Conference of Teamsters Pension Trust Fund for employees. Effective the first (1st) payroll period after February 1, 2004, the Employer will pay on behalf of employees for all straight time hours compensated, including Sunday, paid vacation, sick time and holidays. The hourly contribution will be one dollar and eight cents (\$1.08). This will provide a basic contribution of one dollar and one cent (\$1.01) and seven cents (\$.07) to maintain the PEER/84.

The contribution to provide for PEER/84 will not be taken into consideration for benefit accrual purposes under the Pension Plan. The additional contribution for the PEER/84 must, at all times, be 6.5% of the basic contribution and can not be decreased or discontinued at any time.

For Probationary employees, the Employer shall pay an hourly contribution of ten cents (\$.10) (including PEER/84) during the probationary period as defined in Article XXXII (e), but in no case for a period longer than ninety (90) calendar days from the employees first date of hire. Contributions will be made on the same basis as set forth in (1) above. After the expiration of the probationary period as defined in Article XXXII (e), but in no event longer than ninety (90) calendar days from the employees first date of hire, the contribution shall be increased to the full contractual rate.

The Employer retains the exclusive right to modify, amend, cancel or terminate any presently existing Employer-sponsored employee benefit plan, including any pension plan, employee retirement or profit sharing plan.

It is understood that this provision for a Pension Plan is being entered into upon the condition that all payments made by the Employer hereunder shall be deductible as business expenses under the Internal Revenue Code as it presently exists, or as it may be amended subsequent to the date of this Agreement, and under any similar applicable state revenue or tax laws.

Questions regarding Teamster Pension issues should be directed to:

Northern California: Administrative Office Western Conference of Teamster Pension Trust Fund 355 Gellert Blvd., Suite 100 Daly City, California 94014-2666 (650) 570-7300	Southern California: Administrative Office Western Conference of Teamster Pension Trust Fund 1000 South Fremont Alhambra, California 91802 (626) 285-4792
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ARTICLE XXXII - SENIORITY

1) **PRINCIPLE**

(a) **General Application**

Employer agrees that seniority shall prevail in the following situations under the conditions set forth in this Article.

- Layoff and recall
- Promotions, except for lead positions
- Weekly number of hours scheduled to work
- Work week (to fill vacancies)
- All job openings

In the case of Warehouse Administration Clerk, Warehouse Auditor, Maintenance II and Marketing Representative, seniority shall prevail where skill and ability are relatively equal. In the case of Meat Cutter, Baker and Cake Decorator, the following training periods shall be considered as fulfilling the requisite job skills necessary to be qualified for these jobs:

1. Employees shall be considered qualified for posted Meat Cutter positions after serving a maximum of eighteen (18) months in the Meat Wrapper position.

2. Employees shall be considered qualified for posted Baker positions after serving a maximum of twelve (12) months in the Bakery Wrapper position.

3. Employees shall be considered qualified for posted Cake Decorator positions after serving a maximum of twelve (12) months in the Bakery Wrapper position.

(b) **Definition**

Seniority is the length of continuous employment of an employee with the Employer.

(c) **Seniority When Hire Date Same**

In the event there is a dispute concerning seniority for employees who began work on the same day, seniority shall be determined by the following criteria. The second (2nd) and then the third (3rd) criteria will only be applied if the first (1st) criteria does not resolve the issue.

1. Earliest starting time.
2. Greatest number of hours worked during the first three (3) months of employment.
3. Earliest date on application for employment.

(d) **Loss of Seniority**

Seniority shall be broken only by the following:

1. Leaving the bargaining unit into a position not covered by this Agreement for a period of more than twenty-four (24) months. Should an Employee return to the bargaining unit within the twenty-four (24) months, they only receive seniority credit for the time they previously spent in the bargaining unit. Employees in Management positions returning to the bargaining unit after twenty-four (24) months retain their bargaining unit seniority under the limitations provided for in Section 2(a) of this Article.
2. Quit.
3. Discharge.

4. Layoff exceeding: Sixty (60) days during the first year of continuous employment; six (6) months after one (1) year of continuous employment; two (2) years after two (2) year's of continuous employment.3

5. Personal leave of absence greater than six (6) months. Seniority is not broken after a personal leave of absence of less than six (6) months, provided that in returning an employee to work, upon the expiration of the personal leave of absence, no employee who has actually worked a longer period of time for the Employer than the absentee shall be displaced.

6. Failure to return to work in accordance with the terms of a leave of absence or when recalled after a layoff, shall result in a loss of seniority.

(c) **Probationary Employees**

All employees shall be considered probationary employees during the initial ninety (90) days and shall have no seniority status during said period; but having attained ninety (90) days of employment, their seniority will date back to their original date of hire.

2) **APPLICATION OF SENIORITY**

(a) **Transfers Between Locations**

Except in the opening of new locations or within the first thirty (30) days of opening, employees who apply for and are accepted for transfer from one represented location to another represented after a layoff, shall result in a loss of seniority. location will carry their seniority with them at the time of transfer to the new location. They will be assigned to the Front End based on their overall seniority (unless filling a position no one bid for) and will be immediately eligible for any postings based on their overall seniority.

Employees who apply for and are accepted for transfer from an unrepresented location to a represented location will carry seniority with them at the time of transfer. They will be assigned to the Front End, unless filling a position no one bid for, for six (6) months. After six (6) months in the new location, said employee may bid new openings as they occur. They may, however, bid any position in the first six (6) months that no one else bids for.

Employees who have lost seniority due to previous restrictive transfer language shall be retroactively granted full company seniority. Said affected employees currently in place may not use this reinstated seniority to claim current departmental hours, schedules and shift preferences. They may exercise said rights after bidding out to new postings in accordance with this Article.

The Company may transfer up to twenty (20) employees per year statewide, but no more than two (2) per location, from unrepresented warehouses under the above provisions. Notice of transfer shall be given in writing to the local union.

Any employee who requests a transfer to another location and said location is closer to the Employee's primary home shall be given consideration for said transfer.

Employees who apply for job openings within their location have priority over an employee from another location, even when that later employee has greater seniority.

(b) Layoff and Recall and Reduction of Hours

The principle of Company seniority shall apply in the case of layoff and recall. That is, the last Employee employed shall be the first laid off, and the last laid off shall be the first recalled, provided that the skill, ability and availability of the Employees concerned to perform the work are substantially equal. Company seniority shall also apply for reduction of hours in departments by classification. If an Employee has been with the Company for over one (1) year, said Employee can enforce seniority in the event of a layoff against Employees with less seniority in other locations in the same geographic area only after employee's seniority has been exercised within the Employee's home location.

The last employee laid off shall be given the first opportunity to reinstatement in the former position, if said employee presents themselves for work within ninety-six (96) hours, excluding Saturday and Sunday, from the receipt by the Union or the employee of the Employers notice.

Mailing the notice to the employee's last-known address will constitute receipt for the employee. Failure of such employee to present themselves within the ninety-six (96) hours shall cancel their seniority.

(c) Claiming Weekly Schedule/Hours (Part -Time Only)

Part-time employees shall have the right to claim more hours on the basis of seniority under the following conditions:

1. A senior part-time employee must claim the entire weekly schedule of a junior part-time employee that would give them more hours.
2. Such claim must not result in the Employer not having enough employees to cover a particular time slot.
3. Claims can only be made on other part-time employees in the same department having less seniority.
4. Claims must be made within twenty-four (24) hours of the posting of the schedule.
5. The claiming Employee must be available to work the claimed schedule on a continuous basis for a minimum of six (6) months or as long as the scheduled hours are available.

(d) Choice of Work Week (Full-Time only)

As openings occur, seniority shall be applied in filling openings by departments/job classifications. Full-time employees in said department will be given their choice of work week by seniority, provided that they have the required availability.

As openings occur, seniority shall apply in filling the opening within the same department by job classification. Following the filling of the position, the subsequent opening will then be posted.

(e) Bidding for Job Openings

The following job openings will be posted:

- All Service Assistant jobs, except callers and Food Service employees.
- All Service Clerk positions.
- All full-time positions.
- All Central computer operator positions will be posted for "interest only", outside the department, with current skilled employees given priority over new hires.

Such job openings will be posted for one (1) week and will be filled on the basis of seniority with training to follow with the exceptions in this Article, provided:

Employees applying for the position must agree to meet all requirements, including availability, for a minimum of six (6) months, and agree to be in the position for a minimum of six (6) months. If the employee that receives the job bid returns to their old job within sixty (60) days the Company may then award the bid to the next senior person qualified on the original bid sheet without the necessity of re-bidding the same job. However, part-time employees will be allowed to bid to full-time positions within the six (6) month period. The six (6) month restriction shall not apply where changes of hours or scheduling within the department occur, or the ability to move from part-time to full-time.

The parties agree that the job posting will be honored as long as the job remains and the successful bidder remains.

The Employer shall notify the Union within seven (7) calendar days of the awarded job posting.

An employee may be considered ineligible for the position if they have received two (2) consultations for a related minor offense or a total of three (3) minor offenses within the six (6) month period preceding the posting, or one (1) corrective consultation for a major offense or suspension within the six (6) month period preceding the posting,

Temporary openings due to vacations, sickness, emergencies, seasonal period or leaves of absence which do not exceed ninety (90) days are exempt from posting. In the case of pregnancy medical leave or Workman's Compensation temporary openings which do not exceed one hundred twenty (120) days are exempt from posting. The above mentioned temporary vacancies must be posted as a temporary vacancy at the expiration of this ninety (90) or one hundred twenty (120) day period.

Any employee accepting a bid as Service Assistant is subject to a sixty (60) day probationary period during which the Employer may move the employee back to their prior position if management determines that the employee is not capable of performing the job, or if the employee so desires.

An employee accepting a bid as Service Clerk who is certified or has worked in that Service Clerk position shall also be subject to the same sixty (60) day probationary period and conditions.

An employee accepting a bid as Service Clerk not covered by the above such as Warehouse Administrative Clerk, Receiving Secretary, Warehouse Auditor, etc., shall be subject to a sixty (60) day probationary period during which the Employer may move the employee back to their prior position, if Management determines that the employee is not capable of performing the job or if the employee so desires.

When an employee bids for a new position, said position vacated may be filled as a temporary opening for sixty (60) days before it must be bid, thereby leaving the vacancy in the event the employee returns to their former position.

If an employee bids for a job, obtains it and then is moved back to their old job during the probationary period by the Company, they can bid for another job at any time. However if they bid for a job, obtain it and then voluntarily decide within the sixty (60) day probation period that they wish to return to their old job, said employee cannot bid again for another job for six (6) months.

Postings will be specific and include the hours the employee must be available to work. The posted job opening sheet shall have space for employees to sign up on the original bid sheet. Employees being denied a bid will be given the reason.

The Employer shall send a copy to the Local Union of all job postings within two (2) weeks of posting date, which shall include the names of all employees signing the posting.

(f) **Seniority List**

Employer must furnish the Union with a new seniority list on February 1st and August 1st of each year, and at the same time post in each location's lunchroom a seniority list for that location by classification.

ARTICLE XXXIII - RENEGOTIATION

The Employer and the Union agree that in the event any provision or provisions are so declared to be in conflict with the law, both parties shall meet within thirty (30) days thereafter for the purpose of renegotiating the provisions so invalidated. The remainder of the Agreement shall remain in full force and effect.

ARTICLE XXXIV - DURATION

This Agreement shall be in full force and effect for the period to and until February 1, 2007 and thereafter from year to year, unless terminated by either party as hereinafter provided, sixty (60) days prior to February 1, 2007, either party may notify the other party in writing of its desire to cancel the existing Agreement or to negotiate a new Agreement.

ARTICLE XXXV - MANAGEMENT RIGHTS

The Management of the Employer's operation and the direction of the employees are vested solely and exclusively in the Employer and shall not in any way be abridged except as specifically restricted by the express terms set forth in this Agreement.

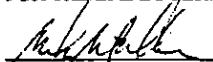
The Employer shall have the right to designate where and in what manner the work of employees shall be done, including the right to direct employees to do work for any other person, provided that such work by employees shall be under the terms and conditions herein, including the wages and hours as herein provided and shall be the kind and type of work generally performed by employee pursuant to the provisions herein, including going to and from any other place of business at the request of the Employer, and shall be paid for by the Employer in accordance with the terms of the Agreement.

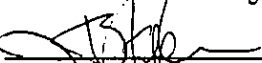
ARTICLE XXXVI - SUCCESSOR


This Agreement as to wages, hours and working conditions, is entered into and shall be binding on both parties, their successors and assigns, from the date hereof until terminated as provided herein.

In witness whereof, the parties hereto have executed this Agreement February 23, 2004.

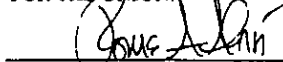
FOR THE EMPLOYER:


Mike Mosteller
Vice President, Southwest Region


Jack Stephens
Director Labor Relations / Counsel

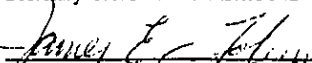

Richard Arriola
Labor Relations Manager

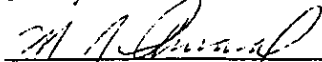
FOR THE UNION:

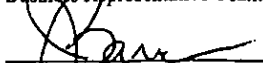

Rome Aloise, Chairperson
Secretary Treasurer Teamsters 853



Mike Bergen, Co Chairperson
Secretary Treasurer Teamsters 166


Phil Saal, Co Chairperson
Secretary-Treasurer Teamsters 542


Jim Tobin
Secretary Treasurer Teamsters 150


Mike Amaral
Business Representative Teamsters 78


Joe Barone
Business Representative Teamsters 572


Cliff Batham
Business Representative Teamsters 986

APPENDIX "A" - CLASSIFICATIONS

(a) Service Assistants

Stockers, Member Service, Membership, Sales Assistants, Front End Assistants, Lot People, Maintenance, Accounting, Secretaries, Receptionists, Sales Audit Assistant, Meat and Bakery Wrappers, Meat and Bakery Clean-up, Hearing Aid Assistants, Deli, Food Service Employees, Optical, One Hour Photo, Tire Center Employees, all employees holding positions in Delivery Warehouse except Delivery Truck Drivers and Pharmacy Assistants.

(b) Service Clerks

Cashiers, Forklift Operators, Membership Refunds Cashier, Meat Cutters, Bakers, Cake Decorators, Volume Shopper Coordinators, Receiving Clerks, Receiving Secretary, Non-Saleable Supervisor (Leads), Inventory Control Clerk, Warehouse Administrative Clerk, Maintenance II, Electric Pallet Jacks Operators, Computer Operators, Delivery Truck Drivers, Licensed Pharmacy Clerks, Return to Vendor, Delivery Payroll Clerk and Delivery Forklift Drivers.

Warehouse Administrative Clerk = Warehouse office staff including the Vault.

Maintenance II = Doing skilled electrical, plumbing or carpentry in excess of 50% of their time.

(c) Wages

Employees attaining the hours needed for a step raise shall receive the monetary increase immediately and begin accumulating hours toward the next goal increase.

On the first (1st) pay period after the completion of the probationary period, Employees move to the next step and begin accumulating hours toward the next goal increase.

Employees, members of the Reserves of the Armed Forces or National Guard who are required to attend an annual Active Duty Training period, shall continue to accumulate hours toward their next pay bracket while on such annual training. Such accumulation shall not exceed two (2) weeks per year.

APPENDIX "A-1" - FIRST YEAR (2004)

SERVICE ASSISTANTS* SERVICE CLERKS MEAT CUTTERS*****

PROBATION	\$10.00	PROBATION	\$10.50	PROBATION	\$11.00
Next 770	\$10.25	Next 770	\$10.75	Next 770	\$11.25
Next 770	\$10.50	Next 770	\$11.00	Next 770	\$11.50
Next 770	\$10.75	Next 770	\$11.25	Next 770	\$11.87
Next 770	\$11.00	Next 770	\$11.87	Next 770	\$13.02
Next 770	\$11.50	Next 770	\$13.02	Next 770	\$14.17
Next 770	\$12.27	Next 770	\$14.17	Next 770	\$15.17
Next 770	\$13.37	Next 770	\$15.17	Next 770	\$15.67
Next 770	\$14.18	Next 770	\$15.67	Next 770	\$16.07
Next 770	\$15.87	Next 770	\$17.42	Next 770	\$18.42
TOP STEP	\$16.27	TOP STEP	\$17.82	TOP STEP	\$18.82

*** Service Assistants**

Effective the first pay period after 2/01/04, the \$11.25 step is eliminated. Employees at \$11.25 move to \$11.50. New top step is \$16.27. Employees at \$15.87 will move to \$16.27.

****Service Clerks**

Effective the first pay period after 2/01/04, the new top step is \$17.82. Employees at \$17.42 move to \$17.82.

*****Meat Cutters**

Effective the first pay period after 2/01/04, the \$15.92 step is eliminated. Employees at \$15.92 move to \$16.07. New top step is \$18.82. Employees at \$18.42 move to \$18.82.

Employees hired on or after 2/01/04

SERVICE ASSISTANTS SERVICE CLERKS MEAT CUTTERS

PROBATION	\$10.00	PROBATION	\$10.50	PROBATION	\$11.00
Next 800	\$10.25	Next 800	\$10.75	Next 800	\$11.25
Next 800	\$10.50	Next 800	\$11.00	Next 800	\$11.50
Next 800	\$10.75	Next 800	\$11.25	Next 800	\$12.00
Next 800	\$11.00	Next 800	\$12.00	Next 800	\$13.00
Next 800	\$11.50	Next 800	\$13.00	Next 800	\$14.00
Next 1040	\$12.00	Next 1040	\$14.00	Next 1040	\$15.00
Next 1040	\$13.00	Next 1040	\$15.00	Next 1040	\$16.00
Next 1040	\$14.00	Next 1040	\$15.75	Next 1040	\$16.75
Next 1040	\$15.00	Next 1040	\$16.50	Next 1040	\$17.50
Next 1040	\$16.00	Next 1040	\$17.25	Next 1040	\$18.25
TOP STEP	\$16.27	TOP STEP	\$17.82	TOP STEP	\$18.82

APPENDIX "A-2" - SECOND YEAR (2005)

SERVICE ASSISTANTS		SERVICE CLERKS		MEAT CUTTERS	
PROBATION	\$10.00	PROBATION	\$10.50	PROBATION	\$11.00
Next 770	\$10.25	Next 770	\$10.75	Next 770	\$11.25
Next 770	\$10.50	Next 770	\$11.00	Next 770	\$11.50
Next 770	\$10.75	Next 770	\$11.25	Next 770	\$11.87
Next 770	\$11.00	Next 770	\$11.87	Next 770	\$13.02
Next 770	\$11.50	Next 770	\$13.02	Next 770	\$14.17
Next 770	\$12.27	Next 770	\$14.17	Next 770	\$15.17
Next 770	\$13.37	Next 770	\$15.17	Next 770	\$15.67
Next 770	\$14.18	Next 770	\$15.67	Next 770	\$16.07
Next 770	\$15.87	Next 770	\$17.42	Next 770	\$18.42
Next 770	\$16.27	Next 770	\$17.82	Next 770	\$18.82
TOP STEP		TOP STEP		TOP STEP	
Effective 2-1-05	\$16.52	Effective 2-1-05	\$18.07	Effective 2-1-05	\$19.07
Effective 8-1-05	\$16.77	Effective 8-1-05	\$18.32	Effective 8-1-05	\$19.32

Top Step increases are effective the first full pay period following 2/01/05 and 8/01/05.

Employees hired on or after 2/01/04

SERVICE ASSISTANTS		SERVICE CLERKS		MEAT CUTTERS	
PROBATION	\$10.00	PROBATION	\$10.50	PROBATION	\$11.00
Next 800	\$10.25	Next 800	\$10.75	Next 800	\$11.25
Next 800	\$10.50	Next 800	\$11.00	Next 800	\$11.50
Next 800	\$10.75	Next 800	\$11.25	Next 800	\$12.00
Next 800	\$11.00	Next 800	\$12.00	Next 800	\$13.00
Next 800	\$11.50	Next 800	\$13.00	Next 800	\$14.00
Next 1040	\$12.00	Next 1040	\$14.00	Next 1040	\$15.00
Next 1040	\$13.00	Next 1040	\$15.00	Next 1040	\$16.00
Next 1040	\$14.00	Next 1040	\$15.75	Next 1040	\$16.75
Next 1040	\$15.00	Next 1040	\$16.50	Next 1040	\$17.50
Next 1040	\$16.00	Next 1040	\$17.25	Next 1040	\$18.25
Next 1040	\$16.27	Next 1040	\$17.82	Next 1040	\$18.82
TOP STEP		TOP STEP		TOP STEP	
Effective 2-1-05	\$16.52	Effective 2-1-05	\$18.07	Effective 2-1-05	\$19.07
Effective 8-1-05	\$16.77	Effective 8-1-05	\$18.32	Effective 8-1-05	\$19.32

Top Step increases are effective the first full pay period following 2/01/05 and 8/01/05.

APPENDIX "A-3" - THIRD YEAR (2006)

SERVICE ASSISTANTS SERVICE CLERKS MEAT CUTTERS

PROBATION	\$10.00	PROBATION	\$10.50	PROBATION	\$11.00
Next 770	\$10.25	Next 770	\$10.75	Next 770	\$11.25
Next 770	\$10.50	Next 770	\$11.00	Next 770	\$11.50
Next 770	\$10.75	Next 770	\$11.25	Next 770	\$11.87
Next 770	\$11.00	Next 770	\$11.87	Next 770	\$13.02
Next 770	\$11.50	Next 770	\$13.02	Next 770	\$14.17
Next 770	\$12.27	Next 770	\$14.17	Next 770	\$15.17
Next 770	\$13.37	Next 770	\$15.17	Next 770	\$15.67
Next 770	\$14.18	Next 770	\$15.67	Next 770	\$16.07
Next 770	\$15.87	Next 770	\$17.42	Next 770	\$18.42
Next 770	\$16.77	Next 770	\$18.32	Next 770	\$19.32
TOP STEP		TOP STEP		TOP STEP	
Effective 2-1-06	\$17.07	Effective 2-1-06	\$18.67	Effective 2-1-06	\$19.62
Effective 8-1-06	\$17.37	Effective 8-1-06	\$18.92	Effective 8-1-06	\$19.92

Top Step increases are effective the first full pay period following 2/01/06 and 8/01/06.

Employees hired on or after 2/01/04

SERVICE ASSISTANTS SERVICE CLERKS MEAT CUTTERS

PROBATION	\$10.00	PROBATION	\$10.50	PROBATION	\$11.00
Next 800	\$10.25	Next 800	\$10.75	Next 800	\$11.25
Next 800	\$10.50	Next 800	\$11.00	Next 800	\$11.50
Next 800	\$10.75	Next 800	\$11.25	Next 800	\$12.00
Next 800	\$11.00	Next 800	\$12.00	Next 800	\$13.00
Next 800	\$11.50	Next 800	\$13.00	Next 800	\$14.00
Next 1040	\$12.00	Next 1040	\$14.00	Next 1040	\$15.00
Next 1040	\$13.00	Next 1040	\$15.00	Next 1040	\$16.00
Next 1040	\$14.00	Next 1040	\$15.75	Next 1040	\$16.75
Next 1040	\$15.00	Next 1040	\$16.50	Next 1040	\$17.50
Next 1040	\$16.00	Next 1040	\$17.25	Next 1040	\$18.25
Next 1040	\$16.77	Next 1040	\$18.32	Next 1040	\$19.32
TOP STEP		TOP STEP		TOP STEP	
Effective 2-1-06	\$17.07	Effective 2-1-06	\$18.62	Effective 2-1-06	\$19.62
Effective 8-1-06	\$17.37	Effective 8-1-06	\$18.92	Effective 8-1-06	\$19.92

Top Step increases are effective the first full pay period following 2/01/06 and 8/01/06.

APPENDIX "B"

BONUS CHECKS 2004

SERVICE ASSISTANT

0-9 YEARS		10 - 14 YEARS		15 - 19 YEARS		20 + YEARS	
February	August	February	August	February	August	February	August
\$1480.00	\$1550.00	\$1480.00	\$1720.00	\$1480.00	\$1820.00	\$1480.00	\$1920.00

SERVICE CLERK / MEAT CUTTERS / DRIVERS

0-9 YEARS		10 - 14 YEARS		15 - 19 YEARS		20 + YEARS	
February	August	February	August	February	August	February	August
\$1580.00	\$1600.00	\$1580.00	\$1920.00	\$1580.00	\$2020.00	\$1580.00	\$2220.00

BONUS CHECKS 2005

SERVICE ASSISTANT

0-9 YEARS		10 - 14 YEARS		15 - 19 YEARS		20 + YEARS	
February	August	February	August	February	August	February	August
\$1550.00	\$1550.00	\$1750.00	\$1750.00	\$1900.00	\$1900.00	\$2200.00	\$2200.00

SERVICE CLERK / MEAT CUTTERS / DRIVERS

0-9 YEARS		10 - 14 YEARS		15 - 19 YEARS		20 + YEARS	
February	August	February	August	February	August	February	August
\$1600.00	\$1600.00	\$1950.00	\$1950.00	\$2150.00	\$2150.00	\$2450.00	\$2450.00

BONUS CHECKS 2006

SERVICE ASSISTANT

0-9 YEARS		10 - 14 YEARS		15 - 19 YEARS		20 + YEARS	
February	August	February	August	February	August	February	August
\$1550.00	\$1550.00	\$1850.00	\$1850.00	\$2250.00	\$2250.00	\$2650.00	\$2650.00

SERVICE CLERK / MEAT CUTTERS / DRIVERS

0-9 YEARS		10 - 14 YEARS		15 - 19 YEARS		20 + YEARS	
February	August	February	August	February	August	February	August
\$1600.00	\$1600.00	\$2050.00	\$2050.00	\$2500.00	\$2500.00	\$2900.00	\$2900.00

**BONUS ELIGIBILITY QUALIFICATIONS FOR EMPLOYEES HIRED ON OR
BEFORE 2/01/04**

Employees actively employed and at the top step on February 1st and August 1st of each year listed above who have been at the Top Step for twelve (12) consecutive months prior to February 1st and August 1st of each year listed above will be eligible for a bonus check.

The check will be received on the first payday following February 1st and August 1st of the above listed years.

To qualify for the entire payment, you must have worked a minimum of 1,000 hours in the six (6) month period immediately preceding the bonus payoff month. (Full-time employees who regularly work on Sunday will be eligible for the entire bonus payment if they worked a minimum of 950 hours in the six (6) month period immediately preceding the bonus payoff month.)

If you work less than 1,000 hours in the six (6) month period preceding February or August, you will receive a prorated bonus based on hours worked.

The formula will be:

Accumulated hours worked divided by 1,000 X bonus amount = amount due employee

BONUS ELIGIBILITY FOR EMPLOYEES HIRED AFTER 2/01/04

Employees actively employed on February 1st and August 1st of each year listed above who have achieved 9,200 hours paid through continuous employment (after the probationary period) in an hourly position prior to those dates will be eligible for a bonus check. The check will be received on the first payday following February 1 and August 1 of the above listed years.

To qualify for the entire payment, you must have worked a minimum of 1,000 hours in the six (6) month period immediately preceding the bonus payoff month.

If you work less than 1,000 hours in the six (6) month period preceding February or August, you will receive a prorated bonus based on hours worked.

The formula will be:

Accumulated hours worked divided by 1,000 X bonus amount = amount due employee

APPENDIX "C" - BUSINESS DELIVERY / BUSINESS CENTER PROGRAM

(a) Business Delivery

Classification of employees working in a Business Delivery warehouse are as follows:

1. Service Clerk - Delivery Drivers, Payroll Clerks and Forklift Drivers
2. Service Assistant - All other hourly union employees regardless of job assignment.

(b) Business Center

A Business Center Warehouse is one that contains both Business Delivery functions in addition to job classifications found in traditional Costco Wholesale Warehouses. Although a Business Center is open to the public it is designed more for the business member.

Classifications unique to the Business Center warehouse are as follows:

1. Service Clerk: Account Representative, Accounts Receivable
2. Service Assistants: Order Takers, Pickers (utilizing an electric pallet jack), Copy Center and Delivery Router.
3. It is understood that all other Classifications listed in Appendix "A" of the Collective Bargaining Agreement apply to the Business Center except as provided above. As such, when a Business Delivery location is transitioned to a Business Center, the following Business Delivery Service Assistant positions will become Service Clerk: Receiving Clerks, Administration (i.e. Sales Audit, Vault, and Inventory Auditor).
4. The Account Manager is considered a salaried non-union position.

(c) **Delivery Drivers**

Delivery Drivers and Back-up Delivery Drivers are considered posted positions under the following provisions:

1. **Postings are awarded by seniority in the following order:**

(a) Current Back-up Drivers

(b) Other employees meeting the minimum qualification requirements

2. **Minimum Qualification**

(a) Must have Commercial Driver's (Class "B") Permit. (This authorizes an employee to drive a Class "B" vehicle provided the employee is accompanied by a fully qualified and licensed individual.)

(b) Must pass state pre-trip and driving test for Class B license within thirty (30) calendar days of posting into the position. The pre-trip and driving test must be scheduled for the first available appointment with the local office of the State Department of Motor Vehicles.

(c) If the employee fails the state pre-trip and driving test, the employee may be returned to his/her former position and the posting will be offered to the next qualified applicant.

(d) Company will reimburse employee for direct expenses involved in obtaining the Class B License including the recurrent DOT physical once the employee is awarded a Driver position and obtains the full Class B License.

3. **Probationary period for Drivers**

One hundred twenty (120) days. It is understood between the parties that the term

4. **Class "A" Drivers:** Drivers that are Class "A" certified will receive an additional one dollar (\$1.00) an hour premium while performing the work in equipment in excess of 26,000 pounds (Class "A" requirement).

In the time leading up to delivery trucks leaving, salaried, Picking Manager (Business Delivery), Assistant Picking Manager (Business Delivery) may perform hands on bargaining unit work in the area of preparing the truckloads for departure.

APPENDIX "C-1" - FIRST YEAR (2004)

SERVICE ASSISTANTS*		SERVICE CLERKS**		DRIVERS***	
PROBATION	\$10.00	PROBATION	\$10.50	PROBATION	\$10.75
Next 770	\$10.25	Next 770	\$10.75	Next 770	\$11.00
Next 770	\$10.50	Next 770	\$11.00	Next 770	\$11.25
Next 770	\$10.75	Next 770	\$11.25	Next 770	\$11.50
Next 770	\$11.00	Next 770	\$11.87	Next 770	\$12.12
Next 770	\$11.50	Next 770	\$13.02	Next 770	\$13.27
Next 770	\$12.27	Next 770	\$14.17	Next 770	\$14.42
Next 770	\$13.37	Next 770	\$15.17	Next 770	\$15.42
Next 770	\$14.18	Next 770	\$15.67	Next 770	\$15.92
Next 770	\$15.87	Next 770	\$17.42	Next 770	\$17.67
TOP STEP	\$16.27	TOP STEP	\$17.82	TOP STEP	\$18.07

*** Service Assistants**

Effective the first pay period after 2/01/04, the \$11.25 step is eliminated. Employees at \$11.25 move to \$11.50. New top step is \$16.27. Employees at \$15.87 will move to \$16.27.

****Service Clerks**

Effective the first pay period after 2/01/04, the new top step is \$17.82. Employees at \$17.42 move to \$17.82.

*****Business Delivery Drivers**

Effective the first pay period after 2/01/04, the new top step is \$18.07. Employees at \$17.67 move to \$18.07.

Employees hired on or after 2/01/04

SERVICE ASSISTANTS		SERVICE CLERKS		DRIVERS	
PROBATION	\$10.00	PROBATION	\$10.50	PROBATION	\$10.75
Next 800	\$10.25	Next 800	\$10.75	Next 800	\$11.00
Next 800	\$10.50	Next 800	\$11.00	Next 800	\$11.25
Next 800	\$10.75	Next 800	\$11.25	Next 800	\$11.50
Next 800	\$11.00	Next 800	\$12.00	Next 800	\$12.25
Next 800	\$11.50	Next 800	\$13.00	Next 800	\$13.25
Next 1040	\$12.00	Next 1040	\$14.00	Next 1040	\$14.25
Next 1040	\$13.00	Next 1040	\$15.00	Next 1040	\$15.25
Next 1040	\$14.00	Next 1040	\$15.75	Next 1040	\$16.00
Next 1040	\$15.00	Next 1040	\$16.50	Next 1040	\$16.75
Next 1040	\$16.00	Next 1040	\$17.25	Next 1040	\$17.50
TOP STEP	\$16.27	TOP STEP	\$17.82	TOP STEP	\$18.07

APPENDIX "C-2" - SECOND YEAR (2005)

SERVICE ASSISTANTS		SERVICE CLERKS		DRIVERS	
PROBATION	\$10.00	PROBATION	\$10.50	PROBATION	\$10.75
Next 770	\$10.25	Next 770	\$10.75	Next 770	\$11.00
Next 770	\$10.50	Next 770	\$11.00	Next 770	\$11.25
Next 770	\$10.75	Next 770	\$11.25	Next 770	\$11.50
Next 770	\$11.00	Next 770	\$11.87	Next 770	\$12.12
Next 770	\$11.50	Next 770	\$13.02	Next 770	\$13.27
Next 770	\$12.27	Next 770	\$14.17	Next 770	\$14.42
Next 770	\$13.37	Next 770	\$15.17	Next 770	\$15.42
Next 770	\$14.18	Next 770	\$15.67	Next 770	\$15.92
Next 770	\$15.87	Next 770	\$17.42	Next 770	\$17.67
Next 770	\$16.27	Next 770	\$17.82	Next 770	\$18.07
TOP STEP		TOP STEP		TOP STEP	
Effective 2-1-05	\$16.52	Effective 2-1-05	\$18.07	Effective 2-1-05	\$18.32
Effective 8-1-05	\$16.77	Effective 8-1-05	\$18.32	Effective 8-1-05	\$18.57

Top Step increases are effective the first full pay period following 2/01/05 and 8/01/05.

Employees hired on or after 2/01/04

SERVICE ASSISTANTS		SERVICE CLERKS		DRIVERS	
PROBATION	\$10.00	PROBATION	\$10.50	PROBATION	\$10.75
Next 800	\$10.25	Next 800	\$10.75	Next 800	\$11.00
Next 800	\$10.50	Next 800	\$11.00	Next 800	\$11.25
Next 800	\$10.75	Next 800	\$11.25	Next 800	\$11.50
Next 800	\$11.00	Next 800	\$12.00	Next 800	\$12.25
Next 800	\$11.50	Next 800	\$13.00	Next 800	\$13.25
Next 1040	\$12.00	Next 1040	\$14.00	Next 1040	\$14.25
Next 1040	\$13.00	Next 1040	\$15.00	Next 1040	\$15.25
Next 1040	\$14.00	Next 1040	\$15.75	Next 1040	\$16.00
Next 1040	\$15.00	Next 1040	\$16.50	Next 1040	\$16.75
Next 1040	\$16.00	Next 1040	\$17.25	Next 1040	\$17.50
Next 1040	\$16.27	Next 1040	\$17.82	Next 1040	\$18.07
TOP STEP		TOP STEP		TOP STEP	
Effective 2-1-05	\$16.52	Effective 2-1-05	\$18.07	Effective 2-1-05	\$18.32
Effective 8-1-05	\$16.77	Effective 8-1-05	\$18.32	Effective 8-1-05	\$18.57

Top Step increases are effective the first full pay period following 2/01/05 and 8/01/05.

APPENDIX "C-3" - THIRD YEAR (2006)

SERVICE ASSISTANTS		SERVICE CLERKS		DRIVERS	
PROBATION	\$10.00	PROBATION	\$10.50	PROBATION	\$10.75
Next 770	\$10.25	Next 770	\$10.75	Next 770	\$11.00
Next 770	\$10.50	Next 770	\$11.00	Next 770	\$11.25
Next 770	\$10.75	Next 770	\$11.25	Next 770	\$11.50
Next 770	\$11.00	Next 770	\$11.87	Next 770	\$12.12
Next 770	\$11.50	Next 770	\$13.02	Next 770	\$14.42
Next 770	\$12.27	Next 770	\$14.17	Next 770	\$15.42
Next 770	\$13.37	Next 770	\$15.17	Next 770	\$15.92
Next 770	\$14.18	Next 770	\$15.67	Next 770	\$17.67
Next 770	\$15.87	Next 770	\$17.42	Next 770	\$18.57
Next 770	\$16.77	Next 770	\$18.32		
TOP STEP		TOP STEP		TOP STEP	
Effective 2-1-06	\$17.07	Effective 2-1-06	\$18.62	Effective 2-1-06	\$18.87
Effective 8-1-06	\$17.37	Effective 8-1-06	\$18.92	Effective 8-1-06	\$19.17

Top Step increases are effective the first full pay period following 2/01/06 and 8/01/06.

Employees hired on or after 2/01/04

SERVICE ASSISTANTS		SERVICE CLERKS		DRIVERS	
PROBATION	\$10.00	PROBATION	\$10.50	PROBATION	\$10.75
Next 800	\$10.25	Next 800	\$10.75	Next 800	\$11.00
Next 800	\$10.50	Next 800	\$11.00	Next 800	\$11.25
Next 800	\$10.75	Next 800	\$11.25	Next 800	\$11.50
Next 800	\$11.00	Next 800	\$12.00	Next 800	\$12.25
Next 800	\$11.50	Next 800	\$13.00	Next 800	\$13.25
Next 1040	\$12.00	Next 1040	\$14.00	Next 1040	\$14.25
Next 1040	\$13.00	Next 1040	\$15.00	Next 1040	\$15.25
Next 1040	\$14.00	Next 1040	\$15.75	Next 1040	\$16.00
Next 1040	\$15.00	Next 1040	\$16.50	Next 1040	\$16.75
Next 1040	\$16.00	Next 1040	\$17.25	Next 1040	\$17.50
Next 1040	\$16.77	Next 1040	\$18.32	Next 1040	\$18.57
TOP STEP		TOP STEP		TOP STEP	
Effective 2-1-06	\$17.07	Effective 2-1-06	\$18.62	Effective 2-1-06	\$18.87
Effective 8-1-06	\$17.37	Effective 8-1-06	\$18.92	Effective 8-1-06	\$19.17

Top Step increases are effective the first full pay period following 2/01/06 and 8/01/06.

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LETTER OF UNDERSTANDING / PHARMACY

Effective February 1, 1998, the Pharmacy Department shall consist of Licensed Pharmacy Clerks and Pharmacy Assistants. Licensed Pharmacy Clerks shall no longer receive a \$1.00 premium. All Licensed Pharmacy Clerks receiving the premium on February 1, 1998 shall be grandfathered and continue to receive the premium. All nonlicensed Pharmacy Clerks classified as Service Clerks on February 1, 1998 shall continue to be Service Clerks.

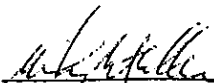
Licensed Pharmacy Clerk is a posted position and classified as Service Clerk subject to current rates and progression. To qualify, employees must be licensed by the State of California. Such employees are permitted by Board of Pharmacy Regulations to perform expanded functions with respect to assisting the Pharmacist in the filling of prescriptions.

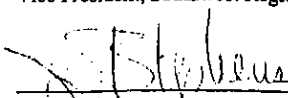
In the case of staffing a new Pharmacy operation, Pharmacy Clerk and Pharmacy Assistant positions will be posted. However, the Company will announce openings and position requirements in order to "solicit interest" from existing employees. Those existing employees with similar past experience will be considered before anyone from outside the Company.


In established Pharmacies, the position of Pharmacy Assistant will be a posted position, subject to testing similar to the Warehouse Administrative Clerk. The Pharmacy Clerk position shall be posted with the minimum qualifications as stipulated above. The Company may hire from outside if there are no qualified current employees.

Reaffirmed this 5th day of March, 2004.

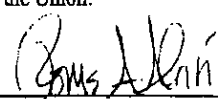
For the Employer:

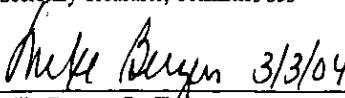

Mike Mosteller
Vice President, Southwest Region

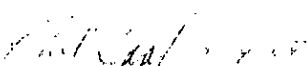

Jack Stephens
Director Labor Relations / Counsel


Richard Arriola
Labor Relations Manager

For the Union:


Rome Aloise, Chairperson,
Secretary Treasurer, Teamsters 853

 3/3/04
Mike Bergen, Co-Chairperson
Secretary Treasurer, Teamsters 166


Phil Saal, Co-Chairperson
Secretary-Treasurer, Teamsters 542

LETTER OF UNDERSTANDING / BUSINESS DELIVERY

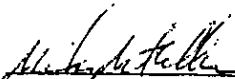
The Company reserves the right to offer this program to a Business Delivery driver based on all factors involving said driver's overall work performance.

In the event that a driver tests positive based on the D.O.T. required, random testing program, the Company agrees that said driver shall be eligible for a one time reinstatement if said driver completes an approved rehabilitation program.

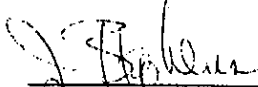
The driver shall remain off of the job until such time as completion/enrollment in an approved plan allows for the driver to perform his/her duties.

Reaffirmed this 5th day of March, 2004

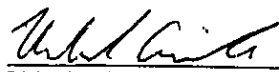
For the Employer:



Mike Mosteller
Vice President, Southwest Region




Jack Stephens
Director Labor Relations / Counsel

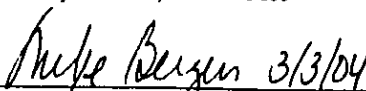


Richard Arriola
Labor Relations Manager

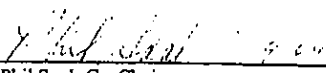
For the Union:



Rome Aloise, Chairperson,
Secretary Treasurer, Teamsters 853



Mike Bergen, Co-Chairperson
Secretary Treasurer, Teamsters 166



Phil Saal, Co-Chairperson
Secretary-Treasurer, Teamsters 542

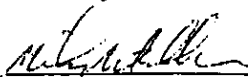
LETTER OF UNDERSTANDING (BAKERY)

Expanded Bakery Department openings will not be subject to the contractual posting requirements within the first ninety (90) days of operation. However, the Company will announce openings and position requirements in order to "solicit interest" for existing employees.


Expanded Bakery Departments are those that utilize Bakers. To further clarify, by way of example, this Letter of Understanding refers to those bakery operations similar to those of the Vista, California Costco which opened on November 24, 1993.

Reaffirmed this 5th day of March, 2004


For the Employer:



Mike Mosteller
Vice President, Southwest Region

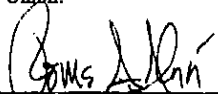


Jack Stephens
Director Labor Relations / Counsel

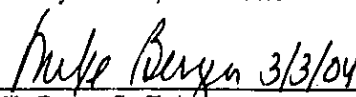


Richard Arriola
Labor Relations Manager

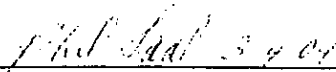
For the Union:



Rome Aloise, Chairperson,
Secretary Treasurer, Teamsters 853



Mike Bergen, Co-Chairperson
Secretary Treasurer, Teamsters 166



Phil Saal, Co-Chairperson
Secretary-Treasurer, Teamsters 542

LETTER OF UNDERSTANDING (401 k)

The following schedule of changes shall be made to the 401(k) Plan for Union Employees. Employees must meet the eligibility requirements for the 401(k) Plan to receive the following contributions and matching funds. Please refer to the Summary Plan Description for specific rules and guidelines.

1998

Employees who are actively employed with the Company on December 31, 1998, and who are eligible for participation in the Company's 401(k) Plan, shall receive a contribution into their 401(k) Plan based on all straight time hours from February 1, 1998 through December 31, 1998, including Sunday, up to a maximum of one hundred seventy-three (173) hours per month.

Employees who reach their fifth (5th) anniversary up to their ninth (9th) anniversary during the calendar year 1998:

\$.15/hour

Employees who reach their tenth (10th) anniversary or greater during the calendar year 1998:

\$.25/hour

Beginning February 1, 1998, the Company will contribute a match of \$0.50 for every \$1.00 that an employee contributes to the 401(k) Plan up to the first \$400.00 contributed by the employee each year. The maximum matching contribution for each year is \$200.00. This contribution will be made each pay period in which a payroll deduction occurs.

1999

Employees who are actively employed with the Company on December 31, 1999, and who are eligible for participation in the Company's 401 (k) Plan, shall receive a contribution into their 401(k) Plan based on all straight time hours worked from January 1, 1999 through December 31, 1999, including Sunday, up to a maximum of one hundred seventy-three (173) hours per month.

Employees who reach their fifth (5th) anniversary up to their ninth (9th) anniversary during the calendar year 1999:

\$.15/hour

Employees who reach their tenth (10th) anniversary or greater during the calendar year 1999:

\$.25/hour

2000

Employees who are actively employed with the Company on December 31, 2000, and who are eligible for participation in the Company's 401(k) Plan, shall receive a contribution into their 401(k) Plan based on all straight time hours worked from January 1, 2000 through December 31, 2000, including Sunday, up to a maximum of one hundred seventy-three (173) hours per month.

Employees who reach their fifth (5th) anniversary up to their ninth (9th) anniversary during the calendar year 2000:

\$.20/hour

Employees who reach their tenth (10th) anniversary or greater during the calendar year 1998:

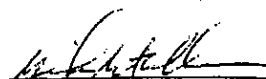
\$.30/hour

Beginning February 1, 2000, the Company will contribute a match of \$0.50 for every \$1.00 that an employee contributes to the 401(k) Plan up to the first \$500.00 contributed by the employee each year. The maximum matching contribution for each year is \$250.00.

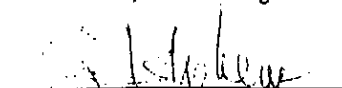
This contribution will be made each pay period in which a payroll deduction occurs.

Reaffirmed this 5th day of March, 2004

For the Employer:



Mike Mosteller
Vice President, Southwest Region

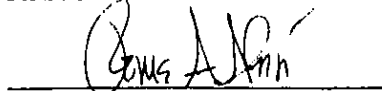


Jack Stephens
Director Labor Relations / Counsel



Richard Arriola
Labor Relations Manager

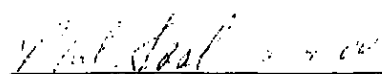
For the Union:



Rome Aloise, Chairperson,
Secretary Treasurer, Teamsters 853



Mike Bergen, Co-Chairperson
Secretary Treasurer, Teamsters 166



Phil Saal, Co-Chairperson
Secretary-Treasurer, Teamsters 542

LETTER OF UNDERSTANDING -- ("COMBO" POSITIONS)

This Letter of Understanding confirms our agreement reached regarding the application of Article XXI, Section (a), Promotions to Full-Time, and Article XXI, section (b), Promotions to Service Clerk, for those employees in "combo" positions. This Letter of Understanding is not intended to revise or change any relevant contract provisions, but merely clarifies the intent of the parties regarding the application of the provisions.

1. If a "combo" classified as a Service Assistant accumulates a total of eight hundred (800) hours worked in the Service Clerk bracket in the prior twenty-six (26) consecutive pay periods, the most senior combo in the like work (working the same two departments) shall be promoted to Service Clerk. As an example, a "combo" working in Stocking and the Front End accumulates eight hundred (800) Clerk hours. The most senior "combo" working as a Stocker and Front End is promoted to Service Clerk.
2. In the event a part-time "combo" employee works forty (40) or thirty-eight (38) hours, including Sunday, for more than eight (8) consecutive weeks, the most senior part-time "combo" in the like work (as in example in #1 above) shall be promoted to full-time.
3. The "combo" employee receiving the promotion to full-time or Service Clerk under the above conditions will be expected to perform Clerk work in the schedule (shift/days) in which the Clerk hours and/or full-time hours were earned.
4. In the event the required eight hundred (800) hours are earned by a part-time "combo", the most senior part-time "combo" meeting the above requirements will be promoted to a Clerk status. If the hours are earned by a full-time "combo", the most senior full-time "combo" meeting the above requirements will be promoted to Clerk status in both halves of their job.

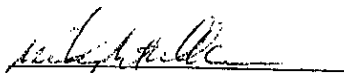
5. "Combo" employees have no rights to promotions earned under Article XXI, Sections (a) and (b) by "non-combo" employees and "non-combo" employees have no promotion rights earned by "combo" employees under the same Article and Sections.

6. Combo vacation and optional bids will be approved in their home department.

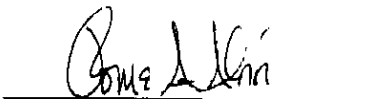
Reaffirmed this 5th day of March, 2004

For the Employer:

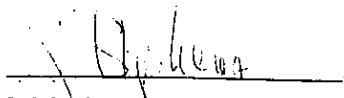
For the Union:



Mike Mosteller
Vice President, Southwest Region



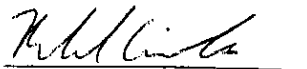
Rome Aloise, Chairperson,
Secretary Treasurer, Teamsters 853



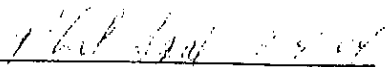
Jack Stephens
Director Labor Relations / Counsel



Mike Bergen, Co-Chairperson
Secretary Treasurer, Teamsters 166



Richard Arriola
Labor Relations Manager



Phil Saal, Co-Chairperson
Secretary -Treasurer, Teamsters 542

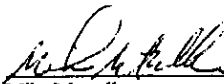
LETTER OF UNDERSTANDING - (Article II Bargaining Unit Work)

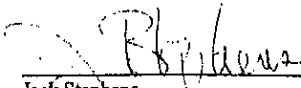
It is understood between the parties that the term "other production efficiencies" also refers to non-front end areas of operation.


Additionally, in the time leading up to opening, salaried merchants may perform hands on work in the area of merchandising as needed.

Affirmed this 5th day of March, 2004


For the Employer:

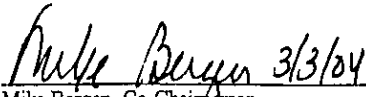

Mike Mosteller
Vice President, Southwest Region



Jack Stephens
Director Labor Relations / Counsel


Richard Arriola
Labor Relations Manager

For the Union:


Rome Aloise, Chairperson,
Secretary Treasurer, Teamsters 853


Mike Bergen, Co-Chairperson
Secretary Treasurer, Teamsters 166

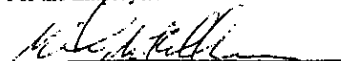

Phil Saal, Co-Chairperson
Secretary -Treasurer, Teamsters 542

LETTER OF UNDERSTANDING (Refrigerated Premium)

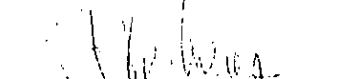
Employees working inside refrigerated stockrooms shall receive twenty-five cents (\$.25) per hour premium for all hours worked inside the actual stockroom. Refrigerated premium will be eliminated on September 1, 1999. Employees receiving the premium on September 1, 1999 will be grand fathered.

Affirmed this 5th day of March, 2004

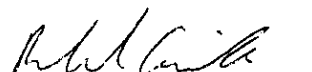
For the Employer:



Mike Mosteller
Vice President, Southwest Region



Jack Stephens
Director Labor Relations / Counsel



Richard Arriola
Labor Relations Manager

For the Union:



Rome Aloise, Chairperson,
Secretary Treasurer, Teamsters 853

 3/3/04

Mike Bergen, Co-Chairperson
Secretary Treasurer, Teamsters 166



Phil Saal, Co-Chairperson
Secretary - Treasurer, Teamsters 542

NOTICE TO ALL MEMBERS

IF YOU BECOME UNEMPLOYED IN THE JURISDICTION OF THE LOCAL UNION, YOU WILL BE ISSUED A WITHDRAWAL CARD, ON REQUEST, PROVIDING ALL DUES AND OTHER FINANCIAL OBLIGATIONS ARE PAID TO THE LOCAL UNION, INCLUDING THE DUES FOR THE MONTH IN WHICH THE WITHDRAWAL CARD IS EFFECTIVE.

IT IS THE MEMBERS RESPONSIBILITY TO SUBMIT, IN WRITING, THAT HE/SHE IS LEAVING THEIR EMPLOYMENT; IT IS **NOT** THE RESPONSIBILITY OF THE LOCAL UNION OR YOUR EMPLOYER.

IF YOU ARE ON A DUES CHECK-OFF WITH YOUR COMPANY AND LEAVE FOR ANY REASON AND YOUR DUES ARE NOT DEDUCTED, IT IS ALSO YOUR OBLIGATION AND RESPONSIBILITY TO KEEP YOUR DUES CURRENT OR REQUEST A WITHDRAWAL CARD FROM YOUR LOCAL UNION OFFICE.

EFFECTIVE IMMEDIATELY, PER ARTICLE XVII, SECTION 5-6 OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS CONSTITUTION, YOU MUST TAKE A WITHDRAWAL CARD BEFORE NINETY (90) DAYS OR GO SUSPENDED ON THE NINETY FIRST (91ST) DAY.





KNOW YOUR RIGHTS

“Weingarten Rights”

The U.S. Supreme Court has ruled that a Union Steward is entitled to be present at an investigatory meeting between an employee and management if the employee reasonably believes that a disciplinary action might result. The Court in the Weingarten case determined that this right arises only in situations where the employee requests representation and does not apply to such conversations as when a supervisor gives instructions or needed corrections of work techniques.

In subsequent decisions, the Courts and the National Labor Relations Board have ruled that an employee is entitled to consult with a Union Shop Steward before the investigatory interview; that a Union cannot invoke the employee's Weingarten rights, and; that only you can assert this right. An employee does not have a right to Union representation if the decision to issue discipline has already been made and the purpose of the meeting is to issue and explain that discipline.

There must be a reasonable probability of discipline resulting from the interview. If the purpose of the interview is merely to hand you a warning already drafted and not to conduct an interview which might lead to that warning, you would be subject to discipline for insubordination.

**THEY ARE YOUR RIGHTS BUT
YOU
MUST ASK FOR THEM**