2012-01753

Agreement Summary Sheet

Return the completed form to: Economics and Contracts Department
International Brotherhood of Teamsters
4512 48112 **25 Louisiana Avenue, NW • Washington, DC 20001**

Local Union Number 2727

Titan Employer Number 021047350

Complete name and worksite address of employer (include division name)

United Parcel Service, Co.

Parent company name (if known)

00 6997 1681

Describe the work/business performed at the location under agreement (e.g. bakery, grocery warehouse, electronics manufacturer, school, etc.)

Aircraft Maintenance

Effective Date November 1, 2006

Expiration Date November 1, 2013

Is this the first agreement? ☐ Yes ☒ No

Is the company signed to a national, regional, local or company master agreement?
☐ Yes ☐ No

Bargaining unit size 1240

If so, what agreement and supplements?

Does the employer do business under a different name?
☐ Yes ☐ No

If so, what name?

Please check the appropriate trade division and/or industry for this employer:

- ☑ Airline Division
- ☐ Bakery and Laundry Conference
  - ☐ Manufacturing ☐ Wholesale ☐ Laundry
- ☐ Brewery and Soft Drink Workers Conference
  - Beer ☐ Manufacturing ☐ Wholesale
  - Soft Drink ☐ Manufacturing ☐ Wholesale
  - ☐ Bottled Water
  - ☐ Wine & Liquor
  - ☐ Tobacco
- ☐ Building Material and Construction Trade Division
  - ☐ General Construction
  - ☐ Building Materials Manufacturing
  - ☐ Building Materials Distribution and Retail
- ☐ Carhaul Division
- ☐ Dairy Conference
  - ☐ Manufacturing ☐ Wholesale
- ☐ Food Processing Division
- ☐ Freight Division
- ☐ Graphic Communications Conference
- ☐ Industrial Trades Division
  - ☐ Manufacturing
  - ☐ Car/Truck Rental
  - ☐ Automotive Related Industries
  - ☐ Parking Industry
  - ☐ School Bus Drivers (Private Companies)
- ☐ Motion Picture and Theatrical Trades Division
- ☐ Newspaper, Magazine and Electronic Media Division
- ☐ Parcel and Small Package Division
- ☐ Port Division
- ☐ Public Services Division
  - ☐ State, County, Local and Regional Authorities
  - ☐ Federal Agreements
  - ☐ Schools
  - ☐ Healthcare
- ☐ Rail Conference
- ☐ Solid Waste and Recycling Division
- ☐ Tank Haul Division
- ☐ Trade Show and Convention Division
- ☐ Warehouse Division
  - ☐ General Warehouse Agreements
  - ☐ Distribution or Grocery Agreements
- ☐ None

FEB 13 2012

Please contact 202-624-6927 if you have any questions regarding the submission of collective bargaining agreements to the Economics and Contracts Department.

Agreement

Between

International Brotherhood of Teamsters
Airline Division

Teamsters Local Union No. 2727

And

United Parcel Service, Co.

Duration: November 1, 2006 to November 1, 2013

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INTRODUCTION TO THE JOINT INTERPRETATION

TONY COLEMAN: The purpose of this process here today is to try to establish an agreed-upon record as to the intent and interpretation of the language that we've negotiated in the new collective bargaining agreement. The Parties believe that this Joint Interpretation is accurate and correct However, it is the Parties intent that if there is found to be any conflict between the Agreement and this Joint Interpretation documents, the Agreement language will supersede the Joint Interpretation.

Part of the understanding between the Parties in going through this process is that the final transcript that will be agreed upon by the Parties will be treated as the official notes and minutes of these negotiations with regard to what the Parties intended with regard to changes, and examples perhaps, in terms of how we intend the language to be applied Part of the understanding is that this official transcript will be the only written record with regard to intent of the language changes and intent of the existing language; the request on the Company's side that there be an agreement that by doing this transcript, we agree that individual notes that may have been taken by one Party or the other during negotiations of the contract itself are not admissible in any subsequent arbitrations that we might have and, rather, that this final transcript would be a substitute and the only official record of the minutes and discussions during negotiations. There is no intent on either Parties' part that they would be precluded from introducing in subsequent arbitrations, if necessary, proposals and counterproposals that occur during negotiations to give an arbitrator a feel for the various positions of the Parties, but that neither Party would have the right to utilize any individual notes or minutes that may have been taken or maintained during negotiations

With regard to the process itself, I think I want to put on the record that either side can go off the record at any time to talk about issues It is not intended to be a one-person show in terms of putting into the record what the intent and interpretation of the language is Either side retains the right completely to ask questions at any point, to jump in with any comments that they might have.

PREAMBLE

United Parcel Service Co , a Delaware Corporation (hereinafter referred to as Employer or Company) and Local 2727 of the International Brotherhood of Teamsters, Airline Division (hereinafter referred to as Local 2727 or Union) agree to be bound by the terms and conditions of this Agreement which is made and entered into in accordance with the provisions of the Railway Labor Act. 45 U.S.C. Sections 151. et seq This Agreement will cover all operations over which the Union has jurisdiction in, into and out of, between and over all of the states, territories, and possessions of the United States including but not limited to, Hawaii, Puerto Rico, Virgin Islands, and Guam.

ARTICLE 1
SCOPE, PURPOSE AND STATUS OF AGREEMENT

Section 1 - Scope of Agreement

a. The Company recognizes the Union, in accordance with the provisions of the Railway Labor Act, as amended, as the sole and exclusive bargaining agent for all employees who are employed by the Company in the job classifications set forth in Article 22 of this Agreement

b. The Company agrees that, all work of the nature, type and category of work that has been normally and routinely performed for it by covered employees, including without limitation all scheduled checks identified in this Agreement, all subsequently added maintenance checks and further including without limitation, all work identified in this Article and described in Article 22, shall be performed by employees on the Local 2727 system seniority list except as specifically provided otherwise in this Agreement. Without limiting the generality of the foregoing, all maintenance normally and routinely performed by Local 2727 represented employees on every series of the Airbus 300, Boeing 727, 747, 757, 767, MD-11 and DC-8, and on new or other later acquired aircraft, to include parts removed from the aircraft that would normally and routinely be repaired, shall be subject to this Agreement and performed by Local 2727 represented employees Operations not conforming to this Agreement shall not be permitted.

c. Aircraft operated by the Company within, to or from the United States, its territories or possessions, and maintained by Local 2727 represented employees, shall not be domiciled and maintained outside Local 2727's jurisdiction, if a factor in the transfer is who performs the maintenance work on the aircraft The Company must carry its burden of demonstrating that its decision to move the work outside Local 2727's jurisdiction was not, in whole or in part, attributable to the Company's preference to have scheduled maintenance work performed abroad rather than by employees subject to this Agreement

d Recognizing the importance of ensuring that maintenance work will be performed in the United States rather than internationally, the Parties agree to the following·

1 The following procedures will apply to aircraft domiciled in the United States but which also transit international gateways·

a) The Company will not intentionally route an aircraft to an international gateway for the purpose of having deferrals worked.

b) In order for the Company to comply with FAR's and maintain redundancy of aircraft systems, restricted deferred maintenance items may be addressed at all gateways.

c) Unrestricted, non-performance limiting, deferred maintenance items of all categories will be addressed at UPS staffed gateways only (i e Local 2727 represented employees) Deferred maintenance items related to NEF's shall be covered by this paragraph

d) E O 's, WAN's and FCD's that do not affect the immediate reliability or are not needed to affect dispatch of the aircraft will not be scheduled at international locations

e) Alerts will normally be scheduled at Local 2727 staffed gateways, unless the work must be performed internationally to insure the reliability and maintain the redundancy of the aircraft system

2 Subject to subparagraphs d 3 through 8 below, aircraft domiciled in the United States, wherever operated, shall have all scheduled maintenance checks short of a "C" check performed in the United States by Local 2727 represented employees Such scheduled checks can be performed abroad, on an exception basis, if an aircraft's regularly scheduled return to the United States is delayed due to circumstances outside the Company's control, to a point where the scheduled check must take place to enable the aircraft to operate. In addition, if the normal operational routing of the aircraft precludes the scheduled check work from being performed in the United States, it may be performed internationally, but only with the Union's agreement Agreement will not unreasonably be withheld

3. a) For those B747-400 and B-767 aircraft which operate routes into and out of the United States, the Company shall be allowed to perform PMC checks at international locations pro-

vided the total number of work hours for the first six (6) months of the calendar year do not exceed the number generated by the following formula The same formula will be applied to the second six (6) months of the calendar year

i) Total number of 747-400 aircraft included in the Article 21. Section 4 ratio times 400 hours equals x.

ii) Total number of B767 aircraft included in Article 21. Section 4 ratio times 30 hours equals y.

b) The Company shall provide the Union a report on a quarterly basis detailing the PMCs performed outside the United States on the B747 and B767: the location at which the PMC was accomplished, and the number of work hours scheduled for the PMC (including related routines and non-routines). The addition or elimination of a B767 or B747 from the fleet shall result in a prorata number for that aircraft for that year. As a part of the quarterly report. the Company shall also provide a projection of the PMC's to be performed in the next calendar quarter and the projected ground times

c) With regard to the PMC check on the B-747-400. the Company shall on a quarterly basis provide the Union with the prior three(3) months actual and the next three(3) months projected available ground segments (i.e., scheduled to be on-the-ground with no operating requirements for more than six hours) in the international arena and the domestic United States Beginning July 1. 2011 and each six(6) month period thereafter. the four hundred hour (400) allowance referenced in paragraph a) above shall be reduced on pro-rata basis if the ratio of the available ground segments domestically versus internationally dictate [E.g. If there are 500 hours of total PMCs, and available ground time segments are 78% international and 22% domestic, then no more than 78% of the PMC hours can be done internationally (500 x 78% = 390] This paragraph will never be used to increase the allowance above the four hundred (400) hours set forth in paragraph a) above.

4 The Company will only schedule periodic service checks (PS-1) (e g every nine days) on aircraft that operate into and out of the U S. in an international location, to the extent the normal operational routing of the aircraft permits it Such checks shall not be performed internationally less than six (6) days from the last check without a report being provided to the Union within twenty-four (24) hours. There must be a legitimate operational and/or service reason(s) making it necessary. on an exception basis, to schedule the PS-1 early.

5 The Company shall have the right to perform whatever scheduled checks may be required on an aircraft that is domiciled outside of the United States provided (1) the domiciling of the aircraft outside the United States was not in violation of Section 1 c above, and (2) prior to domiciling the aircraft outside the United States, the Company provides the Union the aircraft's tail number, location of the foreign domicile and duration of its being domiciled abroad

6 Further, the Company agrees it will not schedule any maintenance checks covered by Section 1.b above at international locations if it is not in compliance with the ratio provided in Article 21. Section 4.

7 In addition, in order to ensure transparency over the performance of scheduled maintenance abroad; the Company agrees it will provide Local 2727 a report on a quarterly basis identifying the international locations at which the PMC and PS-1 checks were performed in the previous quarter The Company will also meet with the Union to discuss these reports and answer any questions concerning them

8 Within thirty (30) days of ratification of this agreement the Company will obtain approval from the FAA to change its Maintenance Program to provide that if the "drop dead" date on a PS-2, PS-3, PS-4 or PS-5 check is more than 125 hours away at the time the aircraft enters a "C" Check it will be scheduled for performance by the Local 2727 members after the aircraft completes the "C" Check.

9 If the Company exceeds the number of hours of international PMC work performed abroad. as

allowed under paragraph 3 above, the Company will pay for those hours on a one-for-one basis at the then top-AMT hourly wage rate The Union shall specify which employees will receive the monies

e. The deferral of maintenance work to heavy maintenance shall be allowed only in accordance with the flow chart attached as Addendum A to this Agreement

f. No new supplements, riders, or addenda to this Agreement shall be added unless negotiated and agreed to by the Company and Union. Any supplement, rider, or addendum not agreed to by the Company and the Union shall be null and void

g Upon ratification, all Letters of Agreement or Meaning and Intent documents that are not adjoined or incorporated in this Agreement will be null and void

h Supervisory personnel will not perform work which is covered by this Agreement except during planned training, demonstration, and safety education, or when no other certified AMT or other qualified Local 2727 represented employee is available to perform the work in order for the aircraft to meet service commitments. The Company shall not use the exceptions above as a subterfuge to perform work.

i The right to manage and direct the working forces subject to the provisions of this Agreement is vested in and retained by the Employer It is understood that the Employer shall not harass, overly supervise or unfairly coerce employees in the performance of their duties

j At all locations an employee's immediate supervisor shall either be present or immediately available for contact by the employee. If an employee is unable to contact his supervisor, an employee shall not be held responsible if he exercises his judgment in a reasonable manner

k. It is understood that wherever in this Agreement employees are referred to in the masculine or feminine gender, it shall be recognized as referring to both male and female employees

Section 2 - Purpose of Agreement

a The purpose of this Agreement, in the mutual interest of the Employer and of the employees, is to provide for the operation of the services of the Employer under methods which will further, to the fullest extent possible, the safety of air transportation, the efficiency of the operation, and the continuation of employment under proper compensation and reasonable working conditions It is recognized by this Agreement to be the duty of the Employer, the Union, and the employees to cooperate individually and collectively for the advancement of that purpose. The parties agree that the principle of a fair day's work for a fair day's pay shall be observed at all times To further these purposes, the Company or the Union may request a conference at any time to discuss and negotiate to an agreement any general condition that may arise under the application of this Agreement.

b Employees covered by this Agreement will not be interfered with, restrained, coerced, harassed, intimidated or discriminated against by the Company, its officers, or agents because of membership in or lawful activity on behalf of the Union, or any other arbitrary or unlawful reason It shall not be a violation of this Agreement, and it shall not be cause for discharge, permanent replacement or other disciplinary action for any employee to engage in conduct authorized by law or this Agreement

c In accordance with the established policy of the Company and the Union, the provisions of this Agreement will apply equally to all employees, regardless of sex, color, race, creed, age, national origin, religion, handicapped or veteran status.

Section 3 - Status of Agreement

a It is expressly understood and agreed that when this Agreement is executed by the Parties, it will supersede any and all existing agreements between the Parties affecting the terms and conditions of employment of those employees covered by this Agreement except as otherwise specified herein.

b. The Company agrees not to enter into any agreement or arrangement either verbally or written, or contract with its employees either individually or collectively, which in any way conflicts with the terms and provisions of this Agreement Any such agreement shall be null and void.

c All employees covered by this Agreement shall be governed by all applicable UPS Co airline rules, reg-

ulations. and policies which do not conflict with the terms and conditions of this Agreement. No new policy. rule or regulation will be established which is contrary to this Agreement. The Company will make available to the employees any applicable policies. rules. regulations. operating and maintenance manuals which have been reduced to writing, effective as of the date this Agreement is signed and shall supplement such documents as appropriate The Company shall provide the Union a copy of all such policies. rules and regulations No policies. rules or regulations will be added that would abridge. alter or affect this Agreement or affect the wages. working conditions. or discipline of the employees without the expressed approval of the Union. The Company agrees that it will not charge any employee with a violation of a Company policy. rule or regulation unless it has been made available to the employee and the employee has knowledge of the policy, rule or regulation.

d It is understood that all perquisites and benefits currently afforded employees such as tuition reimbursement, matching donations to charitable organizations. etc , shall continue through the duration of this Agreement

e. This Agreement and any other agreements incorporated herein represent the full and complete Agreement between the Parties, each Party having had the full and complete right and opportunity to present subjects for bargaining prior to the execution of this Agreement Provided. however. that before delivery of new aircraft types the Parties shall meet and confer to agree on the amount of maintenance work to be performed by Local 2727 represented employees in accordance with the Union's jurisdictional rights under this Agreement Agreement will not unreasonably be withheld

f The Parties agree that other bargaining unit agreements made by the Company. its parent or its parent's subsidiaries, either past or present, shall not be used as precedence or interpretation of this Agreement in arbitration. court proceedings or for interpretation or disputes related to this Agreement between Local 2727 and UPS Co (the Airline).

Section 4 - Parallel Operations and Equipment Dispositions

a The Company shall not directly or through an Affiliate:

1. establish any new airline or acquire a controlling interest in any carrier which operates jet aircraft with a payload equal to or exceeding 15.800 pounds unless the acquisition is a successorship transaction to which the provision of Section 6 apply, or
2 establish any new domestic repair station or acquire a controlling interest in any entity which repairs or maintains aircraft within the territorial confines of the United States. unless Local 2727 represented employees perform the entities domestic repair or maintenance work upon terms to be agreed upon by the Parties.

b. The Company shall not allow its code or brand to be placed on any domestic flight operated by a feeder airline, which is controlled by the Company or an Affihate. if the flight utilizes jet freight aircraft with a maximum certification weight of more than 15,800 pounds.

c. Neither the Company nor its affiliates shall conclude a sale. lease. transfer or other disposition, whether directly or indirectly of Company aircraft to an Entity that will operate the aircraft using the Company's crewmembers, unless the equipment is maintained by employees on the UPS Co. system seniority list under the terms of this Agreement

Section 5 - Alliance Flying and Marketing Agreements

a. Marketing Agreements

For the purposes of this paragraph. "Marketing Agreement" shall mean operations performed by another carrier, whereby the other carrier trans-ports cargo pursuant to a code share. marketing. interline, joint venture, pro-rate, block space agreement. alliance. or any other agreement or arrangement whereby another carrier uses the Company's designator codes or operates aircraft bearing the Company's name. trade name. logo. livery, trade marks or service marks or otherwise holds out to the public that the Company or an Affiliate of the Company is performing or is otherwise associated with the operation Flying operations performed pursuant to Marketing Agreements are permitted so long as the requirements of this Section are satisfied.

b. During the period any Marketing Agreement remains in effect:
   1. there shall be no reduction in permanent mechanic and related positions or in the status or pay category of any employee covered by this Agreement (measured monthly as an arithmetic average of the level for the twelve (12) months prior to the initial implementation of the Marketing Agreement); and
   2 there shall be no reduction in the number of aircraft in the Company's fleet (including equipment on order), except for aircraft retirements in the normal course of business; and
   3 Company-owned or leased equipment flown by the Company's pilots shall not be maintained by anyone who is not on the UPS Co. system seniority list unless expressly authorized by this Agreement; and
   4 the additional requirements of this Article are complied with by the Company.

c. This Section shall not preclude the Company from using common carriage or subcontracts as permitted in the Company's collective bargaining agreement with the pilot's union

Section 6 - Successorship

a Successor Transactions
   1 This Agreement shall be binding upon any successor, assign, assignee, transferee, administrator, executor and/or trustee (a "Successor") of the Company resulting from any transaction that involves:
      a) Transfer (in a single transaction or in related multi-step transactions) to a Successor of ownership or Control of all or substantially all of the equity securities and/or assets of the Company (hereinafter "Complete Transaction"); or
      b) Transfer to a Successor (other than in a Complete Transaction) of ownership and/or Control of a portion of the assets of the Company in a Substantial Asset Sale (hereinafter "Partial Transaction")
   2 No contract or other legally binding commitment involving the transfer of ownership or control pursuant to a Complete Transaction or a Partial Transaction will be signed or otherwise entered into unless it is agreed as a material and irrevocable condition of entering into, concluding and implementing such transaction that the Successor shall assume the employment of all employees on the UPS Co. System Seniority List (or such portion of the employees transferred in a Partial Transaction) in accordance with the rates of pay, rules and working conditions set forth in this Agreement.
   3 The Company shall give written notice of the existence of this Agreement to any proposed Successor before the Successor executes a definitive agreement with respect to a Complete Transaction or a Partial Transaction. If one has not been earlier provided, a copy of the notice shall be provided to the Union at least twenty-four (24) hours before the definitive agreement is executed provided the Company's confidentiality concerns can be satisfied

b. In the event of a complete merger between the Company and another air carrier (i e , the combination of all or substantially all of the assets of the two carriers) where the surviving carrier decides to integrate the pre-merger operations, the following procedures will apply
   1 if the Company is the surviving carrier, the Company will:
      a) integrate the two mechanic and related groups in accordance with Sections 3 and 13 of the Allegheny-Mohawk LPPs, and the Company will accept the seniority list obtained through this process as the merged list of the pre-merger carrier; and
      b) provide compensation to any pre-merger UPS mechanic and related employee who is laid off during the three (3) year period commencing on the date the merger transaction is closed, in accordance with Article 24; and
      c) on the date the merger transaction is closed the wage rates for the UPS mechanic and related employees covered by this Agreement will remain in effect until any representation and/or status quo issues are resolved, if any.
   2. If the Company is not the surviving carrier, the Company will secure the irrevocable, written commitment of the surviving carrier

a) to employ all employees on the then current UPS Co. System Seniority List in accordance with the terms and conditions of this Agreement, if it survives, and

b) to integrate the two groups of mechanic and related employees in the same manner as stated in b. 1. a) above, and

c) provide the layoff pay provided in Article 24

c A "Substantial Asset Sale" shall mean any transaction by which the Company disposes of all or substantially all of any of the assets designated below:

1. The Louisville Maintenance operation.
2. The Ontario Maintenance operation.
3. Aircraft (other than equipment domiciled and maintained abroad) or route authority which produced 12 percent (12%) or more of the Company's domestic operating revenues or ATMs during the twelve (12) months immediately prior to the date of the agreement to transfer such aircraft or route authority. not including aircraft or operating authority placed into service during such period
4. A single transaction or a series of related transactions within twelve (12) months for value which cause a reduction of more than eighteen percent (18%) of the total number of aircraft in the operating fleet

d In the event of a Substantial Asset Sale. the Company will not furlough or involuntarily displace any employee in anticipation of the Substantial Asset Sale in order to deprive him of the protection provided by these provisions.

e. In the event of a partial merger between the Company and another air carrier (i e . a Substantial Asset Sale by the Company to another carrier or acquisition by the Company of both substantial assets of another carrier and the mechanic and related employees associated with those assets) where the acquiring carrier decides to integrate the pre-merger operations, the following procedures will apply·

1. if the Company is the acquiring carrier. the Company will
   a) integrate the two groups of mechanic and related employees in the manner stated in b 1 a), above. and.
   b) provide the layoff pay contained in Article 24.
2. if the Company is not the acquiring carrier. the Company will secure the irrevocable written commitment of the acquiring carrier.
   a) to offer employment at the closing of the acquisition to that number of employees covered by this Agreement whose identity shall be determined consistent with the seniority provisions they then enjoy, which number of employees entitled to such employment offer shall be the average monthly mechanic and related employee staffing actually utilized in the operation of the transferred assets over the twelve (12) months prior to the employment offers, and,
   b) to negotiate and to arbitrate under Allegheny-Mohawk Section 13 any differences regarding the identity or number of transferring employees that may arise with the surviving carrier; and
   c) to integrate the two groups of employees in the same manner as stated in b 1 a). above. and
   d) provide the layoff pay stated in Article 24 to any UPS employee so hired by the acquiring carrier

f. In the event of a complete merger [as defined in subparagraph b above] or a partial merger [as defined in subparagraph e above]. during any period of separate operation prior to integration of the pre-merger operations. the Company or the surviving or acquiring carrier, if different than the Company, shall guarantee that it will.

1. keep separate the operations of the Company and any other carrier at all times prior to such merger of operations and the concomitant integration of collective bargaining agreements and of seniority lists. whichever is latest, provided that the operation may be kept separate for up to one (1) year; and.
2. forbear from interchanging or transferring mechanic and related employees or aircraft

a) in the case of a complete merger, between the Company and the other carrier, and
b) in the case of a partial merger, between the assets disposed of or acquired and the acquiring company, in each case without the Union's written consent: and

3 assure that, in the event of a complete merger, or a partial merger in which the Company is the acquiring carrier, the employees on the Company's System Seniority List prior to the acquisition maintain, in accordance with this Agreement, all aircraft on hand at the Company, all aircraft on firm order to the Company and all aircraft acquired by the Company other than as a result of the transaction after the public announcement of the acquisition, provided however that nothing herein shall be construed to prevent fleet reductions which the Company can demonstrate are attributable to economic or other reasons not related to the complete merger or partial merger transaction, or the retirement of existing aircraft in the normal course of business, and

4 meet promptly with the Union to negotiate the implementation of the provisions of paragraphs f 1 through f.3. above and other possible "Fence Agreements" to be in effect during the period, if any, the two carriers' operations are to be operated separately without integration of the workforce

g In the event of a Complete Transaction or a Partial Transaction with another carrier which does not involve an operational merger, the Company or the surviving or acquiring carrier, if different than the Company, shall guarantee that it will

1. keep separate the operations of the Company and any other carrier at all times prior to any subsequent merger of operations and the concomitant integration of collective bargaining agreements and of seniority lists, whichever is latest, and
2. forbear from interchanging or transferring mechanic and related employees or aircraft,
   a) in the case of a Complete Transaction, between the Company and the other carrier, and
   b) in the case of a Partial Transaction, between the assets disposed of or acquired and the acquiring company, in each case without the Union's written consent, and
3. assure that employees on the Company's System Seniority List prior to a Complete Transaction maintain, in accordance with this Agreement, all aircraft on hand at the Company, all aircraft on firm order to the Company and all aircraft acquired by the Company which the Company can demonstrate are attributable to economic or other reasons not related to the Complete Transaction, or the retirement of existing aircraft in the normal course of business, and
4. assure that employees on the Company's System Seniority List prior to a Partial Transaction, who accept offers of employment from acquiring carrier, continue to maintain, in accordance with this Agreement, all aircraft utilized in the operation of the assets involved in the Partial Transaction, provided however that nothing herein shall be construed to prevent fleet reductions which the Company can demonstrate are attributable to economic or other reasons not related to the Partial Transaction, or the retirement of existing aircraft in the normal course of business:

5 adhere to the employee protections set forth in this Section, except paragraph 2 hereof, and

6 assure that expanded maintenance requirements attributable to combined system growth are allocated between the separate operations according to pre-transaction expectations: and

7 meet promptly with the Union to negotiate any additional terms and conditions to be in effect so long as the two operations are maintained separately.

h Subject to applicable securities and other laws and regulations, the Company will review with the Union the details of any material agreements relating to successorship transactions in a timely manner, provided that no financial or other confidential business information need be disclosed unless suitable arrangements are made for protecting the confidentiality and use of such information.

i Nothing in this Section shall apply or relate to

1 the total liquidation of the Company's assets,

2 the sale or transfer of assets in the ordinary course of business having no effect on employment (e g , equipment changeover), or

3 a partial sale or transfer of assets as a result of the Company's abandonment of a portion of its business where the assets will not be used to continue the business operations abandoned by the Company.

Section 7 - Foreign Operations

a The Company shall continue to be a domestic air carrier subject to the Railway Labor Act, as amended, with its headquarters, senior management and Maintenance Department within the United States unless the Company's air carrier status is modified by a transaction subject to Section 6 or the Company decides to completely cease operations.

b. The Company agrees that it will not move any work that is routinely performed by Local 2727 represented employees within the United States, its territories or possessions to an international location, except as expressly authorized by this Article

c. Nothing in this Section shall prohibit the Company from using Local 2727 represented employees for field service outside of the United States, its territories or possessions. Field service shall be pursuant to Article 16.

Section 8 - Other Labor Protective Provisions

a While the rates of pay, rules and working conditions set forth in this Agreement continue in effect, the Company shall not furlough any mechanic and related employees who were on the UPS Co System Seniority List as of the date of execution of this Agreement due to a merger, purchase or sale.

b The Company shall be excused from compliance with the provisions of subparagraph a. above in the event that a circumstance over which the Company does not have control is the immediate, direct cause of such non-compliance Circumstances beyond the Company's control shall be: an act of nature; an ongoing labor dispute: grounding or repossession of a substantial number of the Company's aircraft; involuntary reduction in flying operations due to either a decrease in available fuel supply or other critical materials for the Company's operation, revocation of the Company's operating certificate(s), war emergency, or a substantial delay in the delivery of aircraft scheduled for delivery.

Section 9 - Review Committee

A committee consisting of equal numbers of Company and Union representatives shall be created as a standing committee. The Company shall provide the Committee, upon request, the information necessary to enforce the requirements of this Article Proprietary, sensitive or confidential information shall be reviewed by the Committee under standard confidentiality agreements at the Company's request

Section 10 - Expedited Board of Adjustment Procedures

The Company agrees to arbitrate any grievance filed by the Union alleging a violation of this Article on an expedited basis directly before the System Board of Adjustment sitting with a neutral arbitrator mutually acceptable to both Parties If a mutually agreed upon arbitrator cannot be selected within three (3) days of the filing, an arbitrator will be selected pursuant to Article 6 of this Agreement The disputes shall be heard no later than thirty (30) days following the submission to the system board (subject to the availability of the arbitrator), and shall be decided no later than thirty (30) days following submissions, unless the Parties agree otherwise in writing

Section 11 - Definitions of Terms Used in This Article

a Affiliate shall mean.
   1 any Subsidiary, Parent or division of the Company, or
   2 any other Subsidiary, Parent or division of either a Parent or a Subsidiary of the Company, or
   3 any Entity that controls the Company or is controlled by the Company whether directly or indirectly through the control of other entities.

b. Parent means any Entity that Controls another Entity

c Subsidiary means any Entity that is Controlled by another Entity.

d. Entity means a natural person, corporation, association, partnership, trust or any other form for conducting business, and any combination or concert of any of the foregoing.

e. Control or a controlling interest of an Entity shall mean: the authority to directly or indirectly

1. manage or direct all or substantially all of the entity's air operations or provide managerial services such that the persons or entity providing such services manage or direct all or substantially all of the carrier's air operations, or
2. has the power to choose all or substantially all of the entity's officers; or
3. has the power to appoint, elect, or prevent appointment or election of enough members of the entity's Board of Directors so that such members have the power to choose the carrier's officers or designate the members of the entity's Executive Board or Committee with similar authority, or
4. owns a controlling stock interest in the entity.

f. Subcontracting, as used in this Article and in this Agreement, shall refer to transactions in which the Company or an Affiliate contracts for another carrier or entity to perform work covered by this Agreement.

ARTICLE 1

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MR. COLEMAN. Going to **Article 1, Section 1.d.1.b.** It's the first change that we made in **Article 1**, and we've struck out MELs, CDLs or restricted Ds and basically replaced it with "restricted deferred items may be addressed at all gateways." And, basically, the discussion was instead of making specific reference to like MELs, CDLs, by just becoming more generic, we don't have to worry about what labels to put on what items. And the intent is that it's still going to be applied in the same way it has in the past. And, in fact, the discussions were that this one and d.1.c didn't really change or expand what work Local 2727 was doing or what work was being done internationally, but rather was a change in the labels, a description that would be put on to that work.

The second change was in Paragraph c, which, again, instead of saying the D category be addressed at UPS gateways, we said unrestricted, nonperformance limiting deferred language of items of all categories. So, again, we didn't have to worry about whether something is labeled a D category or some other label.

MR. VAUGHN: And that would include NEF items? That's what I want to make sure of, that the NEF items, which are minor things, not essential for flight, they are listed as M items.

When you run a DI log for the aircraft, they're listed as Ms there.

MR. COLEMAN. Let's go off the record.

(WHEREUPON AN OFF-THE-RECORD DISCUSSION WAS HAD.)

MR. COLEMAN: Back on the record. Some off the record discussion and the parties agree that the NEFs fall into that category, it's our intent that that would be inclusive in the "all categories" language that was under d.1.c in terms of its being treated the same as other items in the "all categories" language that we talked about there.

MR. WILDER: New language was added to **Article 1, Section 1.d** in order to update employee job protections pertaining to the maintenance of aircraft that are domiciled within the United States, but transit international gateways. The updating was required as a result of changes in the Company's international operations since the last agreement became effective in October of 2002.

In terms of structure, subparagraph d.2 sets forth the general rule, and I'm quoting: "Aircraft domiciled in the United States wherever operated shall have all the scheduled maintenance checks short of a C check performed in the United States by Local 2727 represented employees." The parties also retained language from the last agreement enabling maintenance checks to be performed abroad in specified limited circumstances.

The first is when a scheduled check must be performed to enable the aircraft to operate after its return to the United States is delayed for reasons outside the Company's control. And, second, scheduled check work can be performed internationally, with the Union's agreement when the scheduled check cannot be performed within the United States due to the normal operational routing of the aircraft.

This language was included in the last agreement to deal with exceptional situations and the parties' intent is for it to have the same limited application in this agreement. Subparagraph d.3 through d.7 set forth exceptions to the general rule of subparagraph d.2.

MR. COLEMAN: Just also to clarify for paragraph d.2 when it says all scheduled maintenance checks short of a C check, what our intent there is we traded papers back and forth a number of times during negotiations with regard to all of the different aircraft in terms of some of them were -- the older aircraft were A and B. The 767 had checks designated as PMCs.

I think at some point, the piece of paper passed across that said on the B-747, there was a WPG, work package group, that is what we're talking about there in terms of short of a C check is all of those checks that are done on that were described on the piece of paper that we were handing across on the different aircraft type. On the MD11, it's a PS-2, 3, 4, 5 in terms of the checks that we're talking about, and then, obviously, because it's dealt with in paragraph four, on all the aircraft, we're also talking about the PS-1 check, which is that weekly check in terms of every nine days, I guess.

That's what we're talking about, Roland? I mean, I don't want to get into an argument again about A, B versus PMC versus WPG or whatever those checks are called, but those are the kind of checks that we're talking about here plus the PS-1 check. That is what we're talking about here.

MR. WILDER: Yes, certainly the change of the structure in d.2 has a general application to all checks and that d 3 through d.7 set forth the various exceptions for the PS-1 on all aircraft and for the PMCs on the 767 and the 747-400. Is that how you understand it?

MR COLEMAN Well, what I understood that we were talking about with regard to d 2 and then the three through seven deals more specifically with different checks on different aircraft types What we were talking about in d.2 that we arbitrated and everything else is the A and the B and the PMC and the WPG and PS-2, 3. 4. 5, and then the nine-day check, which seems to be referred to basically as a PS-1 check, that those are -- that's the universal checks that we're talking about I'm not sure that there is anything else

MR WILDER. Well, okay, I think that was your question, and I agree with your conclusion on that

MR. COMBINE: That was the change to make it anything short of C check. No matter what the maintenance check is called below the C check, that was our work

MR. COLEMAN: Let's move on with d 3

MR WILDER. I'll start again on d.3 through d 7, okay?

MR COLEMAN. Right

MR WILDER. Subparagraph d 3 through d.7 set forth exceptions to the general rule of subparagraph d 2 to enable scheduled checks to be performed overseas so long as the conditions and limitation described in those subparagraphs are satisfied

In subparagraph d 3 a. the parties developed a formula to establish on a semiannual basis a maximum number of maintenance hours that can be worked internationally in connection with PMC checks for the B747-400 and the B767 aircraft

For the 747-400 fleet, the number of 747-400 aircraft times 400 hours will be the maximum number of hours that can be worked in performing PMC checks at international locations from January 1st through June 30th of each calendar year.

The maximum for the period of July 1 through December 31 would be calculated the same way The formula would work similarly for the B767 fleet except the number of B767 aircraft would be multiplied by 30 hours to determine the count of international PMC work hours As provided in subparagraph d.3.b., the addition or elimination of an aircraft from the B747-400 or B767 fleets shall result in a pro rata number for that aircraft being used in the foregoing calculations.

MR COLEMAN Just as a clarification mainly by way of example, the 747-400, then if we had ten of them operating in our fleet for that six-month period that you're talking about, let's say July 1st of '11 through the end of the year, we would take the ten aircraft, multiply it by 400 hours, and would have a total of 4,000 hours that we could use to do PMC work on the 747 for that six-month period subject to reporting that we're going to get into here in a second, but that's how -- you said a couple of times for the aircraft.

The intent is to look at the fleet as a whole and then come up with a number and that number would drive how many hours that we would have I think we also had some discussion and agreed that the number that we would be using to calculate this would be the numbers that we've given to you previously where each scheduled check has a predetermined number of hours associated with it.

So if there's a PMC14 on the 767, and the documentation that we've previously exchanged shows that that's 20 hours, when we do the PMC14, whether it takes 15 hours for it to get done at Stansted or 25 hours, that the 20 would be the number that we would subtract from the pool of hours that we have available

MR WILDER Fine. I think that's true

MR COLEMAN With that, then we're ready to go to C

MR. COMBINE: Can we go off the record a second?

(WHEREUPON AN OFF-THE-RECORD DISCUSSION WAS HAD)

MR COLEMAN: Some off-the-record discussion with regard to a question from the Union What happens if the Company gets a 747-800, and what we discussed and agreed to was if the Company were to get a 747-800 during the life of this agreement and its maintenance parallels or is comparable to what the 400 is in terms of the PMC checks, that it would be governed and controlled by the provisions in d.3a) and c)

If we get a 747-800 or any other aircraft that's going to be used internationally, and its maintenance program's scheduled checks are not similar to what exists for the 747-400, then we would have an obligation to sit down and negotiate in terms of how it fits within d.3 through 7, and the agreement would not be unrea-

sonably withheld, which means, ultimately, if we couldn't reach an agreement, it would go to an arbitrator for a resolution, but based on the criteria that we've set forth here, that would be kind of a guiding factor in terms of how we would get to a resolution to the issue

Roland, do want to go on to 3 b)?

MR WILDER: All right. Resuming the joint interpretation, the parties' intent is for the above maximums on international maintenance checks to be enforceable obligations If the Company exceeds the allowable hours for international PMC work, it will pay for those hours on a one for one basis at the then top AMT hourly wage rate in an amount to be distributed to the recipient identified by the Union.

Equally important, the parties have agreed to a system under which the performance of scheduled maintenance abroad is reported to the Union on a quarterly basis In these reports, PMCs performed outside the United States on the B747-400 and the B767 for the previous quarter would be detailed, along with their locations, and the number of scheduled work hours for the PMCs (including related routines and nonroutines) shall be reported in accordance with subparagraph 3 b_

MR COLEMAN: Okay

MR. WILDER Therefore, it will also provide a projection of the PMCs to be performed in the next calendar quarter and the projected ground times.

MR COLEMAN. We're okay with that, Roland Go on to 3 c

MR. WILDER: At present, the very substantial majority of ground segments available for performing PMC checks on the 747-400 at overseas locations is due to the normal operational routing of the aircraft The parties are in agreement that if more domestic ground segments should become available due to routing changes, the allowable hours set forth in subparagraph d.3 a.i shall be rebalanced by reducing the 400 hour allowance on a pro rata basis to match the changed ratio of available domestic ground segments to available international ground segments

Subparagraph d 3 c) sets forth an example of how the rebalancing might occur beginning July 1, 2011. The 400 hour allowance will not be increased during this agreement To determine whether rebalancing is warranted, the Company will provide the Union on a quarterly basis with the prior three months actual and the next three months projected ground segments that would be available internationally and domestically

An available ground segment is when a B747-400 aircraft is scheduled to be on the ground with no operating requirements for more than six hours

MR. COLEMAN. If we could just add something, Roland You've made some comment about rebalancing every six months I think the intent of the parties with regard to this paragraph isn't so much that you would then look at a six-month period, then rebalance it for the next six months I think the intent and discussion that we had, and you and I specifically had, it was that the way -- this would work is that it's within the sixth-month period itself.

What the Union asked for and what the Company agreed to was, look, if based on the available ground segments within the U.S. versus internationally, if the Company has the available ground time domestically to do it, we're not just going to use the 400 hours and do it internationally if the available ground time is there domestically to have it done.

From that perspective, it really wasn't one where we look at a six-month period and then say, okay, for the next six months, we'll change the number. The intent actually and the burden really is on the Company to monitor and apply this as we go forward in each six-month period So beginning -- and, actually, the July 1st is the date that this formula will start to be applied, because we needed a full six months in order to do it

But beginning July 1st, '11, and then every six months thereafter, we're actually going to have to monitor it within each six-month period. For example, if between July 1st, '11 and the end of the year, the available ground segments in the U S are such that it reduces that 400 hours per aircraft for the fleet, then for that six-month period, the 400 hours would be reduced.

So it's not a prospective or a retroactive application It's within that six-month period itself that we're going to have to monitor and obviously on a quarterly basis, provide the Union with data to know that whether the available ground segments that we have are going to change that 400 hours And, obviously, as a protection, even if it goes over the 400 hours based on the ratio, it can never be higher than 400 hours.

The Union asked for this paragraph as a protection that we wouldn't just use the 400 hours if we had this

ground segment in the U S in order to be allowed to do it. So, Roland, I don't know if that clarifies a little bit what you said in terms of the rebalancing

MR GLEASON What Tony just discussed is accurate as to the discussion of the intent of the language is It was also intended that the restriction would be a hard and fast restriction, i e., it could not exceed the 400 hours, and looking at the segments in that six-month period, you could reduce the 400 hours, but it could never increase that

Also, in terms of the quarterly reporting, I think we also discussed the need for the Company not just to monitor that but also to maintain a transparency in providing the necessary information not just on just some kind of quarterly basis, but even more frequently than that so we can all monitor that.

Obviously, quarterly is the maximum amount you're allowed. I think as a practical matter, it's going to require much more frequent reporting and transparency than even a quarterly in order to make this system work

MR. COLEMAN. And the Company, we agree that we had those discussions. And it is our intent with regard to this language to try to provide as much transparency as we can so we don't have arguments after the fact with regard to it So. Roland, do you want to pick back up with four or any other comments?

MR WILDER Well, I'm trying to take the example in which the domestic ground time increases within the quarter and therefore, the 400 hours, according to the example, would drop to 385 Is it the notion that if the international ground time were to pick up the following week that the 400 hours would again be -- that the formula again would be applied to, let's say, 392 hours?

MR COLEMAN: To answer your question, Roland, yes, although the number when you say 385 for one week, 390 for another week, that number isn't a weekly number That number is a six-month number. And I think in terms of the discussions that we had with the Union, once we get to July 1st, 2011 and going forward, we're going to have to monitor and provide transparency to the Local so that if we're two months into the six-month period, and it looks like it's trending or it's going to be down for the six months, then we certainly have to make use of the available ground times within the U.S. to work the PMC because we won't know the number for sure until the end of the six-month period.

But if we're wrong and we're over -- say, well, we think it's going to go back up, so we're just going to continue, then we're going to pay the penalty But it's our intent and objective here to monitor that number as it goes on, and week by week, you're going to see, it's 300 this week based on where we are, and the next week, it's 390, and the next week, it's 410, so within that three month period, they completely balance out and be 400, but we will monitor it We will have the information in terms of available ground times at the end of the six-month period to be able to say, well, for this six months, based on the available ground time, it really was 390, not 400

And if we don't monitor it and make adjustments in terms of using that available ground time domestically, we could be left owing the penalty at the end of the six months

MR. GLEASON If I can jump in, the transparency as Tony described, I agree with that, but we would also like to underscore the fact that this isn't necessarily a hard and fast rule, the 400 hour rule It is just that this is not an exercise where the Company is going to be permitted to exceed that 400 hour rule, and instead it's only going to be able to go to a maximum, but if the ground side segment such as that is going to reduce this 400 hours to whatever number, 385, 390, whatever, then indeed that will be the number used for that six-month monitoring period

The flip side of that is that, again, this is such that the Company cannot -- it's designed so that the Company cannot abuse the 400 hour rule or manipulate it and simply pay the penalty. This is just designed to ensure the transparency agreement and designed to ensure that indeed that 400 hour rule will remain the maximum

MR COLEMAN. And as we discussed, it was an attempt on our part to say, hey, look, projecting forward, we think we're going to need 400 based on the older aircraft we're getting and the amount of work and what ground time we're going to have, but if our projections are not correct, then the number will be something less than 400 if the available ground time in the U S is such that that formula would drive it down.

MR. WILDER: Let's move on. The parties bargained long and hard in an effort to develop an appropriate balance between job protection and operational requirements in subparagraph d.3 They do not expect that the more general language being carried over from the current agreement such as **Section 7.b** relating to

the movement of scope work from a domestic to a foreign location will be applied to nullify or restructure that balance

By the same token, they do not expect that the number of PMCs performed internationally on B767 and B747-400 aircraft would be expanded by an assertion that the normal operational routing of a particular aircraft precludes scheduled check work from being performed in the United States as described in the last sentence of subparagraph d 2

In other words, for the purposes of subparagraph d.3, the parties believe that the calculations provided there will be sufficient to appropriately balance the job protection interests of employees and the international job -- the international operational requirements of the Company

MR COLEMAN. We agree, as we said earlier, that the d 2 exceptions would be applied as they were in the prior agreement. It is our belief that the hours allowed under d.3.a) will cover our operational needs. The exceptions in d. 2. would still be applied on an exception basis

MR WILDER: Under subparagraph d 4, periodic service checks, the so-called nine-day check or a PS-1 check, would be performed internationally only to the extent permitted by the normal operational routing of the aircraft. Such checks will not be performed abroad less than six days from the last PS-1 check without a report being provided to the Union within 24 hours.

The parties are in agreement that there must be a legitimate operational or service reason necessitating as an exception from the rule, early scheduling of the PS-1 check Further, transparency is provided by subparagraph b 7 The Company has agreed to provide the Union a report on a quarterly basis identifying the additional locations where PS-1 checks were performed in the previous quarter, need to discuss the report and to answer any questions the Union may have about it, will also include rotations if PMC checks were performed abroad during the previous quarter.

(WHEREUPON AN OFF-THE-RECORD DISCUSSION WAS HAD.)

MR. COLEMAN. Just a clarification under paragraph d.7 While we were off the record, we had some discussion d 7 references PMC as well PS-1 checks in terms of the quarterly reports, and the reference there really was intended to be the same reports that we're obligated to provide under d 3 b, and the reason that it's there is d.7 was an earlier proposal where we were providing both

Then we moved along The PMC became more detailed, and so we actually broke it out, and 3 b provides another reference to it The intent in d.7 for the PMC is the same report as we were talking about in 3.b.

MR WILDER Thank you The last provision is subparagraph d 6 That subparagraph contained a protection for employees. The Company agrees that it will not schedule any maintenance checks covered by **Section 1.b**, which includes, and I quote, all scheduled checks identified in this agreement, end quote, at international locations if it is not compliant with the staffing ratio provided in **Article 21, Section 4.** And if that is inserted in front of the interpretation of **Section 1.J**, that will conclude the interpretation of **Article 1**

MR. COLEMAN. Roland, just for the record, because again, in a conversation with Ed at some point along the route here, we talked about the fact under d.5, that is new language with regard to domicile aircraft outside the U S that we have a right to do whatever scheduled checks might be done on them

The discussion we had was that instead of any new language, that we would put into the M&I that our past practice with regard to domicile of an aircraft outside the U S , that we would continue to follow that past practice We've never had grievances. We've never had any disputes with regard to whether an aircraft was, quote, domiciled outside of the U.S or not in the past And at the Union's request, we agreed that we would go on the record and for the record indicate that it's our intent to continue to follow that practice that we've had in the past in terms of domiciling outside of the U S

MR. GLEASON That's correct

MR COLEMAN: The other point, Roland, and I think we did want for the record, you made some reference earlier to **Section 7.b** Obviously, it's our intent with regard to this new portion of **Article 1**, one of the reasons that it took so long to get here is that these rules would be in effect upon the ratification of this agreement would be -- the new language that we had would be the controlling document, obviously, with regard to going forward with regard to how **Article 1** would be applied, regardless of any past arguments, past issues that we've had that obviously -- maybe it goes without saying, I don't know, but that the new language obviously is -- we're starting over with regard to how we're going to deal with these PMCs, et cetera.

PS-1s versus all the grievances that we've had that are pending They're still pending. We have to deal with them, but that these rules that are in here would be controlling with regard to this work once the new contract becomes effective

The other thing we didn't really talk about it. but the 400 hours and the 30 hours for 767s. I think it would be logical and the intent would be that if the Agreement gets ratified sometime in March. for example, that we would prorate those numbers for the second part of the first half of this year in terms of we wouldn't say for the first six months of 2011, we've got 400 hours for 747-400 We'd go ahead and see what date, and I think we could just take the date and come up with a mathematical proration of that 400 hours and the mathematical proration of the 30 hours

MR WILDER. That may not be six months from ratification. but it would be long enough to make the determination required

MR. COLEMAN· Yes, it is our intent that this is not a rolling six months The 400 hours and the 30 hours is January 1st to June 30th, and July 1st to the end of the year. So if the contract gets ratified in March sometime, we can sit down and mathematically figure out, okay, if the 400 hours was for that six-month period and we only have three months left. for example, then the number would be 200 for that three month period

MR WILDER· We would apply the language pro rata depending on the date of the ratification?

MR. COLEMAN· That I think would be our intent.

MR. WILDER. I see I think that certainly makes sense. Do you want me to take a shot at paragraph d.5?

MR WILDER. For my part, I would like to say. with regard to d 5 , that over a very extended period, the parties have never disputed the meaning of domicile as to whether an aircraft or a particular tail number is domiciled in the United States or it's domiciled abroad. There has never been any doubt as to which aircraft is domiciled abroad in the situations in which the Company has done that. and the parties decided leave that to the status quo

MR WILDER There is some new language in d.8 where the Company committed within 30 days of ratification to obtain approval from the Federal Aviation Administration to change the maintenance program to provide that if the drop-dead date on a PS2, PS3, PS4, PS5 check is more than 125 hours away at the time the aircraft enters a C check, it will be scheduled for performance by Local 2727 members after the aircraft completes the C check.

I think that commitment is self-explanatory. Do you want to add anything to it?

MR COLEMAN. Just for a visual effect, I guess. the PS2 through 5. it doesn't make reference, but that's the MD11 maintenance program that exists. and the move the Company made here toward the Union in the additional work is that those PS2, 3, 4, and 5s right now are automatically being done as a part of the C check when the plane goes into the C check whether it's 5 hours or 250 hours.

So at the Union's request to bring more work into the bargaining unit into the craft and class. this was an area that we were able to identify that maybe there was a win/win by not having the PS2. 3, 4. 5s done twice if we could pull it down and make it within the 125 hours, then do it afterwards. after it comes out if it fits the formula

(WHEREUPON AN OFF-THE-RECORD DISCUSSION WAS HAD.)

MR COLEMAN **Section 1.j** is the next change. And the parties clarified the paragraph by striking out the word "the" and putting in "at all locations, an employee's immediate supervisor shall either be present or immediately available" just to make it clear that was something that's in effect with each gateway within the Company's system where there are employees working. that that paragraph would apply.

Then the last change that we have for today in **Article 1, Section is 2.a.** The parties had language that had been in agreement for awhile, "therefore, the parties agreed that employees shall perform their duties in a manner that best represents the Company's interest"

There was some substantial disagreement, arguments between the parties over the years in terms of exactly what that language -- how it should be applied and when it should be applied. The parties agreed that one of the primary issues addressed by that language was employees performing their jobs in an effective. productive manner, and as a result, decided that we could come to an agreement and maybe eliminate some disputes going forward by focusing on that part of the mutual agreement between the parties.

And what we did, actually, we went back and grabbed a principle that's been in effect and UPS has had it in a number of its collective bargaining agreements "The parties agree that the principle of a fair days' work for a fair days' pay shall be observed at all times" is a provision that has been in a number of its collective bargaining agreements with other parties And we've decided to try to fix the issue that we had here by incorporating that language.

At the same time. we also agreed at the Union's request that that language in terms of applying it in the context of a disciplinary matter would only be applied in a progressive discipline so that there would be a progressive discipline that nobody. based on that sentence alone, would ever be terminated by the Company just for an initial offense, that instead as the JI note reflects that it would be something –

MR WILDER Terminated or suspended?

MR. COLEMAN· Correct. For an initial violation. that they are built up to a suspension or a termination, that it would be a progressive discipline per **Article 8**. I think that completes what we have for **Article 1**

ARTICLE 1

TONY COLEMAN. This is the joint interpretation on **Article 1, Scope, Purpose, and Status of Agreement.**

Under **Section 1, a.**, that language did not change and no intent for it to be changed in the new contract

Under **Section 1, b.**, a substantial rewrite of that paragraph. We've continued the concept that the scope of Local 2727's jurisdiction will be all work that has normally and routinely been performed for the Company by the covered employees.

A new clause was added to this provision to clarify the Parties' understanding that parts removed from aircraft are included within the work to be performed by Local 2727 if the repairs on the parts are of the nature, type, and category which have normally and routinely been done by Local 2727 members.

We've actually tried to reduce in **Article 1** a specific delineation of the work and, rather, have referred in a shorthand methodology to **Article 22** and relied on the description of the actual work to be spelled out in **Article 22** rather than trying to spell it out here in **Article 1**, as we had in the prior contract Most certainly by simply referencing **Article 22** instead of spelling out the specific work here in **Article 1**, there was no intent to take anything away from Local 2727 or the employees, but, rather, simply felt that it was a better way of addressing the issue.

We have also continued the concept that paragraph b. is intended to be all-inclusive and spell out that anything that Local 2727 has normally and routinely performed, anything that's of the nature, type, or category of what they've performed is within the scope of their jurisdiction, and the only exceptions to that are those that are specifically provided otherwise in this Agreement, and that's the intent of that "except" clause that is included within the first sentence

We have gone on to add in that paragraph that "Without limiting the generality of the foregoing " We wanted to make it clear that all maintenance normally and routinely performed by Local 2727 represented employees, and we've actually listed all the different type of aircraft that the Company has in the system and a new or other later acquired aircraft shall be subject to this Agreement as well and performed by Local 2727 represented employees

The reference to other later acquired aircraft would be other acquired aircraft that fits within those categories that are listed here in paragraph b With regard to new type aircraft that might be obtained, there is a provision later in **Article 1** that specifically deals with that

We added a sentence at the end of **Section 1, b** that says. "Operations not conforming to this Agreement shall not be permitted," is another way of stating in reverse that if it's not something that's specifically addressed in the Agreement, then it's not permitted, not as a separate restriction in and of itself, but rather simply a statement in the negative in terms of if it's not permitted in the Agreement and it's not conforming to the Agreement, then it's not allowed under the Agreement

Paragraphs c. and d , a substantial amount of additional language to deal with concerns by the Union with regard to work being performed outside of the United States on aircraft that may be on UPS's operating certificate, and what we tried to craft was some protection to ensure that the Union felt comfortable that the Company was not going to transfer aircraft or have work performed outside of the jurisdiction of the United States for purposes of undermining 2727's jurisdiction or the scope of their work, and more specifically, paragraph c. is new language that provides that aircraft operated by the Company within, to, or from the United States, its territories or possessions shall not be domiciled or maintained outside of Local 2727's jurisdiction if a factor in the transfer of that aircraft to a place outside of the U.S., who's going to perform the maintenance work on the aircraft, and as an example under this language, the Company cannot make a decision that it wants to transfer its DC-8s to some foreign location if a factor in that decision is the cost of having the maintenance work performed on the DC-8 in a foreign location versus the cost of having it done here, and specifically the next sentence says that in those cases where aircraft are transferred, if the Union has an issue with it, the Company has to demonstrate that its decision to move the work outside of 2727's jurisdiction was not in whole or in part attributable to the Company's preference to have scheduled maintenance work performed abroad rather than by employees subject to this Agreement In terms of the Company demonstrating its decision that there has to be a basis to be able to show that the decision to move the aircraft was for legitimate business reasons related to its business operations and transportation of the packages and the need to

relocate an aircraft for those purposes and that who is performing the maintenance work on the aircraft cannot be a factor that the Company is going to take into account in making that kind of a decision

Paragraph d. incorporates a letter of agreement dealing with the issue of aircraft that are domiciled in the U.S. but also transit international gateways. There's five subparagraphs there. We did not change those in terms of the letter of agreement that has been in place now for several years, and it's our intent that those paragraphs would continue to apply the same as they have in the past

Under paragraph d 2 . we did come up with some additional language to again try to build in some protection for Local 2727's members with regard to having A, B, or Phase checks performed outside of the United States, and specifically the protection is that aircraft that are domiciled in the U.S. or which operate routes which come into and out of the U.S., that the A, B, and Phase checks including the 757s will be performed in the United States by Local 2727 employees.

There's only two exceptions that we built into the paragraph. One is that an A, B, or Phase check could be performed abroad, on an exception basis, if an aircraft regularly scheduled to return to the United States is delayed due to circumstances outside the Company's control to a point where the scheduled check must take place to enable the aircraft to operate The second exception is if the normal operational routing of the aircraft precludes the scheduled check work from being performed in the United States, then it can be performed internationally, but with that second exception, we can only do it if we go to the Union, sit down with them, and they actually agree that the normal operational routing of that aircraft precludes it from being done in the United States

I do want to add that up to this point in time what we've done is evidence of our intent A, B, and Phase checks on planes that are normally operating into and out of the United States have always been performed in the United States, and those are the only two exceptions where it could ever occur outside of the U S. The second exception that deals with normal operational routing, again, the underlying intent is there has to be some legitimate business need for the Company laying an aircraft over outside of the U.S to require that the A or B or Phase check would be done outside the U.S . and in order to get the Union's agreement that would be done outside the U.S We'd have to come to the Union and provide evidence and proof that its operational routing is necessary in order for the Company to be able to conduct its business.

Paragraph e . we have added a chart to **Article 1** It's going to be an addendum to the contract, and the intent of the chart basically is establishing guidelines, deadlines for the performance of deferral work to address the issue of when deferral work gets done by Local 2727 versus being deferred and being performed in heavy maintenance by non-2727 represented employees Can we go off the record for a second?

(Discussion off the record)

TONY COLEMAN With regard to the Addendum A to the contract, we've tried to come up with a flow chart to capture the concept in terms of capturing -- or ensuring that more of the "D" items get performed by Local 2727 rather than being deferred to heavy maintenance, and essentially the flow chart, if one just walks through it step by step, when a "D" item comes up, the first question to ask is: Is the next scheduled C check within 40 days?

If the answer is yes, then that "D" item goes to the Company, and an MPI can be generated, and the Company can decide at that point whether to defer it to the "C" check, or the Company can still at that point decide that there's time, sufficient ground time and that the item could actually be performed by its employees and have it performed by its employees rather than deferring it to the heavy check

If the answer when the "D" item comes up is that the next scheduled check is not within 40 days, and what we're talking about there is calendar days, then drop down to the second step in the flow chart, and at that point the "D" item would be scheduled for a controller and an LST or a supervisor and a technician to evaluate it to determine the scope of the repairs that are needed, the parts, tooling, and whether it in fact is bargaining unit work, i e , meaning is it something that has been normally and routinely done by Local 2727, and in that evaluation process, essentially a decision is being made does it make business sense, based on the amount of work that needs to be done, whether that should be done as a part of the line maintenance by Local 2727 or whether it should be deferred and handled in "C" check, and part of that evaluation process also obviously would be looking at the amount of ground time that aircraft is going to have between the evaluation period and when it's going into "C" check

For example, a "D" item might be one that would require a substantial amount of ground time in order for it to be fixed, and if that aircraft is not scheduled to have that amount of ground time, that's something that would be taken into account in the evaluation period, because it is the Parties' intent in terms of getting the "D" items repaired on the line that the aircraft still has to be available for operation during its normal scheduled times, and the "D" items, even though there's a preference and need to have those performed by 2727 rather than in heavy maintenance, the Parties are in agreement that the ground time that the aircraft is normally scheduled for should not be extended just for purposes of getting "D" items performed

MIKE RADTKE: Pause there a second

(Discussion off the record)

TONY COLEMAN To finish up with regard to this evaluation process that's supposed to take place, I made a reference earlier to a good business decision, and that most certainly is not to infer that the evaluation would consider whatsoever hourly rates in terms of who's going to be performing the work, but rather is taking into account how long it's going to take to get the job done, whether that's going to interfere with the regular schedule that aircraft has, whether it would be a complete duplication of the work that's going to be done in "C" check in terms of the amount of panels that are to be taken off, and that if that is going to be done in "C" check in 60 days or 90 days, that it may not make good business decision or good business sense to start a job that's going to take excessive hours if in 90 days the plane is actually going into heavy check

But those are all factors to consider in this evaluation process, which the end result is either a decision that yes, it should be deferred to "C" check or no, it shouldn't be deferred, and if the answer is that it's not deferred, then at that point the item should be scheduled for repair by Local 2727 If it is deferred, then it goes back up to the block where the Company generates an MPI, and then it gets scheduled for the next "C" check

MIKE RADTKE: Did you cover the open after "C" check?

TONY COLEMAN: No, I didn't

WESS SCHUYLER No, he didn't, but I think it's self-explanatory.

TONY COLEMAN. The one last block on the page is if it goes to "C" check and it comes back out and the item is still open and it is bargaining unit work, then most certainly it goes back down to the bottom, which is it's then scheduled for repair by Local 2727, because at that point it most certainly cannot be within 40 days of the next scheduled "C" check, so one wouldn't start the process over at that point. The Company would simply schedule it to have it done by Local 2727

So that is Addendum A. It is the Parties' intent with Addendum A to try to guarantee that more of the "D" items get performed by Local 2727 members rather than being deferred to heavy check for performance

Paragraphs f . g , h., there were no changes except in the last sentence of h. That paragraph deals with when can supervisors perform bargaining unit work, and the rules, limitations didn't change. We did add a sentence at the end of the paragraph to state that the Company would not use the exceptions as a subterfuge to have management perform bargaining unit work. In paragraph i . we expanded that language to include that the employer shall not harass employees in the performance of their duties We also added a couple sentences that the employee's immediate supervisor should either be present or immediately available for contact by the employee. If the employee is unable to contact his supervisor, he shall not be held responsible if he exercises his judgment in a reasonable manner.

Those two concepts were included to deal with concerns raised by the Union about gateways where employees work alone, do not have a supervisor on site, and the commitment there is that, one, there will either be a supervisor present or the employee will have the information and will be able to immediately contact his supervisor or a supervisor

And then further, most certainly it's not the Company's intent to try to have any employee out there making decisions that he's not qualified to make and that as long as the employee acts in good faith and exercises his judgment in a reasonable manner when he can't contact his supervisor, the Company will not discipline or otherwise hold him responsible. **Section 1, j.**, there was no change.

Section 2, a., there was simply a cleanup where we substitute "negotiate to an agreement" rather than "deal with" to make it clear what our intent was

Under **Section 2, b.**, we added some language saying that the Company will not interfere with, restrain, harass, intimidate, discriminate. We added "or any other arbitrary or unlawful reason " We also added that "It

shall not be a violation of this Agreement, and it shall not be cause for discharge, permanent replacement, or other disciplinary action for any employee to engage in conduct authorized by law or this Agreement," and specifically what we are trying to deal with there was that no employee would be discharged or disciplinary action taken against him if he actually has a right under the Agreement to engage in the conduct that he's engaging in

Paragraph c was not changed from the prior Agreement

Section 3, a. was not changed

On **Section 3, b.**, we expanded the prohibition against any contract with an employee that might conflict with the Agreement to also include any verbal arrangement as well as written agreements.

Under paragraph c , we added that no new policy, rule, or regulation will be established which is contrary to this Agreement and that the Union would have a right to challenge any policy, rule, or regulation on that basis

We added some language providing that the Company will give the Union a copy of all policies, rules, and regulations that have been reduced to writing which govern employee conduct.

We also added language saying that "No policies, rules, or regulations will be added that would abridge, alter, or affect this Agreement or affect the wages, working conditions, or discipline of the employees without the expressed approval of the Union." The intent there is that as the Company goes forward, if we were to establish additional policies, rules, that to the extent that they would alter, abridge, or change anything that's in this collective bargaining agreement as it relates to wages, working hours, or discipline, we would specifically have to have the expressed approval of the Union in order to do that. It would not be a matter of us simply being able to do it and the Union say, well, it's contrary; if it does in fact abridge, alter, or affect anything concerning wages, working conditions, or discipline as spelled out in the Agreement, that we would have to come to the Union and get their expressed agreement to make those kind of changes.

Finally, we added a sentence saying that the Company agrees it will not charge any employee with a violation of a Company policy, rule, or regulation unless it has been made available to the employee and he has knowledge of it, and a little bit of common sense there in terms of we're not going to try to discipline or discharge somebody unless a regulation has been made available to them and they know about it. Under paragraph d., a protection for employees and kind of an incorporation of a status quo that any perquisites or benefits that are currently afforded to the employees prior to this new Agreement going into effect, will continue throughout the duration of this new Agreement. Two things that we specifically talked about and included was tuition reimbursement and matching donations to charitable organizations.

Under paragraph e , we added a new sentence that talks about delivery of new aircraft types and that the Parties would meet and confer to agree on the amount of maintenance work to be performed by Local 2727 represented employees in accordance with the Union's jurisdictional rights under this Agreement

The reference to the Union's jurisdictional rights was to make it clear that any of the work that the Union has normally and routinely performed on existing types of aircraft would automatically fall within the scope of their rights with regard to a new aircraft type The fact that a tire change on a new aircraft type may have six bolts instead of five, it would still fall within the scope of the work that 2727 would have a right to do. The issue with regard to new aircraft types and the concerns were more along the lines if a new aircraft type came in and there were certain procedures with regard to that aircraft that were different than what work and the procedures specifically on an existing aircraft type, that would fall within 2727's jurisdiction as well, and the discussion that the Parties had and the intent that we have with regard to this language is that even new procedures will fall within the scope of Local 2727's jurisdiction provided it is work they have the skills and qualifications to perform, and even if it requires a training of employees with regard to new procedures and purchase of equipment. The Company did express concerns that if repairs of parts that may have been repaired on other aircraft types would require substantial expenditure to obtain equipment, that those are the kind of things that the Company is trying to protect itself against For example, if a cargo lock that had normally been repaired by Local 2727 represented employees on other aircraft types, and if some new aircraft came in that had "laser" cargo locks that was going to require a million-dollar piece of equipment to repair those, that even though Local 2727 represented employees repaired cargo locks, because this is something completely new and would require substantial expenditure, that would fall outside of the jurisdiction

We added "Agreement will not unreasonably be withheld" just as a protection that the Company does not want to have a delay in the introduction of a new aircraft type just because of a dispute as to what aircraft work could be performed. It would be our intent that if the Parties couldn't reach an agreement, that kind of an issue would then be subject to a grievance and arbitration procedure.

Paragraph f was a new provision added to this Agreement, and essentially a concern on the Union's part that in the past years, a number of provisions have been incorporated into the mechanics' contract that came from other contracts that UPS had with other bargaining units, and there had been references by the Company at different times to how the provisions had been applied in other bargaining units and arguments that they should be applied the same here, and essentially paragraph f is an agreement on the Company's part that it will not use that kind of precedent to argue the application of the language to 2727, that at this point in time going into the fourth contract with Local 2727, that the intent would be that the language that we've negotiated will stand on its own, there will not be references to how it might have been applied in other contracts.

There was one exception to this paragraph, as one will see as we go later into **Article 1**. There's specific references to other collective bargaining agreements such as the pilots' collective bargaining agreement here and in actually other parts of the contract, and we have a mutual intent that if there is a specific reference to another collective bargaining agreement or provision in another collective bargaining agreement, then obviously this paragraph is not applicable to those kind of specific references

In **Section 4**, "Parallel Operations and Equipment Disposition," the Parties negotiated additional language into the contract in this Section to provide protection for the Local 2727 represented employees in terms of the Company going out and acquiring another airline In essence, the agreement is that UPS cannot acquire any airline or controlling interest in any air carrier that operates jet aircraft with payload equal to or exceeding 15,800 pounds unless the acquisition is a successor transaction, which gives the employees the protection that the Company can't go out and double breast and acquire some other airline to operate without Local 2727 employees having some rights and protection vis-a-vis the collective bargaining agreement to the work that might be performed by that new carrier

Under **Section 4, a.2.**, we've also agreed that if the Company ever acquires a repair station in the United States -- and by repair station, we mean any operation which repairs or maintains aircraft -- that if the Company were to acquire controlling interest in such a Company, we have agreed that we will sit down with Local 2727 to negotiate the terms and conditions upon which that work would be performed Inherent in the paragraph is an agreement that Local 2727 will represent any employees who might work in such a repair station

Under paragraph b of **Section 4**, the Company has agreed that it will not allow its code or brand to be placed on any domestic flight operated by feeder aircraft if those aircraft have a maximum certification weight of more than 15,800 pounds Again, the intent is to keep the Company from obtaining aircraft that would operate outside of the United Parcel Service Co. certificate to move freight, packages that are part of the UPS system and have non Local 2727 represented employees perform work on those aircraft

Under paragraph c , additional protection for the employees that the Company will not conclude a sale, lease, transfer, or otherwise dispose of its aircraft where those aircraft would continue to be operated by the Company's crewmembers unless those aircraft are still maintained by Local 2727 represented employees Again, the intent is to protect the work and scope of the work that is given to the Local 2727 represented employees under the terms of this Agreement.

There is an important caveat within that paragraph, which is that the aircraft would still be operated by UPS's crewmembers. The paragraph is not intended to preclude the Company from disposing, selling, leasing, transferring its aircraft where those aircraft might be operated by other crewmembers outside of the scope of the pilot collective bargaining agreement

Section 5 again is a new section, "Alliance Flying and Marketing Agreement " In order to get the full impact of the language, it is the Parties' intent that all three paragraphs a., b , and c., have to be read together and are intended to be a single statement of rights on behalf of the employees and the Company

Under paragraph a , it specifically deals with marketing agreements, and the essence of the paragraph is that Local 2727 represented employees are protected in the event the Company enters into any agreement in the United States where another airline uses the Company's codes or operates aircraft bearing the Company's

name, and the intent is that Local 2727 represented employees would have the protections that are set forth in paragraph b. of **Section 5** in the event the Company did go out and have someone else operating its aircraft bearing the UPS Co. logo, and paragraph b. is the guarantees to the Local 2727 represented employees in the event that happens, and they're listed one through four, and I will not restate them here We think that they're fairly clear in terms of the rights that are given to the Local 2727 represented employees in the event of a marketing agreement.

Under paragraph c., we added some language saying that "This Section shall not preclude the Company from using common carriage or subcontracts as permitted in the Company's collective bargaining agreement with the pilots' union " It was a recognition of the fact by the Parties that paragraphs a and b as they're written, created some conflicts with regard to the common carriage and subcontract rights the Company has in its pilots' agreement, and the purpose of paragraph c. is to make it clear that as long as the movement of packages is permitted vis-a-vis the common carriage or subcontract provisions of the pilots' agreement, it will not be a violation of **Section 5, a.** or **b** of this Agreement

Section 6 on successorship is completely rewritten to provide Local 2727 represented employees protection in the event of any merger, purchase, or acquisition by United Parcel Service Co. The language has been expanded to separately cover complete mergers, partial transactions, and even substantial asset sales

Instead of going through each of the paragraphs that are listed here in **Section 6**, the intent of the Parties was to negotiate successorship language that was comparable to what is found in most of the pilot contracts at the major airlines in the industry. We believe that this language has that effect. It will protect Local 2727 represented employees in the event of a merger, purchase, or sale even by United Parcel Service, regardless of whether UPS is or is not the surviving carrier in the event of a merger, purchase, or acquisition. The provisions in a general sense provide job security for Local 2727 represented employees as well as monetary provisions which will kick in in the event of layoff pay in the event of a sale, merger, purchase, or acquisition.

Going to **Section 7** on foreign operations, this again was new language negotiated into this contract that did not exist under the prior contract

Under **Section 7, a.**, the Parties have agreed that United Parcel Service Co , which is the corporation which is the certified air carrier, will not relocate its headquarters, senior management, or maintenance department outside the United States unless the Company's air carrier status is modified by a transaction subject to **Section 6**, which is the successorship language, or the Company decides to completely cease operations.

The intent of the paragraph is to preclude the Company from relocating its headquarters, operations outside the United States so as to be able to avoid or evade the collective bargaining agreement that we entered into

Under **Section 7, b.**, we've added language that "The Company agrees it will not move any work that is routinely performed by Local 2727 represented employees within the United States, its territories or possessions to an international location, except as expressly authorized by this Article "

The intent on the Parties' part in the "except" clause is a reference back to **Article 1, Section 1,** paragraphs c and d , which lay out the only exceptions to the Company's commitment that it will not move work that has been performed in the United States to outside the United States

Paragraph c under **Section 7** is again new language, and it provides that nothing in this section prohibits the Company from using Local 2727 represented employees for field service outside the United States, its territories or possessions, and if that occurs, field service will be handled in accordance with **Article 16** of the contract

We've added this provision because under the prior contract and the new tentative Agreement, the scope of the contract was limited to the U S and its territories and possessions There are occasions where it makes business sense and it's economically and operationally feasible to utilize Local 2727 represented employees to do field service outside of the United States Under the prior contract, there was a hesitancy on the Company's part to do so because of concerns that it might expand the scope of the contract to outside the U.S. With this language, we've agreed that the Company must attempt to use field service outside the U S if it is feasible The Company cannot just ignore the negotiated intent by the Union to have field service offered. The Company agrees to review each field service when needed outside the U S on a case-by-case basis and determine the feasibility based on economics and time constraints, without precedence

Section 8 again is a new Section under **Article 1** It's entitled "Other Labor Protective Provisions." and the first paragraph provides that the rates of pay, rules and working conditions set forth in this Agreement shall continue in effect and the Company shall not furlough any mechanic and related employees who were on the UPS Co Company seniority list due to a merger, purchase, or acquisition

Again, the intent is to provide a protection to the employees that they will not be laid off or suffer a loss of pay as a result of a merger, purchase, or sale of assets, and the standards by which the employees can be affected are those set forth in **Section 6** in detail, and **Section 8, a.** has to be read in conjunction with **Section 6** in order to understand exactly what can happen to employees as a result of a merger, purchase, or sale

Section 8, b. is an exception clause to the protection against layoffs provided in **Section 8, a.**, and essentially it gives a list of circumstances over which the Company does not and would not have control, and that if any of those circumstances occurred, then a layoff could take place after a merger, purchase, or sale, but the intent is to try to list out those things that could cause layoffs after a merger, purchase, or sale that are not as a result of the merger, purchase, or sale.

Section 9 is new language again, "Review Committee " As a result of the new language and protections that have been given to Local 2727 represented employees in the new **Article 1**, the Parties have agreed to create a standing ongoing committee which shall have the authority and responsibility to monitor and enforce the contractual rights provided in **Article 1**, and we've also agreed that this committee has a right upon request to whatever information is necessary to enforce **Article 1** and to ensure compliance with the terms of **Article 1**

Section 10 again is a new clause in **Article 1** titled "Expedited Board of Adjustment Procedures " The Parties have agreed that in light of the importance of the various issues addressed in **Article 1**, that if the Union believes that there has been a violation and files a grievance, that such grievance would be expedited directly to the System Board of Adjustment for purposes of getting a hearing or having a hearing and getting the dispute heard within 30 days of the submission to the System Board

Section 11 is "Definition of Terms Used in This Article." and in the various paragraphs, the terms "affiliate," "parent." ' subsidiary," "entity," and 'control" are defined. The definitions are pretty much spelled out in legal terms The intent of the paragraph or section is to define affiliate, parent, subsidiary to include United Parcel Service Co , any Company that is related to United Parcel Service Co . any Company that is within the family of companies that are owned by United Parcel Service, Inc and United Parcel Service of America, Inc.

Finally, paragraph f. under **Section 11** defines subcontracting not only as used in **Article 1**, but throughout the Agreement, and specifically defines it as any transactions in which the Company or an affiliate of the Company contracts for another carrier or entity to perform work covered by this Agreement

ARTICLE 2
PROBATION

Section 1 - Probation

a All newly hired probationary employees shall work under the provisions of this Agreement but shall be employed only on a ninety (90) calendar day trial basis Upon completion of the ninety (90) calendar days the employee's seniority date shall revert to the employee's first day on the payroll The probationary period may be extended by mutual agreement on a case-by-case basis Probationary employees shall have rights under the entire bargaining agreement except as expressly provided herein; however, the Employer may discharge or discipline without proving just cause during the probationary period. The Employer may not discharge or discipline for the purposes of evading this Agreement or discriminating against Union represented employees or against individuals involved in legal Union activities. Time spent in indoctrination/orientation and training at the Company's direction shall be considered working days for the purpose of obtaining seniority

b No probationary employee will be discharged while on occupational injury or illness leave as a result of such leave. This sentence shall not preclude the Company from disciplining a probationary employee for reasons unrelated to such leave, or if he is determined to be medically incapable of returning to work A probationary employee who is off work due to an on-the-job, or off-the-job injury or illness will have the ninety (90) day trial period suspended until he returns to work Such suspension, however, will not be regarded as a break in seniority upon the completion of the extended probation period

c The Company will make arrangements for all new employees coming under this Agreement, including those who attend a formal indoctrination/orientation training session at the Company's direction in the main training locations, to be provided time for the purpose of meeting with a Union Executive Board member(s) or Board Designate(s) not to exceed two (2) representative(s) Such time shall be the last sixty (60) minutes of a designated training day, of which forty-five (45) minutes will be exclusive time without a Company representative(s) in attendance It is understood that if such time exceeds the normal scheduled class day due to Company scheduling, such time will be without loss of pay. No remarks will be made during this session that demean an individual, the Union or the Company Time spent in this orientation by the respective Union representative(s), if an employee of the Company, will be coordinated with his immediate supervisor and will be scheduled so as not to interfere with the Company's operations. Such time spent at orientation by the representative(s) will be paid time. In the case of new employees who do not attend a formal indoctrination/orientation training session at the Company's direction in the main training locations, they shall be allowed to meet with one (1) Board Designate as above.

d. Employees going into a full time position from a part time position within the same classification shall not be subject to an evaluation period

Section 2 - Background Checks

The Company agrees not to initiate disciplinary action against an employee as a result of background checks relative to pre-employment history after six (6) months from the initial date of continuous employment. The Company will not require an employee to fill out any forms for the purpose of background checks after the probationary period has been completed. It is further agreed that the Company will not use any information or facts received or discovered from previous employers in any disciplinary action or arbitration against any seniority employee represented by this Union, unless the employee has testified falsely regarding his prior employment This Section shall not be applicable to checks directly related to an individual's FAA certification, A&P airmen's certificate, driver's license or other government required certification or license.

ARTICLE 2

(WHEREUPON THE JOINT INTERPRETATION
BEGAN AT 1:30 PM.)

* * * * * * * * * *

MR. WILDER: This is the parties' joint interpretation of the agreements that they have made thus far in the 2006 bargaining round. The parties have reached agreement relative to Article 2 and have decided to leave the current book intact. There are no changes in Article 2.

ARTICLE 2

TONY COLEMAN. This is the joint interpretation on Article 2, Probation The Article has two Sections. one of the shorter Articles in the contract, and in Section 1 on probation. there were a couple of different changes

In the first sentence of the paragraph, the Parties deleted "employees, full and part time," substituted in place of that the phrase "probationary employees " The intent and understanding there was that "probationary employees" covered the phrase "employees, full and part time," not necessarily that there not be any part time employees under the new agreement. The existence of part time employees and how many, et cetera, is something left to be negotiated in a separate Article.

There was no change in the language with regard to 90 calendar day trial basis. The probationary period remains as it was in terms of a 90 calendar day trial basis. There was an addition of a sentence. "The probationary period may be extended by mutual agreement on a case-by-case basis." The Parties' understanding with regard to that sentence is to try to capture in the language that there are occasions where an employee is getting close to the end of the 90 calendar day trial period, that instead of terminating the employee's employment, as the Company would have a right to do. that there are situations where the Parties are in agreement to extend that person's probationary period in order to give him additional opportunities to prove himself as an employee; clearly the understanding on the Company and the Union's side that can only occur if there is mutual agreement between the Company, the Union. and the employee, and I think part of the understanding would be that is a written mutual agreement, that it would not just be something that is verbal

JACK CHATBURN: What drove that initially from the Union's side was that we had a couple of situations where new hires had become sick or injured and were out of work for weeks at a time, and the Company wasn't able to get the full 90-day look at the employee and wanted to extend their probation in like amounts of time, so that was the initial driving force from our side.

MIKE RADTKE: Can we go off the record?

(Discussion off the record)

TONY COLEMAN. There was some discussion off the record with regard to Jack's comments, and that can be a reason for extending and having mutual agreement to extend on a case-by-case basis As a result of discussions during negotiations, the Parties more specifically dealt with somebody who misses work as a result of occupational injury or illness and a new paragraph b below that

Part of the other off-the-record discussion that we had was the use of the terminology "case-by-case basis " The Parties are in agreement that terminology was used to indicate that there are some extenuating circumstances, something unique with regard to this particular individual that would cause the Parties to mutually agree to extend the probationary period There is nothing within the contemplation or intent of the Parties that a probationary employee would have the right to extend his probationary period, rather, it's something to be mutually agreed to if either the Union or Company come to one another asking that in a particular case, because of extenuating circumstances, to extend the probationary period

In the next sentence, there were two changes. "Probationary employees shall have rights under the entire bargaining agreement except as expressly provided herein." We added the word "entire" in front of "bargaining agreement" to make it clear that the Parties are in agreement that a probationary employee has the same rights as a seniority employee throughout all provisions of this agreement except as expressly provided, so I think to try to capture our intent and the interpretation is that a probationary employee. whatever phrase of the contract you go to read, it applies to a probationary employee the same as a seniority employee unless there is specific language within that provision saying seniority employees only or that it's except for probationary employees The "except as expressly provided" means that there has to be some language within a provision or Article indicating that it's only applicable to seniority employees and not to probationary employees. The only other change in that paragraph from the current contract is the substitution of "represented employees" from "members " That is a change that is in several different Articles of the contract requested by the Union to more accurately describe Union employees that are covered by the collective bargaining agreement that are represented by the Union, more of a legal change than any intent to really change the meaning of the contract

Paragraph b is an entirely new paragraph. It picks up on the comments made earlier by Jack in terms of dealing with probationary employees who may have an occupational injury or illness and have a leave of absence as a result of that.

The second sentence of the paragraph reflects the discussion, agreement between the Parties that the fact that somebody might have an occupational injury or illness does not preclude or eliminate the Company's right to discipline or terminate that probationary person for reasons unrelated to leave

The concern expressed by the Union across the table that we were trying to deal with is that the Company would not terminate a probationary employee simply because they had an injury at work or even an illness that caused them to miss work during the 90-day calendar day trial period, and there is an agreement on the Company's part expressed in the language that we will not terminate a probationary employee for that reason, that obviously "unrelated to such leave" was at the Company's request to make it clear that doesn't mean that we cannot terminate them for other reasons unrelated to that leave. but we also included a phrase saying that the first sentence was not intended to preclude the Company from terminating an employee if he is determined to be medically incapable of returning to work.

Again, the discussion and intent there is that if somebody does have an occupational injury or illness and is away from work, if it becomes clear at some point based on medical documentation that he's never going to be able to return to work because of his medical problems. at that point he can be terminated and the Company will not be in violation of this paragraph

The next sentence picks up what Jack was saying earlier, and I think we almost made it automatic with regard to employees who have an on-the-job or off-the-job injury, that the terms of their 90-day probationary period will be suspended and extended, based on the period of time that they're out on leave So for example, if somebody after 30 calendar days of employment suffers an occupational injury and is off work for two months, when he returns to work, he would still have 60 days of his probationary calendar day period to complete before probation is actually concluded.

We added a sentence at the end that "Such suspension," and the suspension that we're talking about there is the suspension of the probationary period, will not be regarded as a break in service when he completes his probation, so his seniority date, the Company service date for all purposes under the contract, will go back to the date that he was actually hired, just as it would had he not had the leave of absence as a result of an occupational injury or illness.

MIKE RADTKE: Can we go off the record?

TONY COLEMAN Sure

(Discussion off the record)

TONY COLEMAN: We're back on the record Several questions were discussed off the record and I will try to capture and clarify them One. an agreement that the first sentence is dealing with only occupational injury or illnesses, not off-the-job injury/illnesses Off-the-job injury/illnesses are dealt with in this paragraph only in the context that the leave of absence suspends the running of the probationary period

A lot of discussion with regard to the phrase "or if he is determined to be medically incapable of returning to work " It is not the Parties' intent that is tied into the five-year provision that exists on the seniority Article in break in service, because this is a probationary person. However, there is an intent on the Parties' part that there has to be a medical determination that he's not capable of returning to work because of his medical condition

Joe raised the fact that there would be a comp claim most likely with regard to the occupational injury or illness and there would be resolution of that. There is no time limit. whether it's 30 days, 90 days, a year and a half. The Company's right to terminate as a result of being medically unable to return to work is not subject to a time limitation, but rather is going to be determined by when he reaches maximum medical improvement and what his doctors say with regard to his ability to return to work

We did discuss the fact that if the employee is in a position where he disagrees. there is the right to file a grievance to deal with this language as to whether he is medically incapable of returning to work Just to clarify on our part, that does not mean that it's a just cause standard in terms of the decision whether he's terminated or not, but rather simply a question as to whether this language has been followed that would only give the Company the right to terminate him in that situation if he's determined to be medically incapable of returning to work

There is no intent on the Parties' part with this language to try to capture or deal with any of the Americans with Disabilities Act aspects of that kind of a case. If the employee has whatever legal rights to pursue, obviously he has a right to pursue those outside of the contract.

MIKE RADTKE And Tony, all of that what you just went through is in regard to the first sentence in paragraph b.

TONY COLEMAN: Section 1, b., and specifically the phrase "or if he is determined to be medically incapable of returning to work."

MIKE RADTKE. Referring back to the first sentence of Section 1, b.

TONY COLEMAN. Correct Again, what we were trying to deal with in that first sentence was to make it clear the commitment on the Company's part we are not going to terminate an employee just because he has an occupational injury and goes off on leave.

JOE DARMENTO: Let's go off for a minute.

(Discussion off the record)

TONY COLEMAN. A lot of off-the-record discussion. To try to sum it up is that the overriding intent with regard to this paragraph is that it was to deal with those kind of everyday off-the-job injury/illnesses where somebody has a flu for two weeks and misses work, but those kind of things happen The probationary period simply gets extended and won't be held against the person, or somebody has an occupational injury where they're off work for a short period of time, if he's determined to be medically incapable of returning to work We've obviously had a lot of discussion with regard to that. We are in agreement that in the extreme cases or complicated cases, the third-doctor procedure that's in Article 23 could be utilized

The sentence about a probationary employee who has an off-the-job injury/illness will have the 90-day trial period suspended until he returns to work, I think it is the Parties' intent and understanding there that, again, it's a short-term deal, that if somebody has an off-the-job injury/ illness where, again, it becomes clear and the doctors are saying that he's not going to be able to medically return to work, that person would be treated the same as somebody in the second sentence in terms of the Company having a right to separate the employment if it becomes clear that he is not going to be able to return to work as a result of a car accident where he is never going to be able to walk again.

Moving on to paragraph c , there was a change in the second line of it where we added "including those." The intent was that was purely a grammatical cleanup.

There was a clarification regarding the Union's position It was a clarification that the Union representatives would be given at least 45 minutes exclusive time to meet with new-hire employees without a Company representative being in attendance. The Company agreed with that and included it in the language.

We did make a change in the sentence with regard to whether that would be paid or unpaid The agreement still is that is part of the paid time If it runs over beyond the total 60 minutes that's been set aside for the Union representatives to come in and talk to new hires, as a result of the Union itself holding the meeting over and lasting more than 60 minutes, then it's unpaid time. If, as a result of Company scheduling and the Company's portion of the day, the 60 minutes occurs beyond the normal scheduled day, then the employees there would not suffer a loss of pay as a result of the time exceeding the normal scheduled class day and would be compensated at the applicable rate.

In part of the trade with regard to the 45 minutes exclusive time, the Company had concerns that the Union, wanting to meet with new hires without a Company representative, would not go into the meetings and say negative things with regard to the Company, or any other individual actually, so a sentence was added saying that "No remarks will be made during this session that would demean an individual, the Union or the Company." That's language that we borrowed from the bulletin board language, and the intent is that it would have the same application here We can go off

(Discussion off the record)

TONY COLEMAN: We're going to add a comment here that we'll go back and put in the right place by agreement of the Parties, but why not just go back to Article 2, Section 1, a for a second to deal with an off-the-record discussion. When we added the terminology have all rights under the entire bargaining agreement, there was discussion or agreement between the Parties that even though we say that we can terminate without just cause, the understanding and agreement between the Parties that a probationary employee will not be

terminated for exercising his rights that he might have under the collective bargaining agreement. that was implicit in the old agreement, but mostly an express understanding under this agreement

Under Section 1, c., I think we were --

MIKE RADTKE So what did you just add there? I'm not sure I understood.

TONY COLEMAN· I documented our understanding when we said that the probationary employee would have all rights under the entire bargaining agreement, that we also discussed and agreed as part of that. that we would not terminate a probationary employee for exercising rights that he does have under the agreement "Without just cause" doesn't give us a right to terminate a probationary person for exercising the right that he does have under the collective bargaining agreement--to file a grievance. for example. I think the example we perhaps used when we were discussing it was the lunch deal, that if he exercises the right and gets a supervisor approval, whatever the language says. and foregoing lunches. that we then wouldn't be able to turn around and terminate the probationary person for exercising rights that he has under the collective bargaining agreement "Without just cause" doesn't give us a right to do that just because we say it's without just cause.

Now going to 1.c and the last sentence. which is where I think we were down to. we changed "Such time spent at orientation by the representatives," was just grammatical cleanup.

The last sentence we did add to deal with the situation where a new hire might not attend a formal indoctrination/orientation training at the main location, that person would still have the opportunity and the Union would still have the opportunity to meet with him at those locations,, and the terminology we used was "allowed to meet with one Board designate as above " There is on our part an understanding and an intent that that's something to be mutually agreed upon and scheduled so as to allow that new hire the same rights as anybody else who might go through a formal indoctrination

Paragraph d . there was no change, no real discussion.

Section 2. background checks, no real change in the paragraph except for the addition of one sentence to deal with a situation that we have under the prior agreement with regard to the Company's ability in a disciplinary process or arbitration to go back and conduct investigations to use as a part of the disciplinary act or process concerning prior employment. The Union raised the issue that was something that they viewed as unfair and that the Company should not be able to do The language that we ended up agreeing upon is that the Company will not as part of any disciplinary action or arbitration use information or facts that was received from prior employers as a part of that disciplinary process. with one exception. and we had a lot of discussion about the one exception, that if an employee as part of the disciplinary action, the grievance process. arbitration. testifies falsely. provides incorrect information with regard to his prior employment, that the Company would still have a right in that situation to obtain the information and use it in the disciplinary action and arbitration proceedin

ARTICLE 3
SENIORITY

Section 1 - General

a. Seniority under this Agreement shall be defined as length of continuous service with the Company and shall be by job classification and shall accrue from the date of hire into the classification or the bid award date of the classification, whichever applies, provided the successful bidder actually enters and works in the classification The job classifications to be recognized for seniority purposes shall be those outlined in Article 22 of this Agreement

b. System seniority by job classification shall be recognized at all work centers where employees hereunder are employed in preference of crews, bidding for vacations/option weeks, vacancies, new jobs, layoff and recall, temporary duty assignments and transfers involving classifications covered by this Agreement.

c. Once an employee begins accruing seniority in a higher pay rate classification his seniority shall continue to accrue in the lower pay rate classification However, in those cases where an employee fails to qualify in a higher pay rate classification and returns to the lower pay rate classification, such time in the higher pay rate classification will be lost Such seniority shall not be applicable to temporary non-bid or overtime assignments in another classification

d Aircraft Maintenance Controllers (AMC), Lead Service Technicians (LST), Lead Aircraft Maintenance Technicians (LAMT) and Inspectors currently in the aforementioned classifications who upgraded from Aircraft Maintenance Technician (AMT) will continue to accrue AMT seniority and seniority for any classification they have attained. If a Maintenance Controller, Lead Service Technician, Lead AMT or Inspector is laid off or reduced to an AMT classification, his seniority in the Maintenance Controller, Lead Service Technician, Lead AMT or Inspector classification will continue to accrue until such time that the AMT refuses recall to the Maintenance Controller, Lead Service Technician, Lead AMT or Inspector classification at the gateway from which he was laid off Junior AMT is considered the same classification as AMT

e. An employee in a higher pay rate classification who later bids and is awarded a lower pay rate classification position will forfeit his seniority in the higher pay rate classification and begin accruing the lower pay rate classification seniority. Such employees will have their higher pay rate classification seniority recognized for their rate of pay in the lower pay rate classification However, an employee will always retain and accrue seniority in the classification in which he was first hired

f. Present UPS employees who are not currently represented by Local 2727 hired into any classification will be considered newly hired employees in all respects Exceptions to the above will be (i) *for* non-negotiated Company plans that recognize continuous service, (ii) for negotiated plans that include such service, (iii) for the purpose of vacation accrual which will be based on total years of service after reaching their first anniversary date, and (iv) for medical coverage, 401(k) and pension

g. If a Utility employee fails to qualify in the AMT classification he will be reassigned to the Utility classification without loss of seniority in that classification.

h In the event of two (2) or more employees having the same date of hire or same date of entering a classification, the following procedure will be used in sequence:

1. Date of hire as Local 2727 represented UPS employee,
2. Part time upgrade to full time,
3. Date of total and continuous UPS seniority as a Teamster,
4 Date of birth - oldest person first (1st), then
5. Lowest last four (4) numbers of social security number first (1st)

i An employee who bids out of the classification will not have to test or retest to bid back into their prior classification provided he requested the opportunity to maintain, and did maintain currency in all certification(s) that he possessed at the time that he bid out of the classification, if applicable Recurrent testing will be in accordance with Article 4. In the event of a planned decertification affecting any of

the employee's prior classification(s), the employee will not be responsible for maintaining currency in that certification for the purpose of returning to the affected prior classification(s).

Section 2 - Governing Rules

a System seniority lists by classification showing the names, classifications, and system seniority date in each and all classifications held by an employee, shall be prepared by the Employer with respect to the groups of employees covered by this Agreement and shall be revised and updated quarterly These lists shall contain each and every classification seniority held by all employees and shall be posted in each work center.

b. An employee whose name appears for the first (1st) time on such posted list shall have thirty (30) days to verify the accuracy of the employee's seniority date. Failure to do so shall be considered as an admission that the posted date is correct with respect to bidding crews, gateways, vacations, etc However, no employee shall lose seniority or be penalized in the future after the error has been brought to the attention of the Company, and corrected, as a result of this paragraph. Copies of all posted lists shall be provided to Union officials upon request.

c. The system seniority list shall show the following information:

1 two (2) seniority dates when an employee has come from the part time seniority list and vice versa, one (1) date for the employee's full time seniority date and one (1) showing the part time seniority date for vacation weeks, and

2 system seniority date in the classification(s) for which employees are accruing or holds seniority

d Any employee promoted into Company management does not have the option of returning to the bargaining unit.

Section 3 - *Loss of Seniority*

The seniority of an employee shall be considered broken for the following reasons and the employee shall be considered terminated if:

a the employee resigns voluntarily,

b. the employee is discharged and such discharge is not set aside through the grievance procedure,

c. the employee is laid off for a period of seven (7) years unless the employee fails to return to work after recall under Article 24, Section 3;

d the employee is unable to return to the performance of his duties from a Company approved medical leave of absence for a period of five (5) years,

e the employee fails to report to work for three (3) consecutive working days and does not properly notify the Employer pursuant to the established gateway practice at the beginning of the employee's starting time on the fourth (4th) day, or

f the employee is unable to return from an occupational injury or illness, and has elected and been granted a medical retirement with benefits as provided in this Agreement.

ARTICLE 3

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This is the parties' joint interpretation of Article 3

MR. HOSKINS. Roland, can I interrupt you and ask that we specifically incorporate the introduction and ground rules for this joint interpretation that were in existence for the last interpretation?

MR. WILDER. I think we've already agreed to that

MR HOSKINS· Well, it's not on the record, Roland I understand we've agreed to it, but I'd like to have it on the record.

MR. WILDER: That's fine We intend to follow the ground rules and the restrictions on use of the joint interpretation in future proceedings that appear in the current joint interpretation We're going to use the same preamble for this joint interpretation that we used for the current joint interpretation I intend to discuss only the changes the parties have made in this bargaining round rather than to discuss or attempt to reinterpret what went on before in the 2002 bargaining round It is the parties' intent that the Joint Interpretation created in connection with the 2002 labor agreement will remain in effect if there was no substantive change in the provisions at issue. Subject to that caveat, the prior Joint Interpretation is incorporated by reference within the meaning of Article 1, Section 1 g

(WHEREUPON AN OFF THE
RECORD DISCUSSION TOOK PLACE.)

MR WILDER. Returning to Article 3, the parties deleted a reference to "days off," in Section 1.b That paragraph prescribes job classification seniority for determining employee preferences for various job rights and benefits. This is not intended to be a substantive change by the parties The paragraph in question already refers to the term "crews." and days off are determined according to the employee's membership on a particular crew

The parties decided to add a new paragraph i to Section 1 The purpose of paragraph i is to assure that an employee who transfers out of a job classification for which there is a testing requirement or for which a testing requirement may, in the future, be instituted, will not have to test or retest to bid back into the prior classification, subject to the stated conditions.

The condition on which the employee will not have to test or retest is that he or she requests the opportunity and does maintain currency in all certifications that he or she possesses at the time the employee bid out of the classification. if applicable to employment in that classification. Now, the certifications referred to have to do with testing and education requirements that UPS requires its mechanics to satisfy in connection with certain aircraft If those certifications continue to be applicable to the classification from which the employee bid out, then the employee will have to continue to maintain the currency of those certifications. The company is in agreement that it will allow the employee to test in order to maintain his currency in all classifications If the company does not permit the employee to remain current, then the currency requirement will not be continued.

There are occasions at UPS in which the company has a so-called planned decertification As I indicated. the certification requirement is usually specific to a certain type of aircraft. A planned decertification runs to all employees in the craft or class. In that event, according to paragraph i, the employee will not be responsible for maintaining currency in that certification for the purpose of returning to the affected prior classification

MR. WILDER: The parties. during their off-the-record discussion. reiterated their understanding that the reference to Article 4 in Section 1 i of Article 3 does not obligate the company to afford written notice to an employee whose certification is about to expire, if that certification is not required in his current classification The parties further reiterated their understanding, during the off-the-record discussion, that an employee who fails a recurrent test for a certification not required in his current classification, will not be afforded classroom training that is not required to maintain the certification. That means that the employee will not be afforded special or remedial classroom training to enable him to maintain a certification he doesn't need for purposes of working in his current classification

There were no further changes in Article 3.

MR. HOSKINS. You're done with Article 3?
MR. WILDER. Yes. I am..
MR. HOSKINS Can we go off the record?
Off the record

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

ARTICLE 3

TONY COLEMAN: This is the joint interpretation on Article 3, Seniority

In this Article and in several other places in the contract the Parties have clarified "higher classification" by adding the words "pay rate." The intent is that the status of the various classifications will be determined by the top pay rates provided in Article 36.

Under Section 1. a there was no new language. We did delete a parenthetical phrase "with mechanic/junior mechanic considered the same classification." That has been deleted. Article 22 will deal with the issue of the junior mechanic classification. Whether it continues or doesn't continue, there is an agreement that it would be a part of the same job classification.

Under Section 1. b., we made a couple changes: one, substituted the word "crews" for "shifts." It is our intent to make that substitution throughout the entire contract. The language simply deals with the utilization of the system seniority -- mechanics' system seniority [now AMT] to bid their preference of crews. We've had some discussion off the record that no intent, no belief that means that when an employee reports to work on a particular day on a particular crew, that he couldn't be assigned to go work on another crew. It is our understanding that this is for bidding purposes. However, we have agreed with the Union that, if every day the person reports, and he is never worked on his crew, we would have an issue with regard to the paragraph.

Under that same Section we added that bidding for option weeks is controlled by system seniority by job classification, which is the practice. We're just simply capturing the practice in language. We did delete the phrase "field service" out of the paragraph because of recognition on the Parties' part that it really didn't fit there because field service is not awarded by system seniority.

Under paragraph d., there was no real change in the practices or the rules with regard to accruing seniority and when you lose it. We simply went in and added additional job classifications: aircraft maintenance controllers, flight simulator technicians, lead aircraft technicians. We did make a change here, which, again, the intent is to make it throughout the contract, to change the classification from mechanic to aircraft maintenance technician, which seems to be the trend in the industry.

Under paragraph e., we added some new language that "An employee in a higher classification who later bids and is awarded a lower classification position will forfeit his seniority in the higher classification and begin accruing the lower classification seniority," the understanding and discussion that that's somewhat redundant to the language that's in paragraph d., but felt that it was necessary to restate it in a format that generically would capture all classifications, also an understanding and agreement that references to higher classification and lower classifications, to the extent that there's any misunderstanding or confusion, that the pay rate that an employee receives for that classification should typically determine whether it's a higher or lower classification.

In that same paragraph, we added a sentence that employees will have their higher classification seniority recognized for rate of pay in the lower classification. That simply means that if, for example, an inspector bids to a AMT classification, his Company service, total Company service will determine his pay rate classification seniority, does not have anything to do with the longevity and the pay rate that you're receiving.

We also added, "However, an employee will always retain and accrue seniority in the classification in which he was first hired." So for example, if someone who is hired off the street as an inspector who later bids down to an AMT job would still always accrue his seniority as an inspector, as well as somebody who's hired in as a utility who is able to bid up to AMT likewise would always maintain and accrue his utility seniority.

Paragraph f is intended to deal with employees who are not currently represented by Local 2727 but are UPS employees who do come into the craft or class as new hires, and it says that they will be treated as new hires in all respects, and then we spell out four exceptions. Three of them are current language. The fourth we added was medical coverage, 401(k) and pension. That's to make it clear that they receive medical coverage, there is no lapse or break in their medical coverage, and they would also be treated under their 401(k) and pension as if they had total Company service.

In paragraph g., we simply changed "mechanic/junior mechanic" to "AMT." In paragraph h., we spelled out some additional criteria with regard to how you break ties in the event two or more employees are hired

on the same date, discussed and agreed that the language is clear and can speak for itself

Under Section 2, "Governing Rules," the intent of the language is that the Company will now have an obligation in its system seniority list to show the employee's classification seniority not only in the classification that he's in, but any classification which he's accruing and holds seniority, and that carried over the requirement that those would be posted in each work center

Under paragraph b we developed some language as a result of our discussions to deal with the issue of what happens when an employee does not protest his placement on the seniority list within 30 days, and the intent with regard to the second and third sentence is that if you fail to protest it within 30 days, that it's an admission that the posted date is correct with regard to bidding crews, gateways, vacation bidding that might have taken place up to that point in time, and there's no basis for the employee who has failed to come forward in 30 days to protest his placement on the seniority list, no right for him to go back and claim that anything should be changed.

However, the third sentence is an agreement between the Parties that from that point forward, once the employee notifies the Company that the seniority date is incorrect and it's corrected, that he won't be penalized in the future and that corrected seniority date will be used for the purposes of bidding and vacation and for all purposes under the contract where the seniority date is applicable

Under paragraph c 2., is simply some additional language, again, reflecting the Company's obligation to show system seniority date in the classifications -- for all classifications in which employees holds or accrues service

Under Section 3, "Loss of Seniority," there was no change in paragraphs a through e. in terms of when service is broken and seniority is broken as a result of various different acts

We did add a new paragraph f. that basically says when an employee, as a result of an occupational injury/illness, has elected and been granted a medical retirement with benefits, that his service and seniority at that point would be considered broken. What rights an employee has to medical retirement benefits would be provided in other Articles of this agreement rather than under Section 3. f , obviously.

ARTICLE 4
TRAINING

a. All employees will be required to receive initial and recurrent training as deemed appropriate by the Company Employees who receive training certification through UPS provided training shall be responsible for maintaining such certification through the passage of recurrent testing before the expiration of such certification The Company will make an electronic schedule setting forth the expiration dates available to all employees In addition, the Company will provide written notice of the impending recertification no less than forty-five (45) and not more than ninety (90) days prior to the certification expiration Employees will be permitted to study for and take such tests during their regular working hours provided such activity does not interfere with their regular duties No discipline shall result if the employee fails any recurrent test the first time No discipline shall result if the employee fails an initial training course the first time, provided the employee reasonably participated and attempted to pass the course in good faith Nor shall discipline result if there were material deficiencies in the training or written notice was not provided to the employee if the instructor perceived during the course the employee was likely not to pass.

b. When employees are required to attend Company sponsored training at a location other than their gateway. they shall be provided transportation to and from that location paid for by the Company The Employer will provide transportation on Company equipment or another Part 121 operator only (or only on fanjets of a Part 135 operator) No employee shall be permitted to travel on a single engine aircraft or one with only one pilot. If there is no direct service from an employee's home gateway to the training facility, the Company will meet with the Union Executive Board and negotiate a suitable alternative arrangement for the affected gateway

c Employees having a particular need for requesting the use of their personal vehicle during required training assignments may do so with the approval of their immediate manager. In such cases. all time spent to and from the assignments will be calculated at the actual airline block-to-block time as reflected in the Official Airline Guide (OAG) for the most direct flight without prep and wrap up time. Mileage allowance will be for miles based on current AAA most direct mileage charts. Reimbursement for such approved travel will be paid at the current IRS standards not to exceed the cost of Company provided airline tickets. If an employee is assigned to use, or is granted the use of any other form of Company provided transportation, all time spent during travel to and from training locations will be considered compensated time with regard to hourly rates of pay (including overtime and per diem) calculated as actual time spent in the service of the Company Additionally. it is understood and agreed that employees issued an airline ticket for the purposes of training without prior request for use of a personal vehicle must accept Company provided transportation If an employee drives his own vehicle to training, his per diem begins with the block-out time of the commercial flight (OAG schedule) or jumpseat that the employee would have been given to arrive at the training location had he not driven his personal vehicle and ends with the block-in time of the commercial flight (OAG schedule) or jumpseat that the employee would have been given to return from the training location had he not driven his personal vehicle

d When an employee attends a Company sponsored training event outside of his home gateway, he will be reimbursed an amount described in this paragraph for the sole purpose of transportation during the training event If an employee drives his own vehicle to training, he will receive fifteen dollars (S15 00) per day toward transportation while in training. Otherwise, provided the employee signed a rental car agreement and also presents a receipt. the employee will receive fifteen dollars ($15 00) per day At the one (1) year anniversary of the date of the signing of this Agreement, the rental car reimbursement rate will increase by seventy-five cents ($ 75). At the three (3) year anniversary, there will be another increase of seventy-five cents (S 75) This reimbursement schedule will apply to training assignments in which there are three (3) or more employees attending training. If an employee is assigned to training away from his home gateway and there is only one (1) or two (2) employees in training, the Company will provide one (1) rental car for the employee(s) to use

e Regardless of the mode of transportation used, the Company shall pay per diem for all time spent at training assignments at other than the employee's gateway, including time spent travelling to and from the training location.

f Seniority employees attending training outside their home gateway for periods of three (3) consecutive weeks or more will have the opportunity to return to the home gateway once every two (2) weeks on their days off according to the training assignment. The Company will provide a jumpseat, if available, or positive space airline transportation Employees will not be compensated for travel time when exercising the option to return home once every two (2) weeks

g Time spent by any employee covered by this Agreement attending training classes scheduled by the Company before, during, or after his regular shift shall be deemed as time spent at his regular work for all purposes and shall be compensated for at regular straight time rates or at the applicable overtime rate. However, overtime obtained while on a training assignment will not be considered chargeable.

h. The Company will make every reasonable effort to schedule employees to attend the training classes during regular work hours When it becomes necessary, off hour training schedules will be utilized.

1 Within fourteen (14) calendar days of the completion of a training schedule, the Company shall post the schedule electronically. Employees shall be responsible for accessing the electronic schedule to determine when they are scheduled for training. All affected employees will receive written notice no less than fourteen (14) calendar days before the start of their training class The only exceptions to the fourteen (14) calendar day notification will be if there are cancellations in a training assignment outside of the Company's control. In these cases a minimum of seven (7) calendar days notification will be sufficient

2 The Company will have the right to change the training schedule at any time If an employee's initial schedule is changed, the Company will provide written notice to the employee of the change within seven (7) calendar days. Unless there are cancellations in a training assignment outside the Company's control, written notice of the scheduled change must be given no less than fourteen (14) calendar days before the employee's training is to begin

i An employee's shift may be temporarily rescheduled to allow attendance at training classes provided the temporarily rescheduled shift meets the requirements of this Article and Article 11 and provided the employee is given no less than fourteen (14) calendar days written notice of such shift change (or seven (7) days if the employee is scheduled for training due to a cancellation in a training assignment outside of the Company's control) Notice of such a shift change may be provided at the same time and on the same document as the notice referred in subparagraph (h) above An employee in training shall have a minimum of ten (10) scheduled hours of non-compensated time prior to the start of the training class on the first day If the employee and the Company mutually agree, the ten (10) hour minimum may be waived for a given training class Agreement will not be unreasonably withheld by the employee or the Company

j When the Company provides training on a new type aircraft or its component parts, employees (to the extent required) regularly performing the type of work involved will normally be assigned to such training in order of their classification seniority on their crew

k When an employee covered by this Agreement receives a special assignment to attend training classes pertaining to his work, he shall receive compensation for all time spent in training, traveling or waiting at the applicable rate pursuant to Article 13. In addition, an employee will be paid one (1) hour prior to scheduled aircraft departure time as preparatory time and one (1) hour upon arrival at final aircraft destination for each one way trip, less any time paid up to two (2) hours, as the result of an early release from the training session

l When an employee attends training away from his gateway he shall be entitled to per diem in accordance with Article 15, Section 6, b and c.

m Hotel accommodations for training will be by mutual agreement between the Company and the Union and provided by the Company The price range will not exceed the comparable price paid for crewmember lodging in that geographical area Agreement will not unreasonably be withheld by the Union Hotel accommodations shall be provided for probationary employees attending training at any Company loca-

tion at which they have not established residency

n No employee will be scheduled for training or travel to training that will encroach upon his scheduled vacation period

o Maintenance Controllers will receive a minimum of one week of training annually which will include at the Company's determination, but not be limited to, Airframe General Familiarization, Powerplant General Familiarization, ETOPS, CAT 2/3 training In addition to the FAR training requirements, the recurrent training program will consist of one (1) week classroom and/or "hands-on" training. Additional on-the-job training will be provided by the Company for AMCs

p New hire Maintenance Controllers will be given FAR-required initial training and shall receive additional training as determined necessary by the Company

q. Employees who cannot attend regularly scheduled training as a result of personal or family hardship will be accommodated, at their own gateway if possible If not possible, such employee shall make himself available for training in a timely manner at the designated location

r. Upon ratification the Company will make current electronic training materials (e g CD-Rom, manuals, etc) available. The Company will have three (3) months from ratification to make other necessary training materials available electronically On new or other later acquired aircraft, the Company will have six (6) months to make the training materials available electronically. This will not apply to vendor training materials

s Employees at vendor training may be assigned split shift start times for the purpose of enabling simulator training, and such split shifts shall not count against the split shifts available to the Company pursuant to Article 11 The split shift premium provided in Article 36 will apply to any hours in training on a split shift.

t The Company will not require an employee to study outside of scheduled training

ARTICLE 4

* * * * * * * * * * * *

MR WILDER: This is the Joint Interpretation of Article 4, Training Paragraph a was expanded and made more specific Beyond the existing rule that all employees will be required to receive training as deemed appropriate by the Company, the section details various duties and rights of both the employee and the Company

Paragraph a applies to both initial and recurrent training The recurrent training is available to employees who are in a classification not requiring such recurrent training, but wish to maintain the currency of their certifications. The purpose is to enable employees to maintain their earlier certifications even if not required by the current job

The language agreed upon by the parties makes clear that employees are responsible for maintaining the current certifications by satisfactorily completing recurrent testing before the certification expires. The employee must pass the test required to maintain the necessary certification with duties spelled out in the Collective Bargaining Agreement for the first time

Now, Paragraph a also spells out and details new specific protections for employees undergoing training The Company is obliged to provide an electronic schedule setting forth the expiration date available to all employees. In addition, the Company will provide written notice of the impending recertification no less than 45 days and not more than 90 days prior to the certification expiration.

Employees will be permitted to study during regular working time if there is no interference with their regular duties No discipline shall result if the employee failed any recurrent test the first time, nor shall discipline result if the employee fails an initial training course the first time provided the employee reasonably participated and attempted to pass the test or the course in good faith

The parties are in agreement that no discipline shall result if there were material deficiencies in the training or written notice was not provided to the employee if the instructor perceived during the course that the employee was not likely to pass.

The next provision changed by the parties is Paragraph d. That paragraph relating to training reimbursement was totally rewritten and replaced by the parties. The first change is to increase the daily transportation allowance during training events from $12 00 to $15 00

The transportation allowance is payable only when the training occurs away from the home gateway whether the employees drives his own vehicle to training or signs a rental car agreement and obtains a receipt for presentation to the Company, the employee will receive $15.00 per day

At the one year anniversary of the new agreement, the rental car reimbursement rate will increase by 75 cents At the three year anniversary, there will be another increase of 75 cents Now, the reimbursement schedule provided for the transportation allowance will apply to training assignments in which there are three or more employees attending training

If the employee is assigned to training outside his home gateway, either by himself or with one other employee, the Company has agreed to directly provide a rental car for the one or two employees to use or share.

MR RAGAR Roland, just a point of clarification that they don't have to be from the same gateway It could be different employees from different gateways attending that training. So just for clarification, it's total employees

MR WILDER. That's fine. That's correct Now, off the record, please

(WHEREUPON AN OFF-THE-RECORD
DISCUSSION WAS HAD.)

MR. WILDER. The next change occurs in Paragraph f The Company requested and the Union agreed to insert the word "seniority" at the beginning of the first sentence of that paragraph. The effect of the change would be to enable employees who have established seniority within the meaning of the agreement to have the opportunity to return to the home gateway once every two weeks on their days off during training assignments lasting three consecutive weeks or more

That same opportunity would not be extended to new hires who have not established seniority

The next change occurs in Paragraph h The parties made substantial revisions in that paragraph in order to establish or require the establishment of training schedules and the publication of those schedules to affected employees

Under the revision in Paragraph h 1, within 14 calendar days of the completion of a training schedule usually earlier in the calendar year, the Company shall post the schedule electronically. Employees will be responsible for accessing the electronic schedule to determine when they're scheduled for training.

MR WILDER. All affected employees will also receive written notice from the Company no less than 14 calendar days before the start of their training. There is an exception to this notification rule that would occur if there are cancellations in the training assignment outside of the Company's control, in that event, a minimum of seven calendar days notification of the training assignment will be sufficient.

MR. COMBINE· What we meant by within 14 days of the completion, that was going to be done sometime after the annual bid and the annual vacation Everybody's schedule was set for the next year That would happen sometime after that Then, anybody that wanted to could go in and look at that training schedule for the year and see where they were, and then they would get the written notification no less than the 14 days prior to the actual training taking place.

MR. RAGAR Agreed

MR WILDER. In Paragraph 2, Subparagraph 2 of Paragraph h, the new language provides the Company will have the right to change the training schedule at any time It's repeated that if an employee's initial schedule has changed, the Company will provide written notice to the employee of the change within seven calendar days, but unless there are cancellations in a training assignment outside the Company's control, written notice of the schedule change must be given no less than 14 calendar days before the employee's training is to begin. We are referring in Subparagraph 2 to a situation which, for example, 30 days after the electronic training schedule is posted, for one reason or another, the Company decides to change an employee's training schedule, in that event, the Company would give notice of the change within seven days of deciding upon it, that could be in January of any given year for a training assignment in October of the same year.

The point is that when the training assignment is to begin, the employee will receive 14 days notice of the assignment The exception, is that when a cancellation beyond the Company's control necessitates the change or a further change in the employee's schedule, it is at that point that the Company can give the seven day notice. I'm going to pause for a moment Off the record.

(WHEREUPON AN OFF-THE-RECORD
DISCUSSION WAS HAD)

MR. RAGAR We try to keep the training class 100 percent whenever possible, so if somebody drops out for some legitimate reason, then we want to try to slot somebody else into that.

MR. WILDER The next change occurs in Paragraph i That provision deals with the temporary rescheduling of an employee's shift to enable that employee to attend training classes. By way of introduction, if, for example, an employee's shift begins at 4.00 a m in the morning and the training class begins at 8 00 a.m., then it's obvious that the employee's shift will have to be temporarily rescheduled to enable the employee to attend that particular training class

What the parties have agreed to is that so long as the temporarily rescheduled shift meets the requirements of Article 4 and Article 11 and provided further that the employee is given no less than 14 calendar day's written notice of the shift change, the shift may be temporarily rescheduled.

The parties have incorporated into Paragraph i the same exception that we noted in Paragraph h, that is seven days for notification of a training assignment would be sufficient if the employee is scheduled for training due to a cancellation in a training assignment outside of the Company's control.

Paragraph i further provides that notice of such a schedule change may be provided at the same time and on the same document as the notice referred to in Subparagraph h above. The Company agreed to provide a minimum of ten scheduled hours of noncompensated time prior to the start of the training class on the first day

The parties agreed that the ten hour minimum may be waived for a given training class by mutual agreement between the Company and the employee with the further provision that agreement will not be unreasonably withheld by the employee or the Company The reason for the final or the last provisions mentioned

has to do with scheduling and that on occasion, employees would prefer to travel late rather than earlier to a training session for personal reasons. In that event, the parties may mutually agree to waive the ten hour minimum.

MR COLEMAN: Roland, two things In the context of Paragraph i, I agree with you in what you just said, but the converse is there, too, that there may be circumstances where the Company is asking the employee to, waive the ten (10 hour requirement It's a two-way street with regard to the waiver

The other thing I wanted to make sure that we are in agreement in, the ten hours, that is ten hours prior to the beginning of your actual training class.

MR WILDER. Yes.

MR VAUGHN. Ten hours prior to the 7:00 a m. start of you're —

MR. COMBINE This is brought on by the traveling from coast to coast I think it was going from Louisville to Seattle for training, spending a day getting there, and then they just had a couple of hours off before the training was going to start

MR COLEMAN. Okay. I think we're good

MR WILDER. The parties made a small change in Paragraph l by adding the words "and c" to the end of that sentence. The purpose of the change is to pick up duly agreed upon per diem requirements in Article 15, Section 6, in particular, the requirement that per diem be provided ten days in advance of the assignment

MR COLEMAN Roland, if I could just clarify that? Section 15, 6 c, which was the addition, just reading the language, it looks like it talks about getting an advance

MR. WILDER. Yes

MR COLEMAN And Bob was saying, I guess, that actually is the practice, we were doing that now. So this language conforms with what we're currently doing We're just making sure that the language reflects what we're doing.

MR WILDER The next paragraph change in Article 4 is Paragraph r In that provision, which is new to this agreement, the Company has agreed upon ratification to make current electronic training materials available to interested employees The Company will have three months from the ratification of the agreement to make other necessary training materials available electronically.

The Company further agreed that for new or other later acquired aircraft, the Company will have six months within which to make the training materials available electronically The exception to this commitment is that the Company asked and the Union agreed that the commitment would not apply to vendor training materials. The purpose of this new paragraph is to make training materials generally available to employees for their study and preparation

The parties also agree to add a new Paragraph s. The new paragraph will enable employees at vendor training to be assigned split shift start times for the purpose of enabling simulator training. The split shift premium provided in Article 36 will apply to any hours in training on a split shift It's understood that such split shifts shall not count against the split shifts available to the Company pursuant to Article 11. Off the record.

(WHEREUPON AN OFF-THE-RECORD WAS HAD)

MR WILDER Finally, the parties agreed to a new Paragraph t, which is self-explanatory and provides, quote, "The Company will not require an employee to study outside of scheduled training" unquote.

MR COLEMAN. We're in agreement with what you said with regard to r, s and t Now, that doesn't mean that the employee is prohibited from studying outside of training if he decides that's something that –

MR WILDER We would agree, and that's the purpose of making the training materials available electronically so then they may do precisely that. That is the end of Article

ARTICLE 4

TONY COLEMAN. This is the joint interpretation with regard to Article 4 on training

In paragraph a.. we added the words "be required to." simply a grammatical change There are no changes in terms of the meaning of the paragraph.

In paragraph b in the first sentence. again, there's some grammatical changes, no change in intent We added at the end of paragraph b several sentences dealing with the Company's obligation to provide transportation on Company equipment or Part 121 operator only Company equipment is a reference to Company aircraft, and an agreement between the Parties that in providing air transportation, only UPS equipment, aircraft, or Part 121 airlines will be utilized for purposes of transportation. The Company may also book flights on Part 135 operators only if the segments will be operated with fanjet equipment.

We included a sentence saying, "No employee shall be permitted to travel on a single engine aircraft or one with only one pilot " The discussion and intent there is not only is that the Company can't require or request an employee to do so, the employee within the craft or class doesn't have the ability to even voluntarily decide that they want to go on a single engine aircraft or one with only one pilot Again, this is limited and deals with the issue of traveling to training.

We also added a sentence, if there is no direct service from an employee's home gateway to the training facility. UPS will meet with Local 2727 to negotiate a suitable alternate arrangement Direct service, based on our discussions, means that there is no direct air service into that particular gateway An example when we would not have direct service is if you had to fly into a city and then travel by bus or van or something a long distance to get to the gateway. Most certainly it would be direct service if you're flying into an airport and then simply have to take a taxi or whatever to somewhere within that city to get to the training site or have a rental car to get to the training site Direct service would also include flights where there might be multiple legs We're not saying that there has to be a direct flight with no stops or changes in the planes on the way to the training site.

With regard to paragraph c , we added in the second sentence "without prep or wrap-up time," which was simply to capture the practice. It was not a change in how the Company is doing it.

In the middle of the paragraph, we added a sentence if an employee is assigned to use, or is granted the use of any other form of Company provided transportation, all time spent traveling to and from will be considered time for purposes of compensation, and the overtime rules also. and per diem would kick in and apply Again, the intent is regardless of the mode of transportation, if you're traveling to or from training, that will be counted in terms of service to the Company, include per diem and overtime application

At the end of paragraph b , we added language to deal with calculation of per diem when an employee drives his own vehicle to training, and what we have agreed to is that the per diem will begin with the block-out time of the commercial flight or jump seat that the employee would have been given to arrive at the training location. This requires the Company to see what would have been available if the employee hadn't driven There is an agreement between the Parties that what we look at and use is a flight that would have gotten the employee to the training site in time to begin his training This flight would be used for purposes of determining the block-out time for beginning of per diem, and then the same thing on the other side of the training is that when he drives back home, we'd look at what flights would have occurred after the training to allow him time to get back home. and it's the block-in time for that flight or jump seat that would be used to terminate the payment of the per diem.

In paragraph d , two changes. One, the nine dollars a day reimbursement that had been under the previous agreement is now 12 dollars per day. We also added a sentence which again captured what is taking place in practice If an employee drives his own vehicle to training, while he's at that training location, he also receives 12 dollars per day toward the use of his car That's in addition to any mileage that he might receive in traveling to the training site in his own car and traveling back home

In addition, we had some discussion, even though the language didn't change, wanted to make it clear for anyone reading this transcript that the language about employees who sign the car rental agreement does not mean that in order to be eligible for the reimbursement, everybody has to actually sign the rental agreement with the car rental Company like Avis, but rather, those employees who are sharing the car, provided that they

sign the car rental agreement in terms of submitting it to the Company, will be eligible for the 12-dollar-per-day reimbursement, provided that they actually are sharing the car with the other people who signed the car rental agreement.

In paragraph e , the intent there again is to make it clear that regardless of the mode of transportation, the Company will pay per diem for all time spent at the training assignment as long as it's somewhere other than the employee's gateway, including time spent traveling to and from the assignment, and the to and from the training location in terms of per diem should be a reference back up to paragraph c in terms of how that per diem is actually calculated

Paragraph f , there was a grammatical change to say "Employees attending training" rather than "assigned to " The language didn't otherwise change, but we did have discussions and agreed that an employee who does travel back to his home gateway or home under this paragraph would obviously not be entitled to per diem during the period of time that he's actually back in his home gateway, that per diem in those situations would be calculated the same as they would under paragraph c above If the Company has made a flight available and he uses it, block-in time of that flight is when per diem ends and it starts back when the employee blocks out to return back to the gateway for purposes of training, and if he actually drives rather than flying, then the same language under paragraph c. would be applicable

With regard to paragraph g , we added a sentence at the end of that saying that overtime while in training will not be considered chargeable That is a reference to being charged against the employee for purposes of normal overtime rotation assignments There is agreement between the Parties that if you receive overtime while you're in training, that doesn't count for purposes of your eligibility for overtime assignments generally

Under paragraph i , there's language that deals with an employee's shift being rescheduled to allow attendance at training classes. There is an added reference to Article 11 The intent is that a rescheduled shift must be one that exists within Article 11 and is allowed by Article 11. There's also a change in the language saying that the employee must be given seven calendar days written notice The intent is that would either be something that's in document form given to the employee or sent to his Company e-mail address.

In paragraph j , again, a deletion of the word "shift" and insertion of the word "crew" as we've discussed previously And again, crew will be defined in Article 26 Under paragraph k , additional language has been added to capture a letter of agreement that was negotiated under the prior contract to make it clear in regard to training -- one, that the Company will pay for time spent training, and two, that the overtime rates, however they turn out to be in Article 13, will be applicable to that time spent traveling Old paragraph k was deleted because of a previous letter of agreement that eliminated the ability to change the schedule and use Monday for travel

Under paragraph l., there was a grammatical change simply in terms of "attends" rather than "assigned" and changing the reference to how per diem was paid The intent still is that per diem would be paid the same way as it is in Article 15 for TDY

Under paragraph m., there was a lot of discussion at the table with regard to hotels that are used for training assignments and an agreement between the Parties that hotel accommodations will be by mutual agreement between the Company and the Union The intent with regard to how that would work is that the Company will still make decisions with regard to the hotels that are going to be used If there are particular hotels that the Union has problems with, disagrees with, they can bring those to the Company's attention and has a right under this language to require the Company to mutually agree to move to another hotel

We made two changes in this Section The first was to make it clear that UPS will be responsible for providing hotel accommodations The second change was to clarify that probationary employees would also be provided hotel accommodations at the Company's cost if they have not already established a residency at the training location

There is language saying that the price range for that alternate hotel will not exceed the comparable price paid for crewmember lodging in that geographical area, and geographical area means obviously within that city and that arena where they're being serviced from the airport

Comparable price, the intent there is that it is in the five-to-ten-dollar range one way or another in terms of being a comparable price The "Agreement will not unreasonably be withheld by the Union" is simply to

ensure that there is no disruption of the hotel service so that agreements are quickly reached and hotels are provided

Paragraph n was new language to deal with an issue that was brought forth by the Union in terms of some employees being required apparently to attend training or travel for training during periods which were scheduled vacation The Company is in agreement that that should not take place, and this says. "No employee will be scheduled." It's the Parties' intent and agreement that also would preclude an employee even volunteering to do it It's the Parties' intent that if you're scheduled for vacation. you should not be training or traveling for training during that period.

Paragraphs o and p were actually inserts, incorporations from the letter of agreement on maintenance controllers, no real change in the language or intent as to how it would be applied.

Under paragraph q., we have new language to deal with issues raised by the Union where an employee might have a personal or family hardship with regard to scheduled training and the request by the Union that we attempt to accommodate those, and the first potential accommodation that the Company agreed to would be to try to do the training at that gateway where the employee is located. if possible.

I think we're in agreement that there are certain types of training that would not be possible to do in every gateway. and in those situations, then the training would have to be done in the designated location, and we have a second sentence that in those events where it's not possible to do the training in that person's gateway. the employee does have an obligation to make himself available for training in a timely manner at the designated location

We had a lot of discussion when we initially did this language and again today in terms of "in a timely manner" and what that means The Parties are in agreement that "timely manner" means you have to look at it on a case-by-case basis in terms of what was the family and personal hardship. has it concluded in terms of the employee now being available to travel to do the training Also, it does have to take into account the nature of the training itself. whether it would affect the employee's currency. and there is an underlying commitment obviously with regard to this paragraph that the Company will work with the employee to try to handle training with as much accommodation as possible.

In terms of family and personal hardships, examples that we used at the table in terms of comparables would be somebody whose son or daughter has had a medical emergency, they had scheduled training and now they need to cancel that because of the hardship that they had.

The other comment that we wanted to make here to make sure everybody understands all the Articles in context, we had some new language that we negotiated in Article 15 that deals with employees who may have a legitimate fear of flying, and we dealt with that in Article 15 by indicating that he would not be required to fly. but that the employee has an obligation to notify us of that. and once he does so, then he's not eligible to pick and choose in terms of when he flies. and that same concept and provision would be applicable here in terms of training as it is in Article 15 for TDY

ARTICLE 5
UNION REPRESENTATION AND STEWARDS

Section 1 - Time and Access

a Union representatives shall be permitted reasonable time to investigate grievances, complaints, and disputes and to represent employees in disciplinary matters in accordance with the following provisions as outlined in this and other Articles within this Agreement and where mutually agreed to by the Union and Employer, off the property or other than during their regular schedule, without loss of time or pay.

b Union representatives authorized and periodically designated in advance by the Union, whose number shall not exceed eleven (11), including the Union's officers, Committee Chair people and any International Union representative, shall be permitted to enter the facilities of the Company for the purpose of representing employees covered by this Agreement Unless otherwise required by FAA or other governmental regulation, such representatives shall be issued a Company identification card, shall have unescorted access at any time to the Company's property in the same manner and to the same extent as represented employees working in that location to which access is sought for the purpose of representing employees covered by this Agreement, provided Union representatives who are not employed by the Company shall have unescorted access only in gateways where there are 25 or more represented employees Executive Board Members and designated Union representatives will be required to follow only the procedures prescribed for employees at that location Any representative who is not a Union officer or a Committee Chairperson shall provide as much notice as possible of any gateway visit Other members may be designated in writing by the Union President as Union representatives for the purposes of this paragraph, however, such access may be escorted and up to twenty-four (24) hours notice of a visit must be provided

c. The protections provided for Stewards in Section 5 below shall apply to the Local's Officers and Agents on days they are working for the Company

d The Company agrees that in situations where a specific form of identification may be required by law to access a location, it will assist the Union in obtaining such identification so as to perform their duties consistent with this Article.

Section 2 - Right to Representation

a The Company recognizes the employee's right to be afforded Union representation by a Union representative or to have another hourly paid employee present at any meeting with Management in accordance with Articles 6, 7 and 8 An employee's signed waiver will not prohibit that employee from requesting and utilizing Union representation on his behalf on a later date or the Union from intervening or having a meeting regarding the matter on behalf of its membership at a later date.

b In cases of discipline or discharge where Union representation is required, employees will be afforded the rights provided in Article 8, Sections 3, 4 and 5 All disciplinary hearings will be held at the affected employee's gateway unless all parties mutually agree otherwise Should the parties agree otherwise, the affected employee shall be provided positive space jumpseat privilege in a priority immediately above subload for the purpose of traveling to and from the hearing

c Union representatives designated in accordance with Section 1. b above who travel on Union business shall be provided a positive space jumpseat at Priority 4. The Company will meet upon written request to discuss and address any issues the Union may have in using Priority 4 and will work with the Union to obtain additional pass privileges on commercial carriers.

Section 3 - Designation of Representatives and Non-discrimination

a. The Company recognizes the right of the union to designate Union representatives, who need not be persons in the employ of the Company, for all purposes under the Railway Labor Act and the parties' agreements Notwithstanding any other provision of this Agreement, the Company will not deny or in any way question the designation of representatives by the Union, either by declining to recognize their designation, or by failing to deal with them in their representative capacities for purposes of this agree-

ment Union representatives' eligibility to participate in safety committees will be as specified in Article 20.

b Any member of the Union acting in any official capacity, shall not be discriminated against for acts as an officer or other representative of the Union, nor shall there be any discrimination against any employee because of Union membership or activities

Section 4 - Designation

The Employer recognizes the right of the Union to designate Union representatives from the Employer's seniority list Their authority shall not exceed the following duties and activities

a the investigation and presentation of all grievances, disputes, and complaints with the Employer or the designated Company representative in accordance with the provisions of this Agreement;

b the collection of dues when authorized by appropriate Union action,

c the attendance and participation at any Labor-Management interview, meeting, hearing, discussion, conversation, and

d. the communication of messages and information which shall originate with, and were authorized by the Union or its officers. The Company's communication equipment and/or transportation system on a non-revenue basis cannot be used for these purposes, except.

1 the transporting of safety complaints or the faxing of grievances and supporting material to the Company (the Company will make such documents available to the Union), or

2 other information approved in advance by the Company's Labor Department

Section 5 - Representatives' Freedom to Act

a. Recognizing the importance of the role of the Union Steward in resolving problems or disputes between the Employer and its employees, the Employer reaffirms its commitment to the active involvement of Union Stewards in such processes in accordance with the terms of this Article

1 The Union Steward or the designated alternate shall be permitted reasonable time to investigate, present and process grievances, be present and participating at Article 8 meetings and other Labor-Management meetings, scheduled by mutual agreement, on the Company's property, without interruption of the Employer's operation. Stewards shall be allowed, by mutual agreement, to attend Labor-Management meetings without loss of pay Upon notification to his supervisor, a Steward shall be afforded the right to leave his work area for a reasonable period of time to carry out his representative duties without loss of pay so long as such activity does not interrupt the Employer's operations The Employer will make a reasonable effort to cover the work to insure that its operations are not interrupted by the Steward engaging in such activity In any event, the Employer shall not use interruption of its operation as a subterfuge for denying such right to the Steward.

2 Where mutually agreed to by the Union and the Employer, Stewards may investigate off the property or other than during their regular schedule, without loss of time or pay Stewards will be paid for time spent in meetings under this Article which occur during the Steward's regular working hours Stewards shall also be paid for time spent in meetings, scheduled by mutual agreement, which occur outside his working hours or on days off. Such time spent during the Steward's or the designated alternate's regular working hours shall be considered working hours in computing daily and/or weekly overtime.

b It is agreed that the Union and the Company will make every reasonable effort to keep to a minimum the actual time spent resolving grievances, disputes, or complaints

Section 6 - Bulletin Boards

The Company agrees to supply and provide a locked covered bulletin board for Union business at every gateway having ten (10) or more employees covered by this Agreement The Aircraft Maintenance Manager and the highest ranking Union representative, or their designees, at each gateway will be provided a key In addition, the Company agrees to provide a bulletin board for Union business at every other gateway The highest

ranking Union representative will be responsible for all postings Postings will be confined to official Union business as approved by the Local 2727 Principal Officer or the International Union and identified by Union letterhead or an officer's signature Postings not in accordance with this criteria shall be immediately removed by either the Union or the Company, providing the Union has prior notification It is understood by the Parties that no posting shall be allowed that demeans an individual, the Union, or the Company. If a Company official contends that the content of a posting is demeaning to an individual, the Union or the Company, he shall contact the Union representative responsible for the content of the posting and discuss his objections Failing to agree with an alternative posting, the Company may have such postings removed It is understood that postings on Union Bulletin Boards that have not been faxed using Company equipment do not require prior Company signature approval.

Section 7 - Identification of Union Representatives

Each appointed Union Representative or Steward will be identified by an IBT Airline Division embroidered shoulder patch with an approximate size of two (2) inches by two (2) inches.

Section 8 - Officer Duties and Shift Representation

All officers of the Union who are current employees shall have super-seniority for the purpose of establishing crew preference as a part of the Annual Realignment Bid, vacation bids, and layoff for purposes associated with duties assigned by the Union's Principal Officer for shift representation Those employees having super-seniority shall be ranked in accordance with Article 3, Section 1, h Officers of the Union can use super-seniority for vacation bids only for the purpose of insuring that adequate Union representation is available to Union represented employees Such officers will have the right to exercise their super-seniority to reschedule their vacations at any time for the purposes of contract negotiations, System Board or other legitimate mutually agreeable periods In all other cases, all rescheduling shall be within the first week after vacation awards are distributed provided that the limitations outlined in Article 33 are not exceeded If super-seniority is utilized for shift selection, such selection must be on a shift that can be associated with officer duties or shift representation All such officers shall not be permitted to bid the same shift at the same work center It is recognized by the Parties that this Section is not intended to modify or change the meaning and intent of Article 5, Section 1 for officers utilizing this provision. Union officers on full time leave will submit an Annual Realignment Bid and as long as they remain on leave shall not be considered in staffing

Section 9 - Union Business

a. In addition to any Executive Board member or Agent on full time leave, the Employer agrees to grant the necessary time off for periods of up to three (3) weeks, without discrimination or loss of seniority rights and without pay, to any employee designated by the Union to serve in any capacity on official Union business, provided forty-four (44) hours written notice is given to the Employer by the Union, specifying the length of time off Reimbursement for employees above will be in accordance with Section 10, below.

b In addition to the Local's Officers and Agents, the Union shall be allowed to designate up to two (2) employees to be off on a full time basis to serve as Union Committeemen Each Committeeman will represent the Union in the handling of grievances, disputes, or complaints above the Step 1 level with ranking Company officials other than an employee's immediate supervisor or Company Step 1 hearing officer. Reimbursement for these employees will be in accordance with Section 10 below Such leaves will be considered to be time in service for seniority accrual purposes.

c The Union agrees that in making its request for time off for Union activities, due consideration shall be given to the number of employees affected in order that there shall be no disruption of the Employer's operations due to lack of available employees.

d The Company agrees that it will not change its current practices with regard to time off for purposes of processing and presenting grievances

Section 10 - Temporary Union Leave Administration

a The purpose of this Section is to provide procedures for the administration of employee pay and bene-

fits for individuals who are on Union business for contract negotiations and other business agreed to by both Parties Agreement will not be unreasonably withheld

b Union officers and negotiation representatives will be granted reasonable periods of leave for the purpose of contract negotiations. Such leave of absence will be considered to be time in service for seniority accrual purposes It is understood that the individual's supervisor or manager will be informed by written notice of the leave request as much in advance of the leave as possible. but not less than twenty-four (24) hours

c For those periods which have been agreed upon, and documentation exists in the Payroll department, the Company will pay the individual's daily guarantee for all scheduled work days involved in a pay period The Company will then bill the Local Union within four (4) months for all such days plus benefit and taxation expenses in accordance with paragraph e. below The billing will include employee name. social security number, dates involved, associated compensation, and copies of other agreed documentation Such employees who also work at the craft within that pay week. shall have such guaranteed paid hours considered as time worked for purposes of overtime

d. Should the Local Union fail to remit such remuneration to the Company within thirty (30) days of the receipt of such billing, the Company shall notify the Local Union of such oversight, and if not remitted to the Company within two (2) weeks of such notice, providing a mutual date is not otherwise established. the Company shall bring the matter to the attention of the International Brotherhood of Teamsters Auditing Office Should remittance not occur within two (2) weeks of such notification to the International, the Company will then deduct from the next month(s) Union dues remittance sufficient amounts to satisfy the billing in question

e To the extent an employee's time off for Union business exceeds one hundred (100) hours in a calendar year, the amount to be deducted will be calculated by using the base daily guarantee plus the following Employer costs for each day involved·

1 social security;
2 unemployment tax for Federal and State.
3 health, welfare, pension. and benefit contributions, and
4 vacation. holidays. and other paid for time off.

For employees off on Union business for one hundred (100) hours or less in a calendar year, the amount to be deducted will be calculated by using the base daily guarantee only

f Employees on Union leave in accordance with this Agreement will continue to earn, accrue, and be eligible for all benefits entitled them as per this collective bargaining agreement. Company policy, and benefit plan documents In any event, benefits will not be reduced simply because an employee is on Union leave under the terms of this Agreement

Section 11 - Picket Lines

a The Parties agree that for the duration of this Agreement no sympathy strike or observance of picket lines established by employees of a company unrelated to the transportation operations of United Parcel Service Co. shall be permitted or authorized by this Agreement. This prohibition shall not be applicable to. (1) refusals to cross legal picket lines established by the employees of the Company. its parent, or their subsidiaries involved in the Company's transportation operations. (2) refusals to cross legal picket lines established by the employees of any other entity or person providing a service in connection with the operation of the Company's aircraft. or (3) refusals to cross legal, primary picket lines established at the property of any other entity or person involved in a labor dispute with its or his employees; or (4) refusals to be transported on a struck air carrier or boarded at a struck hotel The recognition of any legal picket line allowed under this paragraph must be authorized by the Union. No injunctive relief under this paragraph shall be sought or obtained by United Parcel Service Co against Local 2727 in any action or proceeding unless (i) the Union involved in the underlying labor dispute is properly joined to the action or proceeding. and (ii) the Company demonstrates both a strong likelihood of ultimately prevailing in its interpretation of this paragraph and the inadequacy of other remedies

b. It shall not be a violation of this Agreement and it shall not be a cause for discharge or disciplinary action, or the temporary or permanent replacement of any employee, for employees to exercise the rights set forth in this Section, or to refuse to perform any service which the Company undertakes to perform as an ally of an employer or person whose employees are on strike, and which service, but for such strikes, would be performed by the employees of the employer or person on strike

c Upon the conclusion of any job action of this Union or the removal of any picket line established by the employees of the Company, its parent, or their subsidiaries at any location where Local 2727 represented employees are staffed, all Local 2727 represented employees will be recalled to work in accordance with the back-to-work letter of agreement negotiated between the Parties.

d A legal picket line established across the system by the employees of the Company, its parent, or their subsidiaries shall constitute an authorized picket line at all locations where Local 2727 represented employees are staffed or have reason to work.

Section 12 - Applicability of Captions

The Parties agree that section headings and captions in this Article are descriptive only and are not intended to change its meaning or intent Headings and captions used in this Article shall not be used in interpreting the Article This Section does not change the applicability or non-applicability of headings or captions in other Articles

ARTICLE 5

* * * * * * * * * * * *

MR WILDER This is a joint interpretation by the parties of their tentative agreement of Article 5 of the collective bargaining agreement between United Parcel Service Co and Teamsters Local 2727 affiliated with the International Brotherhood of Teamsters The document to which I am referring is a TOK that was reached by the parties on January 6th of 2009

The first section that was changed within Article 5 on this round of bargaining was Section 1.B. The parties increased from nine to 11 the number of union representatives entitled to unescorted access on the company's property to represent employees

Now, they're in agreement that that number, 11, included the union's officers, committee chairpersons and an IBT representative, but the term "designated representative" need not be an employee of the company That's made clear by new Section 3.a of Article 5

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR WILDER: In that section, the parties in language paralleling that of Section 2. Third of the Railway Labor Act agreed, that the company would recognize the right of the union to designate union representatives, who need not be persons in the employ of the company, for all purposes under the Railway Labor Act and the parties' agreement. So the term "designated representative" may include, for example, an employee of the Local or International union who is not on the seniority list and employed by United Parcel Service

The parties agreed that the right or the ability of union representatives to participate in safety committees was a technical matter that would be left to their agreement under Article 20 of the collective bargaining agreement Like union officers and committee persons, non-employee union representatives will have unescorted access in gateways where there are twenty-five (25) or more craft or class employees working The company wanted an assurance that gateways allowing unrestricted access would be large enough to support a resident, management, or supervisory infrastructure. And that goal was achieved by the parties' agreement that the unescorted access of non-employee representatives would be restricted to the larger gateways as designated.

Now, union representatives who are not officers or chairpersons are to provide as much notice as possible of gateway visits The company wanted at least some notice, which is to be reasonable under the circumstances, that a non-employee union representative would be visiting a particular gateway. Those restrictions do not apply to the union officers who, under the tentative agreement, as under the current agreement, enjoy the same access privileges as employees working in the gateway. Non-employee union representatives will be issued UPS' identification cards, and the parties are in agreement that if a more specific or definite form of identification is required to enable union representatives to have access to gateway facilities or locations within gateway facilities, the company will assist the union in acquiring such credentials to enable the representatives to represent employees at those points. The parties recognize that there were so many agencies and so many regulations potentially involved in airport access today that it was best to state this commitment in general terms, leaving for the future the administration of this aspect of their agreement

The next change to Article 5 occurred in Section 9 a In that provision, the parties agreed to increase the time available for any employee to be on union leave from two to three weeks The provision assumes that employees will be engaged in official union business, and the language also presumes that the union will afford the company at least 44 hours written notice before the employee designated for the union assignment commences that assignment. The purpose of the notice is to enable the company to make arrangements to replace the employee for purposes of performing that employee's productive work during his absence on union leave

In Sections 9 and 10 of Article 5, the parties had much discussion about various other proposed changes In the end, however, the parties agreed to continue current practices, — that is, the status quo, under the existing agreement with regard to time off for processing and presenting grievances and the other elements dealt with in Section 9 and 10 There was a related matter concerning the safety office used by the union at the Ontario gateway that was discussed during negotiations in connection with Article 20. The union's propos-

al in Article 20 was withdrawn, and the parties agreed that issue, too, would be handled on a status quo basis There is to be no mention of that in the collective bargaining agreement, but it is covered by the status quo Off the record.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

The next section that the parties agreed to change in Article 5 appeared in Section 11.a. In the provisions relating to the union's commitment not to engage in strike activity during the term of this agreement, there are various exceptions stated The parties agreed to add a fourth exception which dealt with refusals to be transported on a struck air carrier or boarded at a struck hotel. Therefore, the parties agree that employees would not be disciplined and would be able to decline to travel on a struck air carrier to a assignment elsewhere in the country, or once they've reached that assignment, to be boarded at a struck hotel. One of the points that the company made which was agreed to by the union, is that the exemption for the hotel did not apply to an entire hotel chain For example, if the hotel near the facility where the employee was working is not struck, then the employee would be obliged to stay at that hotel, even though other hotel facilities within that chain might be on strike And the opposite would hold true if the only facility at the hotel that was on strike was the one near the gateway where the employee was assigned, then he would not have to stay there, even if all of the other hotel facilities were not on strike. And that completes the changes that were agreed to by the company and the union on January 6th of 2009 with reference to Article 5 of the agreement That concludes the Joint Interpretation of Article 5

ARTICLE 5

TONY COLEMAN: This is the joint interpretation on Article 5, Union Representation and Stewards In Section 1, time and access, paragraph a was not changed from the prior Agreement. The Parties' intent is to still interpret it the same as it has been in the past Under Section 1, b. there is substantially new language dealing with Union representatives having the ability to have access to the Company's property for purposes of representing employees covered by this Agreement.

That language embodies a number of new and different concepts Essentially the agreement between the Parties is that the Union on an annual basis will designate and send to the Company notice of up to nine Union representatives who will have the authority to enter the Company's property for purposes of representing employees.

We've had a lot of discussion with regard to limitations on the access. The Parties are in agreement, especially with the events of September 11, that there are FAA And other governmental regulations that any employee, including Union representatives under this paragraph, are going to have to comply with in order to have access to UPS's property throughout the country

We have agreed that those representatives who are on the seniority list and have a Company-issued identification card, assuming compliance with any governmental and FAA Regulations, shall have the same unescorted access at any time to the Company's property in the same manner and same extent as other represented employees working in that location

We've agreed that the Executive Board members and designated Union reps will only be required to follow the procedures that the employees in that location are required to follow in terms of access

We have agreed and had a lot of discussion about a Union rep who has been designated by the Union who is not a Union officer, that those individuals will provide notice to the Company prior to a gateway visit We didn't put a time limit on the notice, but the understanding is that they will provide as much notice as they can in order to ensure that there's no interruption of operations and that the Company is aware of the fact that person is going to a gateway for a visit

We've also agreed in the last sentence of paragraph Section 1, b that in addition to the nine that other members can be designated in writing on an ad hoc basis by the Union president as a representative for purposes of visiting gateways.

But we've agreed since we don't know at this juncture who those individuals might or might not be that the ad hoc designations may be escorted and that up to 24 hours notice of a visit would be provided by those individuals

In Section 1, c , we just added the words "for stewards" to make it clear that whatever protections that are provided for stewards in this contract, that any other Local officers and agents who are off on Union business would be given the same protections that are given to the stewards such as language in the contract.

Under Section 2, "Right to Representation," paragraph a , we've re-worded a lot of that Some of the language is struck out, not with the intent to eliminate it, but rather that the language that was contained there has been covered in other articles and other parts of this Article

We did some cleanup in terms of an employee's right to be afforded Union representation and to have another hourly paid employee present at any meeting with management in accordance with Articles 6, 7 and 8

The reference to those Articles obviously is for the purpose of making it clear when the employees have the right to be afforded Union representation. Any rights would be set forth in those Articles rather than Section 2, a separately creating the right. We also said an employee's signed waiver will not prohibit that employee from requesting and utilizing Union representation on his behalf on a later date or the Union from intervening or having a meeting regarding the matter on behalf of its membership at a later date

There was a change in that language from the prior contract, and we had a lot of discussion that an employee who wants to waive Union representation has a right to do that, and we've agreed to language in other articles that a form would be used that would be provided to the Union.

The Union was concerned that even though the employee waives his Union representation and does not want the Union representative present at a meeting with the Company, that the Union may still have concerns

with regard to what happens or has happened as a result of those kinds of meetings And so we've added the language to say in those situations the Union does have a right to request to have a meeting regarding whatever occurred with that employee in order to discuss it with the Company In Section 2. b., we just cleaned it up in terms of new references to make it mesh with the rest of the Article

Paragraph c . is new language dealing with the Union's officials who have been designated up in Section 1, b., their right to use the Company's jumpseat for purposes of official Union business

There's an understanding between the Parties that Union business would be representative duties covered by this Article and in Articles 6, 7 and 8 We have agreed that in those situations where a Union representative needs to travel that they will be afforded the positive space jumpseat as a priority 4 and have all rights of a priority 4 as outlined in the Company's jumpseat policy outlined in the FOM. In addition we've agreed that based on some discussions as to how the priority 4 works and the issues and problems that the Union has had with the use of jumpseats, that there is a mutual commitment on an ongoing basis to deal with any problems that arise in utilizing the priority 4 positive space jumpseat. On request from the Union, the Company will meet and work through those issues

We've also had discussions that it obviously is to the Union's and Company's benefit to have additional pass privileges on commercial carriers, and the Company will work with the Union to the extent it is reasonably feasible to obtain additional pass privileges on commercial carriers.

Under Section 3, non-discrimination, this is just a cleanup to say "any" employee instead of "an" employee

Under Section 4, designation, the purpose of this Section is to spell out the duties and responsibilities and activities that a Union steward representative can engage in There was no change in paragraphs a. and b Under paragraph c. we've broadened that to say attendance and participation at any labor-management interview, meeting, hearing, discussion, conversation. Later on in this Article we more specifically talk about labor-management meetings and a steward's right to attend these. interview, meeting, hearing, discussion. Our conversations with regard to that centered around the Article 6, Article 7 and Article 8 meetings and hearings that might take place under those Articles Under paragraph d., we've incorporated a portion of a signed letter of agreement dated March 27, 1996 but also broadened it some Paragraph d. deals with the use of the Company's communication equipment or transportation system.

In paragraph d 1 , we've agreed that safety complaints can be transported via the Company's transportation system and to the faxing of grievances and supporting materials to the Company Employees or stewards in gateways outside of Louisville do have the right to utilize the Company's fax machines in those gateways to fax grievances and supporting materials to the Company's labor relations department here in Louisville, Kentucky

The Company has agreed that if the fax machines are used for that purpose that the Company will then make those documents available to the Union here in Louisville, Kentucky for them to come by and get them whenever they find it convenient

Paragraph d 2 . is re-worded, but it's a continuation of the Company's past practice under the March 27, 1996 letter of agreement that if the Union has other information that they want to fax out to gateways that they do have the right to use the Company's fax machines on the receiving end to receive those documents, however. that they have to be approved in advance by the Company's Labor Relations Department Under Section 5, "Representatives Freedom to Act," it lays forth the protections for Union stewards and the rights that Union stewards have to have time off from work in order to engage in certain activities Paragraph a 1 was changed and cleaned up to make it clear that Union stewards shall be permitted reasonable time to do three things· first, to investigate, present and process grievances, second, to be present at Article 8 meetings, and those obviously are meetings concerning discipline, discharge, and then third, to attend other labor-management meetings which would be obviously scheduled by mutual agreement on the Company's property to deal with the labor-management meetings

The steward's right to attend those is obviously something that's new to this Agreement. We have added a sentence saying that a steward's presence at those meetings will be by mutual agreement between the Company and the Union, and if there is a mutual agreement for stewards to be in attendance at a labor-management meeting that that would always be without loss of pay.

The word "participating" was added to the paragraph to insure that the Union stewards would have the opportunity to participate in discussions that are being held with employees. Participating means that the Steward will have the right to ask questions but not that he disrupts the question and answer process nor does he answer questions for the employee

We had some discussions about the standards by which mutual agreement would be reached or not reached, and the discussion was that if it's necessary for a Union steward to be present at a labor-management meeting because of the nature of the topic to be discussed and it's something that stewards need to be aware of in terms of their communications and their responsibilities as a steward that the agreement is not going to be unreasonably withheld in those situations to allow the stewards to attend the meetings without loss of pay

In the next sentence there was some strike-outs in terms of investigate, present, process grievances, but there was no intent to change the meaning of the sentence

We added the words "carry out his representative duties without loss of pay." It is the Parties' intent that representative duties are defined by the first part of the paragraph where we just laid out the three categories of duties that a steward can engage in. In the next sentence we added some words that the employer will make a reasonable effort to cover the work to ensure that its operations are not interrupted by the steward engaging in such activities. That's just a clarification as to what our efforts are supposed to be directed at.

In the last sentence we added "in any event the employer shall not use interruption of its operations as a subterfuge for denying such right to the steward." That's just a further clarification that the Company will never take the position that the steward can't be off to attend to his steward duties because of interruption of the operation unless there is a legitimate basis to say that his absence will actually interrupt the operations.

Under paragraph a.2., we had some discussions about attendance at meetings and those meetings occurring on days off for stewards rather than during their work days. There was a mutual agreement and intent here that neither side is going to try to delay meetings or delay scheduling of meetings so as to cause them to occur on the steward's day off.

In order to have a meeting it's going to have to be scheduled by mutual agreement, and it's the Parties' intent, to the extent if at all feasibly possible, that those meetings would occur during the steward's regularly scheduled working day rather than days off. That's an intent shared by both sides.

Under paragraph b., there was no change in the language, no intent to change.

Under Section 6 on bulletin boards, the first part of the paragraph is unchanged from the prior Agreement. We added some language at the end to clarify that if a posting is demeaning to an individual, the Union or the Company, and the Company believes that it is, that it can be pulled off. The Company has an obligation to contact the Union representative responsible for the content of the posting and discuss the objections.

The Union representatives obviously have to make themselves available. They can't disappear and not be available to have those discussions. Failing to agree with an alternative posting which is the purpose for having the discussion, to try to come up with an agreed upon alteration, the Company may have such posting removed.

There is a sentence added at the end of that paragraph which is really unrelated to the demeaning concept saying that it is understood that postings on Union bulletin boards that have not been faxed using Company equipment, do not require prior Company signature for posting approval. This was to make it clear that there is no obligation to obtain the Company's approval for a posting unless and only if Company equipment is used to fax that posting.

Under Section 7, identification of Union stewards, we changed the language to say that each appointed Union representative or steward has the right to have a shoulder patch approximately the size of two inches by two inches. The Company is responsible for having that affixed to the uniform and for obtaining those patches to affix to the steward or Union representatives.

Under Section 8, officer duties and responsibilities, we deleted the word "active," because we didn't think it fit within the context of this paragraph.

An officer of the Union does have to be a current employee to have seniority. Active has the connotation that he's actively working, and that obviously is not always the case in terms of having super-seniority. We substituted the word "crew" for "shift" which we have done throughout the whole Article and contract. We

clarified that the duties are those duties that might be assigned by the Union's principal officer In the middle of the paragraph, such officers would have the right to exercise their super-seniority to reschedule their vacation at any time for purposes of contract negotiation. System Board or other legitimate mutually agreeable periods In all other cases. rescheduling will be within the first week after vacations are distributed. We created a further exception. stating vacations could be rescheduled for the specified reasons. Otherwise the rescheduling has to be done within the first week after vacations are awarded All such officers shall not be permitted to bid the same shift at the same work centers which is a clarification

At the end of the paragraph. Union officers on full time leave will submit an annual realignment bid. and as long as they remain on leave shall not be considered in staffing This sentence captures the intent in terms of what the practice has been up to this point

Under Section 9, we deleted the word "temporary" from the heading because of recognition of the fact that some of the leaves covered by this Section are not just temporary leaves We added at the beginning of the paragraph. in addition to any Executive Board member or agent on full time leave, and then we go into other employees may be granted necessary time off for periods up to two weeks without discrimination or loss of seniority

There is and we have continued the obligation for the Union to provide the Company at least 48 hours written notice of a need to have an employee off for purposes of Union business We had some discussion about the potential conflict between that 48 hours notice obligation and the language in other parts of the contract, for example. in suspension and discharge where the Company is only obligated to give 24 hours notice to the Union for purposes of having somebody present for a discharge or suspension hearing.

The intent and understanding is that if we're into one of those situations where the Company is only giving 24 hours notice, or something less than 48. and the Union needs to have somebody off for purposes of attending those hearings. that the 48-hour notice will not preclude the employee from having the time off to attend to those kinds of hearings

We added a sentence just for clarification that reimbursement for employees in Section 9. a , will be in accordance with Section 10 below.

In the prior contract. Section 9, b had some language saying that Union representatives. including stewards and committeemen, duties will not interfere with the Company's operations. We dropped that not because it's not applicable. but because we believe it's covered in other Sections of this contract.

With regard to Section 9, d . we added new language that the Company agrees that it will not change its current practices with regard to time off for purposes of processing and presenting grievances to embody a commitment by the Company that anything that has been an ongoing practice under the prior Agreement It is not our intent with any of this language to change those practices. and those practices will continue to be observed

Under Section 10. temporary Union leave administration. in paragraph a. again we dropped the word "temporary." because some of the leaves obviously are more than a two-week period

We added "agreement will not be unreasonably withheld." in that first Section to make it clear that an obligation on the Company's part is to be reasonable in terms of the Union's request for employees' time off for Union business.

Under Section 10, c., we deleted the word "approved" in front of the word "documentation." We had some discussion about what that meant and why it was in the contract and could not really decipher the negotiating history with regard to it What we have agreed to is that the Union will continue to provide the same documentation to the Company's payroll department as it is currently doing in order to allow the Company to process the Union leave payroll issues.

Under Section 10, c . we added a sentence at the end. "Such employees who also work at the craft within that pay week shall have such guaranteed paid hours considered as time worked for purposes of overtime." That was something that had been agreed to as a part of a letter of agreement under the previous contract

An example of how that would work is if an employee has a schedule of 5/8 and one day is off on Union leave business for that entire day. those eight hours would, as part of his guaranteed schedule, would be counted for purposes of the overtime rules in Article 13.

Under Section 10. e . the Company had agreed in the previous contract to not bill the Union for employ-

ees' time off for Union business until the employees' time exceeded 80 hours in a calendar year and at the Union's request we have increased that from 80 to 100 hours The intent is that it will be applied the same as the provision in the prior contract In Section 10, f., we just changed the contract to "this collective bargaining agreement" as a clarification.

Section 11 deals with picket lines. Some substantial changes within this Section and a number of additional paragraphs were added at the Union's request to deal with Local 2727 represented employees being required to work in the event of a picket line and guaranteeing Local 2727 represented employees certain rights in the event that there is any kind of work stoppage. We'll start with Section 11. a We have continued the general rule that for the duration of this Agreement, no sympathy strike or observance of picket lines established by employees of the Company unrelated to the transportation operations of United Parcel Service Co. will be permitted or authorized by this Agreement

The words 'the transportation operations of" was an addition from the prior Agreement. and what the Company and the Union were attempting to catch with that change is that the companies that we're talking about there are those companies that are UPS sister subsidiaries that are involved in the transportation operations

Essentially the two largest ones would be UPS, Inc , an Ohio corporation, and UPS. Inc , a New York corporation, which employs all of the drivers and sorters and employees that are involved in the ground operations

The next sentence was greatly expanded and not really exceptions to the first sentence but rather explanations of the application of the first sentence It essentially says that the general prohibition that's laid out in the first paragraph shall not be applicable in three circumstances One is the refusal to cross legal picket lines established by employees of the Company, its parent or subsidiaries involved in the Company's transportation operations.

The scenarios that we talked about there obviously would be if UPS. Inc. ground employees were on strike and established pickets lines at any of the Company's facilities that Local 2727 represented employees would not have an obligation to cross those picket lines The second exception is refusals to cross legal picket lines established by the employees of any other entity or person providing a service in connection with the operation of the Company's aircraft.

A couple of examples that we talked about in that exception is if the Company that's providing fueling services to the Company aircraft or the vendor who is providing food service to the Company's aircraft were on strike and established picket lines at the Company's place of business. then Local 2727 represented employees would not be obligated to cross those picket lines.

The third exception is refusals to cross legal primary picket lines established at the property of any other entity or person involved in the labor dispute with its or his employees This exception deals with companies that are unrelated to United Parcel Service. and that's one of the reasons that the word "primary" is within this exception is because we wanted to make it clear that if it's not a primary picket line that Local 2727 members cannot refuse to cross it

It has to be primary, which means that the labor dispute has to be on that property where the picket lines have been established. Our intent is to be captured by the language "established at the property" We talked about scenarios that we do have some gateways where another carrier may be on the same property as United Parcel Service Co employees, and we used Santa Ana, California gateway, actually, as an example of that where FedEx employees actually were adjacent to United Parcel Service Co. employees and actually used the same gate to enter the property

We talked about a scenario that if FedEx employees, pilots for example, went on strike and established pickets at that gate that the Company actually would have a commitment to at least try to establish a reserve gate of some type in order to avoid Local 2727 having to cross the picket lines. but that if there was no way to establish a separate entrance that this language would not give Local 2727 represented employees a right to honor that picket line.

The intent is UPS Co 's operations should not be interrupted as a result of labor disputes with employers that are completely unrelated to United Parcel Service and that secondary picket lines that might be established by some employer unrelated to UPS should not result in an interruption of United Parcel Service's air operations

The rest of the paragraph is some cleanup in terms of the recognition of any legal picket line allowed under this paragraph must be authorized by the Union to avoid unauthorized work stoppages. No injunctive relief under this paragraph should be sought or obtained by United Parcel Service Co against Local 2727 in any action or proceeding unless -- and we have two criteria - - first, that the Union involved in the underlying dispute is joined to the action

We're in agreement that whether that Union is another UPS subsidiary representing the Union, another Union that represents the employees of a UPS subsidiary on even a Union that's representing the employees of an employer that's completely unrelated to UPS, that in either event the Company has an obligation to join that Union to any action for the court to be able to fashion full relief

The second criteria is that the Company demonstrates both a strong likelihood of ultimately prevailing in its interpretation of this paragraph and the inadequacy of other remedies.

TONY COLEMAN: I don't know. Roland, whether you have anything to add to that.

ROLAND WILDER I think that's fine.

TONY COLEMAN· Under Section 11. b , a new paragraph that is kind of modeled after language that the Company has in its National Master Agreement which provides the protection to employees and Local 2727 represented employees.

It's not a violation of this Agreement, and it is not cause for discharge or discipline or the temporary or permanent replacement of any employee, for employees to exercise the rights set forth in this Section or to refuse to perform any service which the Company undertakes to perform as an ally of an employee or person whose employees are on strike and which service, but for such strikes, would be performed by the employees of the employer or person on strike Obviously there is a protection there in terms of, if the employee is exercising rights that he has under this Section, he cannot be discharged

We've also agreed they cannot be temporarily or permanently replaced That does not preclude the Company from utilizing its management supervisory employees to perform these jobs or from having a vendor come in and perform those jobs It precludes us from hiring somebody else to permanently or temporarily perform those jobs.

ROLAND WILDER By hiring someone else you're referring to a subcontract to the use of the Company's management employees?

TONY COLEMAN It precludes us from hiring someone else meaning another employee to perform that job It does not preclude the Company from utilizing its management supervisory employees or a vendor to perform those jobs while employees are exercising their rights under this Section.

Again, this protection is only for rights that are set forth in this Section These protections would not be applicable in a situation, for example, where there is a legitimate economic strike by Local 2727 The Company certainly maintains its right in that scenario to have temporary, permanent replacements.

I think it's the Parties mutual intent that the allied doctrine be interpreted and applied as the law has set it forth and it's interpreted by the National Labor Relations Act, and the whole doctrine that had been established there. That is what the Parties are intending to incorporate and apply here in terms of protection for Local 2727 represented employees

Under Section 11, c., we've developed a paragraph that is included in the contract to deal with the scenario that we had in August of 1997 as a result of the nationwide strike by the Teamsters The Parties recognize that there were certain things that probably could have been done better in resuming operations after the conclusion of that strike. The language says that Local 2727 represented employees will be recalled to work in accordance with the back-to-work letter of agreement negotiated between the Parties Instead of including the language within the body of the contract itself, the Parties have agreed to separately put together a general framework for dealing with back-to-work issues in the event of a work stoppage and will separately set that forth in the letter of agreement. The Parties also recognize there's no way to capture in detail completely, an agreement that would deal with all of those issues for potential work stoppages that might occur. The intent is that the letter of agreement will provide a basic framework and create an obligation for the Parties to deal with each other in good faith to work out the details of the return-to-work agreement in the event of a work stoppage in the future

Paragraph d was also something requested by the Union to deal with issues that arose during the August

1997 strike, and to try to capture the issue during the '97 strike there were certain gateways where there were no picket lines

There were some gateways where there were no picket lines, and there were picket lines at other gateways where picket lines might have been present but for only certain periods of the day As a result, an issue arose under the prior Agreement about whether Local 2727 represented employees have any obligation to report to work when no picket lines were present

What we have agreed to here is that a legal picket line established across the system by employees of the Company, its parent or the subsidiary shall constitute an authorized picket line at all locations where Local 2727 represented employees are staffed or have reason to work.

To capture the concept that if there is a nationwide strike, there does not necessarily have to be pickets physically present at every gateway in order for Local 2727 represented employees to have the right to honor the picket lines that have been set up at all of the other locations

Section 12 is applicability of captions which was not changed from the prior Agreement, and the intent is for it to be applied the same as it has been previously.

ROLAND WILDER: Let me speak to my team for one second.

REPORTER'S NOTE: Whereupon a brief recess was taken and the following was heard.

TONY COLEMAN: There are two further clarifications with regard to Article 5. Under Section 2, a., where we struck out "to request and" and said "afforded Union representation" and then going to Articles 6, 7 and 8

The Parties are in agreement that it is our intent that any disciplinary hearing or grievance hearing covered by Articles 6, 7 or 8 that the employee will either have Union representation, or there will be a signed waiver form that will be jointly approved, and that waiver form will be given to the Union by having the signed waiver presented by a Union representative. With regard to Article 5, Section 11, just a clarification that there is nothing within this Section that the Parties intend to cover economic actions -- primary economic action by Local 2727 in terms of a right to engage in a strike

Section 11 does not in any way deal with that scenario and is not intended to deal with that situation My understanding is that the Union is going to make some proposals and perhaps deal with it in Article 1

ROLAND WILDER The reference does not deal with direct strikes.

ARTICLE 6
GRIEVANCE PROCEDURE

Section 1 - Procedures

a The Union and the Employer agree that there shall be no strike, picketing, lockout, tie-up, or legal proceedings without first using all possible means of a settlement as provided for in this Agreement for any controversy which might arise under this Agreement. The Parties further agree that the words "legal proceedings" as used in this paragraph shall not be construed to prohibit the Union or the Employer from going to a court of proper jurisdiction for an injunction against the other for breach of the no strike, no lockout, no tie-up, no picketing promises made herein

b. A grievance is hereby jointly defined to be any controversy, complaint, misunderstanding, or dispute arising as to interpretation, application, or observance of any of the provisions of this Agreement

c Grievance procedures may be invoked only by authorized Union or Employer representatives. The Union may file or process a grievance on behalf of any employee or group of employees covered by this Agreement in regard to any matter of grievance, complaint, or dispute.

d In the event of any grievance, complaint, or dispute on the part of any employee, it shall first be discussed with the aggrieved employee's immediate supervisor, with the Steward present or a Union Representative on the telephone, if requested by the employee, by the employee's fourth (4th) subsequent report for work from the date of the dispute or incident or the date he discovered or reasonably should have discovered the incident Subcontracting grievances shall be filed in accordance with the time limits in Article 21 If not resolved within three (3) subsequent working days, it shall be handled in the following manner.

Step 1

The employee shall submit his written grievance or complaint to his Union Steward within ten (10) calendar days from the end of the supervisor's resolution period prescribed in Section 1, d The written grievance shall set forth the statement of facts, the basis of the grievance, and the relief sought The Union Steward, with the employee, if available, shall attempt to adjust the matter with the employee's immediate supervisor within the remainder of the employee's regular shift, subject to operational requirements If it is not the employee's last scheduled report for the work week, the discussion may be postponed to the employee's next regular shift report In no event will the discussion be postponed beyond the end of the employee's second consecutive report day Once the written grievance has been submitted, a written decision must be rendered within five (5) calendar days Failing to agree, the Union Steward shall promptly report the decision to the Union

Step 2

The designated Union Representative will submit the written grievance to the Manager of Maintenance or the Manager's designee who is designated as the Company Step 2 Hearing Officer within ten (10) calendar days of receipt of the Company's decision at Step 1 They will meet, discuss, and attempt to adjust the matter within ten (10) calendar days after receipt of the written grievance The Manager of Maintenance or the Manager's designee shall inform the grievant and the Union in writing of his decision.

Step 3

If the grievant and/or Union is not satisfied with the decision of the Manager of Maintenance or the Manager's designee, the designated Union Representative will attempt to adjust the matter with the Division Manager of Labor Relations or his designee This shall occur within fourteen (14) days of the decision in Step 2, unless extended by mutual agreement. The grieving Party shall have seven (7) calendar days from the deadlock at Step 3 to withdraw the grievance If not withdrawn it will automatically be scheduled in accordance with Article 7

Section 2 - Disciplinary Grievances

When an employee is disciplined under the provisions of Article 8, and it is necessary for an employee to file a grievance in disciplinary actions the following provisions of the grievance procedure shall apply

a. Within ten (10) calendar days after receipt of such disciplinary action, the Union Representative may file a written grievance with a supervisor, Division Manager or the Manager's designee challenging the propriety of the action taken
b. Grievances resulting from disciplinary action will follow the same procedure, excluding Step 1, as described in Section 1
c All Company notifications involving disciplinary action or discharge shall be accomplished by personal delivery verified by initialed copy, legible facsimile or by a delivery system prepaid with return receipt requested, addressed to the last known address of the person(s) to whom the notice is being given, and on official Company letterhead stationery. Acknowledgement of delivery does not constitute or imply guilt of the charges alleged against the employee
d. If as a result of any hearing or appeal an employee is totally or partially exonerated, the employee's personnel record shall be cleared of the unsubstantiated charge(s) upon which the discipline or discharge was based Any documentation related to the discipline the employee was exonerated of will not be maintained as part of his personnel file. If the employee has been partially exonerated, a new document will be created, removing all reference to the exonerated charge(s). This document will be approved by the Executive Board Approval will not be unreasonably withheld Such documentation will be separately maintained by the Labor Department in a secure file If the employee has been held out of service, the employee shall be reinstated with full seniority and longevity and made whole for any lost pay and benefits consistent with the agreed upon decision or appeal award

Section 3 - General

a The time limits set forth in Sections 1 and 2 of this Article for grievances at Step 2 level or higher may be extended by written mutual agreement between the Company and the Union.
b Grievances relating to corporate or departmental policies or interpretations of the Agreement having applicability beyond a single gateway and therefore cannot be settled at Step 1 may be submitted by the Union President/Principal Officer or Local 2727 Executive Board directly to Step 3. It may be expedited to Arbitration in accordance with Article 7. Notwithstanding the procedures in Articles 6 and 7, cases alleging a violation of Article 1 shall be heard and decided by the System Board on an emergency basis within thirty (30) calendar days unless the Parties otherwise agree
c At work centers where Step 1 and Step 2 grievances are not heard, grievances may be forwarded directly to the Union for processing with the appropriate Union and Company Representative.
d. If the Manager of Maintenance or the Manager's designee fails to issue a decision within the time limits specified herein, the Union or employee has the right to automatically process the grievance or complaint to the next higher step. Should the Union fail to process an appeal within the time limits specified herein, the grievance shall be considered automatically processed to the next higher step. However, an employee's or Union's failure to file a grievance within the contractual time limits shall preclude the filing of a grievance on that particular alleged violation of the contract without precedence Any decision agreed to at any stage of the grievance procedure shall be considered as a settlement on a non-precedent basis unless otherwise specifically agreed to in writing by the Parties
e. Any reasonable request for grievance related information requested from the Company by a Steward or Union representative in connection with an active grievance shall be provided no later than five (5) working days from the date of the written request so as not to frustrate the grievance investigation
f. Monetary grievances that are settled will be paid by the Company within ten (10) calendar days on the employee s regular payroll check
g Non-monetary grievances that are settled will be implemented within thirty (30) days from settlement unless otherwise mutually agreed to by the Union and the Company.
h If there is a grievance settlement in which more than one (1) grievant may be entitled to a settlement, the Union reserves the right to designate the employee(s) who will be the recipient(s)
i It is understood and agreed that all parties have an obligation to complete and answer all grievances legibly and specifically at all steps. In addition, all parties shall provide sufficient information to identify the basis for the grievance and the contractual and factual bases for its denial.

ARTICLE 6

* * * * * * * * * * * *

MR. WILDER. This is the parties' joint interpretation of Article 6, grievance procedures The first change that the parties made in Article 6 appears in Section 2.c. That paragraph deals with company notifications involving disciplinary action or discharge We have retained the essence of that article. We have simply added "legible facsimile." as a manner in which notification may occur In adding "legible." the parties' intent was the employee can verify it or initial it with confidence in what it says. Off the record

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR. WILDER. During the off-the-record conversation. it was pointed out that in some remote gateways where a supervisor is not present, the notice of disciplinary action can be faxed to the employee and the requirement that we have incorporated in Section 2 c is that that copy be a legible facsimile. So there are a number of situations in which employees will receive facsimile copies of the certification, and the parties wanted to assure that these copies be legible

MR WILDER I'm advised that the way that the notification would be sent to the employees at a remote gateway will be by fax only; they would not use other electronic means. The earlier agreement, when referring to personal delivery of company notification involving disciplinary action, called for the employee to acknowledge receipt by initialing a copy Some employees declined to initial the copy because they feared that their initialing of the copy implied some sort of agreement with what was said in the disciplinary notice We thought it useful — by we, I mean the parties, thought it useful to state expressly in the agreement that the acknowledgement of delivery by initialing the notification of disciplinary action does not constitute nor imply guilt of the charges alleged against the employee

The next change that occurred in Article 6 occurred in Section 2 d which deals with the exoneration, in part or whole, of an employee of the charges made against him or her The changes made in that paragraph state expressly that any documentation related to the discipline the employee was exonerated of will not be maintained as part of his personnel file. The purpose of this is to assure that the employee will not be prejudiced by charges of which the employee was found not to be guilty

The change further provides that if the employee has been partially exonerated. a new document will be created for his personnel file which will remove all reference to the exonerated charges So the effect of this change would be that there would be no reference in the employee's personnel file of offenses that he has been found not to have committed The document that was created to reflect the partial exoneration, and by inference the part of the charge of which the employee is found to be guilty of, is to be the subject of approval by the union's executive board, and that approval shall not be unreasonably withheld As I said. the only purpose of this process is to assure that is no reference whatever in the employee's personnel file of charges of which he was exonerated.

The other issue that is dealt with in Section 2 d has to do with the union's request that charges of which the employee is exonerated be destroyed and not maintained by the company The company was unwilling to do that, indicating that those kinds of records may be required by certain State or Federal laws or, alternatively, might be helpful to defend the company in future government investigations or future claims or litigation

The way the parties dealt with this is to provide that the documentation will be separately maintained by the labor department in a secure file That means, according to their understanding, that charges of which the employee has been exonerated will not be available to line officials. it will not be retrievable in electronic form on the company's computers, and that it will be safeguarded by the labor department and used for the kinds of purposes that the company indicated it needed the document for

Off the record

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR. WILDER. Back on the record During the off-the-record discussion. the parties reiterated their understanding that so long as the files are kept in a secure place and under the control of the labor depart-

ment. then they can be retrieved electronically by the labor department for the purposes for which the company is maintaining the information

ARTICLE 6

TONY COLEMAN. This is the joint interpretation on Article 6. Grievance Procedure.

From a big picture perspective, there were not wholesale changes in Article 6 Rather, we changed language in certain paragraphs to deal with disagreements and misunderstandings that we've had in the past with regard to certain Sections There's also some changes within the Article to make this Article coincide with the changes that we made in Article 7 concerning the System Board of Adjustment where there was more of a wholesale change

With regard to Section 1. "Procedures." Sections 1, a. and b . really no change in the wording in either of those paragraphs, not a whole lot of discussion. The Parties' intent is that those paragraphs will continue to be applied as they have been in the past.

Under Section 1. c., we added some language at the end of the paragraph with regard to "in regard to any matter of grievance, complaint, or dispute," basically a clarification We do for the record want to make it clear that at this stage of the grievance procedure, the grievance may be verbal and not actually reduced to writing, which actually comes later in the grievance process

Under Section 1, d . we added some language in the first sentence in reference to a grievance, complaint, or dispute being discussed with the aggrieved employee's immediate supervisor. We added "with the steward present or a Union representative on the phone, if requested by the employee " That is new language to give the employee the additional protection and right to have a Union steward present with him. or if he's at an extended gateway, he can request to have somebody on the phone with him when he's initially discussing his grievance with his immediate supervisor.

At the end of that paragraph we added some language to deal with an issue that we've had several times under the previous agreement concerning when the time limit starts running for the filing of a grievance, and the first part says that he has to bring it up within his fourth subsequent report for work from the date of the dispute or incident or the date he discovered or reasonably should have discovered the incident

We've had some issues under the prior contract in terms of the Company taking the position that a grievance is untimely and the employee taking the position that he was not aware of the alleged violation until such-and-such a date, and what the Parties intend with this new language is to try to lock in a concept that it's either the date of the dispute or incident or the date that the employee would have received information or had information that a reasonable person, at least, would have been able to look at it and determine that the alleged violation has occurred

For example, if there is a payroll error or discrepancy -- and we used this as an example as we were going through discussions in negotiations, that if there's a payroll error and the employee receives his check, most certainly a reasonable person should have looked at his check and know from that point that you weren't paid correctly. and the time for filing of the grievance would start running from that date

Conversely, if the employee is on vacation and he's not at home. not getting his check, not getting his check stub. and he doesn't return from vacation for two weeks, then in that situation, the Company most certainly agrees that the time for him to file a grievance wouldn't start running until the date that he actually receives and looks at his payroll check, or the stub if he's not actually getting a direct check

Same kind of thing on the bypass situation with regard to overtime. Again, it's really at the point in time the employee would have knowledge that the violation occurred or, based on all of the circumstances, a reasonable person should have known that the alleged violation had occurred

There's been a big issue between the Parties with regard to subcontracting grievances. The Parties agree that situation is going to be handled differently and it's going to be handled in Article 21. and we'll draft and prepare some specific language in Article 21 to deal with the question of when can an employee file a grievance over subcontracting as a result of seeing the work reflected in the logbook or other Company records

Just one further clarification, I guess, and based on the discussions that we had was that -- and I'll use the payroll check thing again. If there's a continuing violation where an employee's been receiving the wrong pay rate, and he's paid incorrectly every paycheck, obviously it would be a continuing violation and his time to file a grievance would renew every time he got his paycheck That is when he would have received the information to show if there was a potential violation of the agreement

MIKE RADTKE: Let's go off the record a second.

(Discussion off the record)

TONY COLEMAN. There's been some clarifications and discussions off the record that the Parties are in agreement on and want to make sure that the record is clear and the employees understand the intent with regard to this paragraph

One, the earlier discussion about using payroll checks as an example most certainly does not mean that if an employee has been underpaid and there's no dispute, no contract interpretation involved with regard to the underpayment, there was simply a payroll error. it is not a question simply of a grievance time limit running and now the employee is out the money.

The Company is in agreement with the Union that if it's a payroll error and the employee was underpaid, whenever he brings that to the Company's attention, the company has an obligation to address that, and vice versa. that if an employee has been overpaid, that the Company most certainly has a right to come back and address that. and I think we actually negotiated some language in Article 10 to deal with those procedures.

A question was also raised with regard to was there any intent with this language to address or change the accepted notion of continuing violations that have been recognized by arbitrators, and the answer is no. Obviously a continuing violation based on particular facts is something that can give the employee the ability to file a grievance at any point and the doctrine would become applicable

With regard to Step 1, there was simply a clarification to make it coincide with the new language that we had discussed before where we took out the "three working days" and simply made a reference back to the "period prescribed in Section 1, d above."

In Step 2 we simply stated that instead of the appropriate Union rep. we said the designated union rep. a clarification to reflect our current practice with regard to that language.

In the middle of that paragraph in Step 2, "within ten calendar days of receipt of the Company's decision at Step 1." again, it's just a procedural change to reflect that the written grievance has to be submitted within ten days after the Company's decision at Step 1.

The language then provides that the Parties will meet and discuss and attempt to adjust the matter within ten calendar days after receipt of the written grievance. We pretty much tried to follow a ten-day rule with regard to each of these steps

With regard to Step 3, again, there was quite a bit of language struck out because of the changes in the System Board of Adjustment procedure that will be covered in Article 7 Again, there was a change of "designated Union representative will attempt to adjust the matter." The "designated" was simply a substitution for "appropriate" to reflect the Parties' practice That meeting shall occur within 14 days of the decision in Step 2, unless extended by mutual agreement

It is the Parties' intent that once you go through Step 3, Article 7 will then kick in, and after Step 3, the grievance will automatically go to an arbitration System Board of Adjustment as the procedure is spelled out in Article 7 Realizing that either Party may not want to have every grievance that goes through Step 3, if not resolved, arbitrated, the Parties added language saying that "The grieving Party shall have seven calendar days from the deadlock at Step 3 to withdraw the grievance If it's not withdrawn, it will automatically be scheduled in accordance with Article 7 "

I think there's some additional language in Article 7 dealing with this issue. but either party has a right to withdraw the grievance after Step 3 That grievance at that point will be considered fully and finally resolved We've agreed that doesn't mean that issue has disappeared forever and can never be brought up again. but rather that individual grievance is considered settled and withdrawn.

The intent with regard to "If not withdrawn, it will automatically be scheduled." with this Article and 7 trying to streamline the process so that there is no backlog of grievances, no backlog of arbitrations, and that once you do the Step 3 hearing. if it is still deadlocked. at that point, unless it's withdrawn, will automatically then be scheduled for arbitration in accordance with Article 7 There will no longer be a four-person System Board of Adjustment that the grievance would go to

Under Section 2, "Disciplinary Grievances." struck out this paragraph "In the case of discharge or discipline of a nonprobationary employee " We have agreed that probationary employees will also be notified in writing, so we struck out that paragraph.

Under paragraph a , again, there was simply a clarification with regard to "disciplinary action" instead of the word "notice" and "Union representative" instead of just "steward," because it may include, quote, unquote, a steward

There was also a minor change with regard to the language, but a change most certainly in terms of practice here. The previous language had said that a written grievance could be filed with his supervisor, division manager or the manager's designee We struck out the word "his" and substituted the word "a" to make it clear that the employee who's been -- or the Union representative actually, may file the grievance with any supervisor It doesn't have to be his supervisor that he files the grievance with procedurally.

Under paragraph b , the language is the same

Under paragraph c , we added some language at the end of that, making it clear that the Company notifications will be on official Company letterhead stationery so that there is no question when the employee receives it that he knows it is coming from the Company and it's official Company action

Paragraph d , there was no change in that and no intent to change how that is to be applied going forward.

Do you have something, Mike?

(Discussion off the record)

TONY COLEMAN. With regard to Section 3, a, there was no change, no intent to change how we applied it

Under Section 3, b , this was language that was negotiated initially in the last contract in 1996 It basically provides that grievances relating to corporate or departmental policies or interpretations that apply beyond a single gateway can be submitted by the Union president directly to the System Board of Adjustment Since Article 7 now eliminates the four-person System Board of Adjustment, we've changed that language to say that those type of grievances can now be submitted directly to Step 3 after they cannot be settled at Step 1, so basically it skips Step 2 of the grievance process

And then we go on to say and obviously intended if it doesn't get resolved at Step 3, it would then go on to arbitration We have agreed that those type of grievances may be expedited to arbitration in accordance with Article 7, and I think we can wait until Article 7 where we spell out three different types of grievances that are treated with more importance and are expedited to arbitration. This is obviously one of those types

We added some language at the end of the paragraph, "Notwithstanding the procedures in Articles 6 and 7, cases alleging a violation of Article 1 shall be heard and decided by the System Board on an emergency basis within 30 calendar days." Again, we added that here just because we were dealing with expediting grievances, and any grievance alleging a violation of Article 1 We can talk about these in the context of Article 7, but the agreement is that the dates that we have set aside for arbitration, these cases will take precedent and will knock aside the other cases that may have previously been scheduled, and the dates that have previously been scheduled within 30 days of the Step 3 hearing will be used to hear this grievance alleging a violation of Article 1

There was no change in paragraphs c., d., or e

(Discussion off the record)

TONY COLEMAN. One other clarification under Section 3, c. There was no change in the language, and the Union asked the question, and the Company is in agreement that the Parties' practices with regard to 3.c , there was no intent to change that, that there is a recognition that there are gateways out there where the Company does not have supervisors and the Union does not have stewards or Union representatives and that sometimes grievances have to be mailed. The Parties are in agreement that the practices that are in place with regard to handling those type of grievances will remain in place.

With regard to paragraph f., we changed from "ten working days" to "ten calendar days" as to when monetary grievances will be paid by regular payroll check This actually restricts the Company to a shorter period of time in terms of getting employees their payroll checks as a result of grievance settlements.

With regard to paragraph i., we spent quite a bit of time trying to deal with issues that the Parties have had on both sides in terms of grievances being complete, grievances specifically providing information as to what the alleged violation is, and concerns on the Union's side that the Company's answers didn't always provide sufficient information for the Union to identify the contractual and factual basis for its denial I think there obviously is going to have to be a common-sense approach applied to this language as we go forward, but as

a matter of intent, the Parties have agreed that there is an obligation to provide complete information on the grievances, both on the grievant's side and an obligation on the Company's side as well to provide sufficient information to be able for the Union or the employee to identify the contractual and factual basis for the Company's denial of the grievance The intent obviously is to assist the Parties in understanding each other's position as the grievance is processed through the grievance procedure

(Discussion off the record)

TONY COLEMAN The Parties have had some off-the-record discussions with regard to Article 6 and an issue of agreements between stewards, Union reps, employees even, and local managers and the effect and how those should be treated under the terms of Article 6

First off, from the Company's perspective, one, I think the issue goes beyond just Article 6 in terms of dealing with those kind of agreements. Article 6 does have language that the Parties have agreed to that's carried over from the last contract saying that any decision agreed to at any stage of the grievance procedure shall be considered as settled on a nonprecedent basis If there's actually a grievance and a resolution of that grievance at some lower step of the grievance process, the Parties have included language actually in 6 that says it's binding and it's nonprecedent, which means it can't be applied beyond that grievance Both Parties have recognized that there may be disputes, grievances at a lower level that get resolved and those are binding with regard to that grievance, not necessarily outside of that grievance

One of the scenarios that was brought up dealt with the practice of assigning overtime, and from the Company's perspective, if it's simply a matter of a practice that's being implemented, the Company's suggestion with regard to resolution of those kinds of issues would be a question of whether it is a past practice that exists that the Union can show meets the criteria of being a past practice As the Union well knows, it can become a binding issue on the Company if it meets the criteria for past practice under arbitrable authority

The other potential scenario that might exist would be if some agreement is cut on a local level outside of the grievance context in terms of "this is how we're going to do it in this area," to the extent that agreement is contrary to the labor agreement, those kind of agreements should not take place without the Union Executive Board and the Company's Labor Relations Department being involved and having knowledge of agreements that are being cut even on a local level It should not be a binding agreement if it in fact changes the terms of the collective bargaining agreement, unless the Union and the Company's labor relations department are involved

JOE DARMENTO Or if it involves Executive Board members who have been authorized to bind the Union in the agreement.

TONY COLEMAN: When I referred to the Union Executive Board, that's who I was referring to

BRIAN McCABE Whoever has got the juice

ROLAND WILDER: The contract expressly forecloses agreements between even authorized Union representatives and authorized Company representatives which are contrary to the terms of the basic agreement in Article 1 There's no question about that

We seem to be dealing with a situation in which an event is not clearly controlled either by past practice or the terms of the agreement, but which is made the subject of a grievance as defined in Article 6, Section 1, b. and which is resolved in connection with Section 1, d. of Article 6 and what the stature of that grievance resolution or that agreement would be, and that would seem to be the particular item under discussion now as opposed to the matters that you spoke of in the summary, Tony.

TONY COLEMAN: And with regard to that scenario, the Company's position would be that Section 3, d. -- language that the Parties negotiated in 1996 -- already deals with that situation if there is a grievance and there is a settlement of that grievance, that the decision is binding with regard to that settlement and it's on a nonprecedent basis obviously with regard to applying anywhere else and is in effect -- if in fact it is a settlement of a grievance, it's in effect until -- obviously the Parties always have the ability to renegotiate and change it, but I would suggest from the Union's perspective, and obviously from the Company's perspective, if it's going to be a settlement of a grievance that's going to have a binding effect with regard to that location, then it should be in writing with both Parties understanding. Further, the Company needs to make sure that those kind of agreements don't take place, and hopefully on your side the same thing -- without the correct Parties being involved

ARTICLE 7
SYSTEM BOARD OF ADJUSTMENT

Section 1 - Purpose

In compliance with Section 204, Title II. of the Railway Labor Act, as amended. there is hereby established a System Board of Adjustment for the purpose of adjusting and deciding disputes which may arise under the terms of the Agreement, and any Amendment or additions thereto and which are properly submitted to it It shall be known as United Parcel Service Employees' System Board of Adjustment, hereinafter referred to as the Board

Section 2 - Composition of the Board

a The Board shall consist of three (3) members, one (1) of whom shall be selected and appointed by the Employer and one (1) of whom shall be selected and appointed by the Union. The third (3rd) member will be the Neutral Chairperson and selected in accordance with this Section These persons shall be known as Board Members

b Each calendar year, on or before January 1, both the Union and the Company will provide written notice to the other of the names of the regular Board members for the coming year. an alternate and three (3) sub-alternates. No one can serve as a Board member for either Party during the year if their name is not on the list provided prior to the beginning of the year, absent mutual written agreement between the Parties Replacement alternates/sub-alternates may be named by either Party in the event of the permanent unavailability of a member

c. The one (1) Board Member appointed by the Employer and the one (1) Board Member appointed by the Union. their alternates and sub-alternates, shall serve for one (1) year from the date of their appointment and thereafter until their successors have been duly appointed.

d Neutral Chairpersons shall be selected and retained with equal cost borne between the Company and the Union. On or before June 1 of each year, the Parties shall select twelve (12) arbitrators with airline experience belonging to the National Academy of Arbitrators to be Panel Arbitrators A new panel may be selected for any year provided notice is given by March 1 of the prior year. Individual Arbitrators may only be removed during the calendar year by mutual agreement of the Parties or if they do not maintain the qualifications set forth in the Letter of Agreement between the Parties. A new replacement Panel Member shall be agreed upon within thirty (30) days

e The Parties shall agree upon a neutral selection process to create the Panel of Arbitrators

Section 3 - Jurisdiction of the Board

a The Board shall have jurisdiction over all disputes growing out of grievances or out of the interpretation or application of any of the terms of this Agreement or Amendments thereto. The jurisdiction of the Board shall not extend to proposed changes in hours of employment. rates of compensation. or working conditions covered by this or other existing Agreements between the Parties hereto

b. The Board shall consider any dispute properly submitted to it when such dispute has not been previously settled in accordance with the provisions of Article 6

c In order for a grievance to be heard at the next System Board, it must be processed through Step 3 of the grievance procedure as outlined in Article 6. Cases deadlocked at the Step 3 hearing shall automatically be scheduled on the next available arbitration date provided in Section 5 below If the Union or the Company decides not to schedule the case at that point, it shall be considered withdrawn and the grievance concluded without precedence Cases shall be scheduled in chronological order based on the date of the grievance, unless otherwise mutually agreed to by the Parties Three (3) types of grievances may be expedited and scheduled on the next arbitration hearing date at the Union's or Company's written request They are. (i) grievances alleging a violation of Article 1; (ii) any grievance filed by the Executive Board and (iii) any termination grievance The bumped case will be rescheduled to the next available date.

Section 4 - Proceedings Before the Board

a Each Party may be represented by such person or persons as it may choose to designate. Evidence may be presented either orally or in writing, or both Evidence in the form of tape recordings shall be excluded if any of the parties to the conversation were unaware of the conversation being recorded at the time of the conversation

b. The Board member(s) may summon witnesses who are employed by the Employer and who are deemed necessary by the Board. Witnesses summoned by a majority of the Board and who are employees of the Company, if called during their regular scheduled work hours, shall suffer no loss in pay if the Board is convened at the witness' gateway.

c. Upon the request of either Party, the Neutral Chairperson shall be empowered to order the production of relevant documents and other tangible evidence at or before commencement of the System Board session.

d. The Board shall be competent to hear the disputes properly submitted to it and decide said disputes by a majority vote of all members of the Board Decisions of the Board shall be final and binding upon the Parties hereto.

e Grievance settlements reached below the System Board level may be used by either Party as evidence; however, such settlements may not be used to establish a precedent unless otherwise mutually agreed to in writing by the Union Executive Board and the Company.

f Rules of procedure concerning the hearing and rendering of decisions shall be agreed to by the Parties and provided to the Panel Arbitrators. Any Arbitrator who declines and/or fails to abide by the procedures shall not be eligible to be a Panel member.

Section 5 - Scheduling of System Board Dates

a. By September 15 of each year the Panel of Arbitrators shall provide a list of available arbitration dates for the following calendar year. By October 1 of each year, the Parties shall meet and select two (2) hearing dates from each of the Arbitrators The number of dates scheduled may be increased or decreased by mutual agreement. The dates shall be spread out as evenly as possible throughout the calendar year, except that no hearing dates will be set in December of any year. Once dates are agreed upon, the Arbitrators shall be notified and dates locked in All arbitrations shall be held in Louisville, Kentucky except as otherwise mutually agreed.

b If for any reason the above process does not allow the Parties to establish either the required number of hearing dates or appropriate spacing, a sufficient number of arbitration panels shall be requested from the NMB to obtain additional Arbitrators who will each, then, be scheduled for two (2) hearing dates the following calendar year.

c If at any point during the year, the cases deadlocked at Step 3 cannot be scheduled for arbitration within four (4) months under the above procedures, the Parties shall meet upon request to solicit and establish additional hearing dates with the Panel Arbitrators If the Panel Arbitrators cannot provide sufficient dates within the four (4) month period, sufficient additional Arbitrators will be obtained through the NMB's services to schedule all cases within the four (4) month period

Section 6 - General and Expense of the Board

Each of the Parties hereto will assume the compensation, travel expense, and other expenses of the Board members selected by it, and each of the Parties hereto will assume the compensation, travel expense, and other expenses of the witnesses called or summoned by it, except that the Employer will provide space available transportation over its lines at a priority immediately ahead of subload and in accordance with existing Federal regulations for any Board member or Company employee who is called or summoned as a witness. All witnesses approved by the Board and grievants attending the System Board will be granted necessary time off without pay to attend such hearings The reasonable expense and compensation of the third (3rd) member Neutral Chairperson appointed in accordance with Section 2 of this Article will be borne equally by the Parties The Company and the Union, acting jointly, shall have the authority to incur such other expenses as

in their judgment may be deemed necessary for the proper conduct of the Board, and such expenses shall be borne equally by each of the Parties

Section 7 - Freedom to Act

It is understood and agreed that each and every Board member shall be free to discharge his duty in an independent and uncoerced manner without fear that his individual relations with the Employer or with the Union will be affected in any manner by any action taken by any Board member in good faith.

Section 8 - Time Limits

Time limits as set forth in this Article may be extended in writing by mutual agreement of the Employer and the Union.

Section 9 - Rights under Railway Labor Act

Nothing herein shall be construed to limit, restrict, or abridge the rights or privileges accorded the employee, the Employer, the Union, or their duly accredited representatives under the provisions of the Railway Labor Act, as amended.

Section 10 - Records of the Board

The Board shall maintain a record in writing of all matters submitted to it for its consideration and of all findings and decisions made by it.

ARTICLE 7

* * * * * * * * * * * *

This is a joint interpretation of Article 7 The parties made two changes in Article 7 One change appears in Section 3.c of that article The parties agreed to delete four words in the final sentence of that paragraph. The four words that they agreed to delete are as follows, quote. "the scope clause in." unquote This is a non-substantive change that was made only because the parties' agreement, Article 1, refers to the scope clause in Section 1 But we wanted to be certain that the right to expedite arbitration applied to any alleged violation of Article 1, not simply Article 1, Section 1. I said that the change was nonsubstantive, it merely causes Article 7 to accord with Article 1, Section 10, which provides an expedited arbitration procedure for Article 1 violations. The parties also agreed, in the interest of reducing expenses associated with hearings of the System Board of Adjustment, to reduce the number of panel members appointed by the parties from two each to one each. The language in Article 7 has been revised to reflect this change in the number of panel members of the System Board Off for a moment..

ARTICLE 7

TONY COLEMAN: This is the joint interpretation on Article 7, System Board of Adjustment From just an overview perspective, the most substantive change within Article 7 is the fact that the Parties have eliminated the four-person System Board, and procedurally, grievances will now go from Step 3 automatically to arbitration under the new procedures that we've established

Section 1 on purpose was not changed from the last agreement to this agreement. The Parties agree that it is our intent with regard to Article 7 to meet the terms of the Railway Labor Act's requirements to establish a System Board of Adjustment and that the rest of the Article has been crafted to meet our legal obligation under Title II to establish a System Board of Adjustment

Under Section 2. a., 2 deals with the composition of the Board, and you'll immediately notice that there's been a change in the language to basically eliminate the four-person Board and indicate that the one Board that will exist has five members, two Union and two Company representatives and that the fifth member will be the neutral chairperson, the arbitrator that's selected in accordance with this Section

Under paragraph b., that is new language to the contract. It in essence incorporates a letter of agreement that was negotiated by the Parties under the previous contract to establish a procedure so that both sides would know who it is that they're going to be using as System Board representatives. It's fairly self-explanatory in terms of indicating that each side should send the other side a list as to who their Board members and alternates and three subalternates are

The one thing that I think maybe is worth indicating our intent is in the last sentence where it says, "Replacement alternates and subalternates may be named by either party in the event of the permanent unavailability of a member." We've had some discussions in the past as to what is meant by "permanent unavailability." Obviously one example that's been used is death, but other examples of permanent unavailability would be from the Company's side if somebody who is a Company representative has been promoted and is no longer in the Louisville area, has gone to corporate or is no longer in the maintenance operations at all, that might be a situation On the Union side, obviously if somebody was in Union office and had been named as a representative but decided that he was no longer going to be a Union representative, that would be a permanent unavailability, giving the Union the right to designate additional or new Board members.

With regard to paragraph c., simply a change to add the subalternates in there That was a terminology that was used in a letter of agreement that we had negotiated

Paragraph d is completely new, and it's the procedure basically for the arbitrator who is going to come in and sit as a fifth member of the System Board, the Parties have agreed that they will be selected and retained with equal cost between the Company and Union. Procedurally, on or before June 1st of each year, the Parties are going to select 12 arbitrators with airline experience They have to be members of the National Academy of Arbitrators A new panel may be selected for any year provided notice is given by March 1st of the prior year, and the intent there basically is that if either side wants to start over and have a new panel, that it will give sufficient notice so that the Parties will be able to agree and come up with the 12 names before June 1st.

Individual arbitrators may only be removed during the calendar year by mutual agreement of the Parties or if the arbitrators do not maintain the qualifications set forth in the letter of agreement between the Parties There is a later reference in 4.f to the rules of procedure concerning the hearing and rendering of decisions It is the Parties' intent that within those rules of procedure, which we'll negotiate and put in a form of a letter of agreement, that we're going to place certain constraints on the arbitrators in terms of timing of their decisions It's unacceptable to the Parties to wait six months sometimes for a decision, so we're going to put some limiting language in the letter of agreement that the arbitrators, if they want to be panel members for UPS and Local 2727, will have to agree to those constraints to be on the panel, and if as we go forward they don't live up to those constraints, the Parties may by mutual agreement, again, remove somebody from the panel.

In paragraph e., we decided to try to just keep it very simple, "The Parties shall agree upon a neutral selection process to create the panel of arbitrators." instead of getting into a lot of language as to how we were going to do that. The first step is that the Company and the Union will simply try to agree on 12 names to go onto the arbitration panel If for some reason we can't agree, a suggestion would be that we'll serve an equal

number of names on each other and go through a striking process to come up with the list of 12 arbitrators that we're going to use for this panel

Under Section 3, paragraph a. did not change in terms of the jurisdiction of the System Board, and paragraph b. did not change, no intent that those would be applied any differently than they have been in the past

Under paragraph c , again, it's basically a procedural paragraph saying that cases deadlocked at the Step 3 hearing will automatically go to the next available arbitration date that we're going to establish pursuant to the procedures in Section 5. If the Union or the Company -- because there have been occasions where the Company has filed grievances and has a right to under the contract. If at that point either the Union or the Company decides not to pursue a grievance to arbitration, they have to withdraw it at that point It can't just kind of go on the shelf and sit there.

If it is withdrawn. that grievance itself is concluded and can't be pursued any further, but we've agreed that it's concluded without precedent, which means that the issue that might have been raised by the grievance doesn't necessarily disappear forever, but the issue that's created by that grievance itself will be considered resolved and cannot be pursued further, even though the issue could perhaps be raised again by later grievances

MIKE RADTKE. Off the record.

(Discussion off the record)

TONY COLEMAN In the middle of paragraph 3 c there is again new language saying the Parties have agreed as to how the grievances that are deadlocked at Step 3 get scheduled for arbitration To take any arbitrariness out of it in terms of the Parties trying to jockey for one arbitrator or another, the rule basically is that as the cases are deadlocked, they get scheduled for arbitration If there's a number of cases that are deadlocked at Step 3 at the same time, the date of the grievance controls in terms of being scheduled first before a later grievance by date.

Within this paragraph we do, as I referenced in Article 6, spell out specifically the three types of grievances that may be expedited and scheduled on the next arbitration hearing date There has to be a written request from either the Union or the Company to do this, but if there's a written request by either party, then that case will take precedent over anything else that's scheduled and would go into the next available date that the arbitrators have

The first category is grievances alleging a violation of the scope clause in Article 1; second, any grievance filed by the Executive Board, and then third was a termination grievance. Part of the discussion between the Parties was that. even though it may be a grievance that's filed by the Union. take a termination case for example, and the Union may not want to be expediting it, but the Company may want to expedite it. that the Company under this language has a right to send a written request saying if it's deadlocked at Step 3. we want this case to be slotted in for the next available arbitration date. Obviously in those cases, there may be a case that's preempted. that's bumped. and it will then get rescheduled to the next available date

Under Section 4, "Proceedings Before the Board," most of that deals with proceedings before the Board.

Paragraph a , simply some clarification that either party can be represented by whomever it wants to be represented by before the Board.

There was no change in paragraph b other than relettering

Under paragraph c , "Upon the request of either party, the neutral chairperson shall be empowered to order the production of relevant documents and other tangible evidence at or before the commencement of the System Board session." The Parties thought that would remove any issue with regard to an arbitrator's ability and authority to order production of relevant documents and have agreed contractually that the arbitrator will have that authority, and again, it's one that affects both sides in terms of the Company and/or the Union having a right to ask the arbitrator to enter that kind of order

Paragraph f , which I made a reference to before is "Rules of procedure concerning the hearing and rendering of decision shall be agreed to by the Parties and provided to the panel of arbitrators." It is our intent that if we're going to pay the arbitrators and they're going to be on our panel. that we have certain rules that we want them to live by, and the rules of procedure will be contained in a letter of agreement and that will be provided to the arbitrators They have to agree to it prior to us accepting them as a panel member

ROLAND WILDER· Will the rules of procedure be appended to the letter of agreement referred to in Section 2, d.?

TONY COLEMAN I think the rules of procedure and the letter of agreement that's referenced in Section 2. d are one and the same The letter of agreement simply will be the form in which we'll create these procedures for arbitration.

It's the intent of the Parties that this letter of agreement will be apart and separate from the printed contract so that it can be easier to change as we go forward and implement this new procedure.

With regard to Section 5, this whole Section deals with scheduling of System Board dates. The Parties' intent is basically to establish dates throughout the year before the year starts to be able to have the arbitrators preselected, preset, and felt that it was necessary to do it this way in order to make the process streamlined so that as grievances deadlock at Step 3, they'd be able to be slotted immediately into an arbitration date rather than going through the sometimes three- to six-month process that you have to get a panel from the NMB and set a date.

Just procedurally, the Parties have agreed that by September 15th of each year, the panel of arbitrators that have been agreed to as we previously discussed, they'll be asked to provide available arbitration dates for the following calendar year by October 1st The Parties shall then meet and select two hearing dates from each of the arbitrators The number of dates scheduled may be increased or decreased by mutual agreement so that if there is a feeling that we don't need that many dates, then we can decrease it, or if our experience is that the number of grievances deadlocked are higher, then we can increase it

The dates should be spread out as evenly as possible throughout the calendar year We have agreed that there will be no hearing dates set in December as a result of the operational issues that we have at peak. Once dates are agreed to, the arbitrators shall be notified and dates locked in and that all the arbitrations will take place in Louisville unless we reach an agreement to do it somewhere else

Paragraphs b and c. are essentially escape valves that if the process in paragraph a. doesn't allow the Parties to establish enough required dates, then we can actually also request arbitration panels from the National Mediation Board to get additional arbitrators The concept and the discussion that we had with regard to paragraph b is we're going to have this panel of 12, but if for some reason the arbitrator doesn't provide sufficient dates and we can't agree on sufficient dates based on what the arbitrators have provided us, that we can then go to paragraph b and go through the paragraph a. and b. process to get additional dates

Under paragraph c., again, it's kind of an escape valve. if the cases deadlocked at Step 3 cannot be scheduled for arbitration within four months The Parties basically agreed that four months was a reasonable period to expect that the case would be scheduled, and if the arbitrators that we have picked are backlogged to a point where a new deadlocked grievance at Step 3 can't be scheduled within four months, at that point either party has a right to say, we want to meet, solicit and establish new additional hearing dates, and again, if the panel of arbitrators, who obviously would be the first choice, can't provide sufficient dates to meet the four month limit, then sufficient additional arbitrators will be obtained through the NMB services to schedule all the cases within four months.

The Parties do want the record to reflect in terms of employees who may be reading this that by eliminating the four-person System Board and establishing these arbitration System Boards, it's the intent to streamline the process and most certainly should not be taken as an indication that the Parties believe that there's going to be a significantly higher number of arbitrations under the new agreement than there were under the prior agreement. We just want to make sure that there's a procedure in place to resolve any issues in a timely manner in the event that there are disagreements

Under Section 6. simply some cleanup, clarifications in terms of a neutral chairperson instead of arbitrator, and elimination of the chairperson/vice chairperson language, because it's at this point simply the Company and the Union, and the arbitrator is going to be the chairperson.

And there was no change in Section 7, 8, 9, or 10 from the prior contract and no intent to change how those have been applied under the previous contract

ARTICLE 8
DISCIPLINE, SUSPENSION AND DISCHARGE

Section 1 - Discipline or Discharge

a. No employee shall be disciplined or discharged without just cause Except as set forth in paragraph b or c below, the Employer shall not discharge or suspend any employee unless:
   1. all appeals available through the grievance procedure have been exhausted, and
   2 the Company shall have given within the previous nine (9) months at least one (1) warning letter for an offense of the same character committed by such employee.

b. No warning letter need be given to an employee before the employee is discharged or suspended, subject to the grievance procedure, if the cause of such discipline is
   1 dishonesty (for purposes of this Section "dishonesty" means any act or omission by an employee where he intends to defraud the Company, its customers, vendors, or other employees; the falsification of Company or government documents, or the intentional misrepresentation of a material fact to the Company), or
   2 drinking or using narcotics while on duty; or
   3. being under the influence of alcohol or a narcotic during the work day (discipline or discharge as permitted by Article 25); or
   4 personal possession or use of illicit drugs such as marijuana or L S.D. during the work day, or
   5 the carrying of unauthorized passengers on or in Company equipment/vehicles while on the job, excluding employees of the Company who are being transported through customary means between Company facilities and airport terminals for the purpose of travel.

c. It is understood that there are other offenses of extreme seriousness similar to those listed in paragraph 1.b above, for which an employee may be suspended or discharged, subject to the grievance procedure, without a warning letter

d. Other than set forth in paragraphs b and c. above, an employee may be held out of service only in accordance with sections 11, b and 12 below

Section 2 - Letters of Warning and Other Discipline

a Discharge, suspension and other disciplinary actions, excluding oral warnings of which no record is made, shall be communicated to employees in writing with a copy to the Union, setting forth the offense charged, the contract and/or Manual provisions involved, and a detailed explanation of facts upon which the disciplinary action is based. For oral warnings of which a record is made, the record may consist of a notation in the employee's personnel file, initialed by the employee. with copy to the employee or Steward upon request. An employee's initials shall not constitute admission of guilt, but only that an oral warning was given

b To be effective for the purposes of this Article, a letter of warning or other discipline shall be issued to the employee with a copy to the Union within ten (10) calendar days of said complaint or within ten (10) calendar days of knowledge of said complaint Such letter or copy thereof shall be hand delivered and acknowledged by initialed copy, or by registered mail return receipt requested to the last known address of record, or sent to outlying gateways without resident supervisory personnel by digital or electronic means and acknowledged by like digital or electronic means The time limitation for issuing a letter of warning or other discipline shall be tolled while the employee is absent from work for reasons other than his regular days off (RDOs)

c Warning letters shall be removed from any employee's gateway personnel file after nine (9) months and shall not be used in any future progressive disciplinary action. The Company may remove a warning letter prior to the expiration of the nine (9) month period The Company will keep a copy of all letters as part of its standard records retention policy

d. No letters of warning or other discipline will be issued prior to the conclusion of the fact finding hearing, unless the employee inexcusably has failed to avail himself of the opportunity for a hearing.

Section 3 - Grievances Related to Discipline

a. Within ten (10) calendar days after receipt of a warning, suspension or discharge letter, the employee may file a written grievance with the Division Manager or his designee challenging the propriety of the action taken

b A hearing will be held by the Division Manager or his designee within ten (10) calendar days after receipt of the written grievance The grievant shall have the right to have a Union Representative present at said hearing.

c Within ten (10) calendar days after the close of the hearing, the Division Manager or his designee shall inform the grievant and the Union in writing of his decision

d Nothing herein shall be construed as extending the rights of this Article (other than Section 4, b.1. herein) to an employee disciplined or terminated during his probationary period for reasons not prohibited by this Agreement The Union will be notified of a probationary employee's termination during the probationary period. A probationary employee shall be entitled to a letter specifying the reasons for his termination.

e If as a result of any hearing or appeal an employee is totally or partially exonerated, the employee's personnel record shall be cleared of the unsubstantiated charge(s) upon which the discipline or discharge was based Any documentation related to the discipline the employee was exonerated of will not be maintained as part of his personnel file. If the employee has been partially exonerated, a new document will be created, removing all reference to the exonerated charge(s) This document will be approved by the Executive Board. Approval will not be unreasonably withheld. Such documentation will be separately maintained by the Labor Department in a secure file If the employee has been held out of service, the employee shall be reinstated with full seniority and longevity and made whole for any lost pay and benefits consistent with the agreed upon decision or appeal award. Benefit accruals will be paid retroactively consistent with the terms of the Arbitrator's Award or the settlement by the Parties as applicable. The Arbitrator, in any award, shall specifically address the payment of such benefits

Section 4 - Union Representation Related to Discipline

a. Whenever an employee is required to attend a meeting, interview, discussion, hearing or a conference, which may result in the employee's discipline, the employee shall have the right to have a Union Representative present.

b Participation by Union

1 If an incident involving an employee occurs which may result in suspension or discharge, an Executive Board Member or appointed Union Representative will be present at all investigatory meetings, interviews, discussions, hearings or conferences unless specifically waived by the employee

2 For an incident which may result in a lesser degree of discipline, the employee will have the right to privately contact a Union Representative or the Local Union to obtain a representative's telephonic participation in the meeting, if a Steward or Union Representative is not available on site

3. The meeting will not conclude until the Union representative has the opportunity to participate in the discussions that are being held with the employee and, if necessary, to request questions be clarified

c If an employee chooses to waive representation or use a fellow employee who is not the Union Representative or Steward as required, the Company will give the employee a waiver of Union representation form to sign A copy of the executed form will be sent to the Union If an employee chooses to waive representation, but refuses to sign the waiver, such fact will be documented and provided to the Union. The signed waiver or the documentation of the refusal to sign the waiver will be provided to the Union as soon as possible, but not later than twenty-four (24) hours The waiver form will be approved in advance by the Union.

d. The Company is prohibited from requiring an employee to attend, or disciplining him for refusing to attend, any interview, discussion, hearing or conference that may lead to discipline without Union rep-

resentation unless representation is knowingly and willingly waived. Violation of the employee's rights under this Section, other than a purely technical violation, shall invalidate all related disciplinary action subsequently taken against the employee, and the employee's personnel file shall be purged of all references to such action

e No employee shall be contacted at home on his days off for the purpose of discussing disciplinary matters, unless mutually agreed to by the Company and the Union.

Section 5 - Disciplinary Interviews or Hearings and Notice of Charges

a. Disciplinary Interviews
An employee shall not be required to attend any discussion, interview, meeting or conference with a Company representative, which may result in the employee's discipline, unless the employee is first notified of the nature of the subject to be discussed and afforded his right to Union representation.

b. Discipline Which May Lead to Suspension or Discharge
   1. In no case will an employee be suspended or discharged without a formal hearing with a Union Official participating Furthermore, the Company will make every reasonable effort to contact a Union Official or Business Agent no less than thirty (30) hours prior to the hearing to allow him the opportunity to be in attendance
   2 No hearing shall be convened unless the employee is first notified in writing of the precise charge(s) against him, with a copy forwarded to the Union Office Such written notification shall take place no less than thirty (30) minutes prior to any hearing convened to inquire into the facts pertaining to the charges.
   c The employee and Company may be represented and accompanied by representatives of their choice, provided that such representatives on each side do not exceed three (3), exclusive of the grievant(s), unless mutually agreed otherwise If there are three (3) Company representatives, one (1) must be a Labor Department representative.

Section 6 - Transportation Privileges

In cases where an employee is required to attend a System Board hearing in pursuit of a personal grievance he has filed under this Article or the Executive Board has filed on behalf of the employee, the Company will provide round trip transportation from the grievant's gateway At the Company's option, this transportation can be a positive space jumpseat immediately above subload, a commercial airline ticket, or a mileage allowance based on current AAA most direct mileage charts paid at the current rate per IRS standards

Section 7 - Voluntary Resignation

In cases of voluntary resignation, the employee has the right to have a Union Representative present, or if the Union Representative is not available, another hourly paid employee can witness the employee's resignation. In either case, or if a Union Representative or another employee is not available, the employee will have the right to contact a Union Representative or the Local Union by phone for the purpose of a private conversation. If an employee who is voluntarily resigning does not wish to have a Union Representative or other employee present, the employee may waive that right in writing, upon a form approved in advance by the Union

Section 8 - Health/Welfare Continuation

Employees who have been subject to the provisions of Article 8 shall be afforded the right to continue their health and welfare coverage as provided for by law

Section 9 - Monies Due at Discharge

The Employer shall pay all money due to the employee during the first (1st) payroll department working day after discharge Forms for distribution from plans such as the 401(k) or retirement plan will be sent to the employee at the employee's request or within ten (10) working days of the discharge. Selected distributions

shall be made in accordance with each plan document.

Section 10 - Recovering Company Property

Company Representatives will not enter any employee's residence or property for the purpose of recovering Company property without the express permission of either the employee, his/her spouse, or adult cohabitant except as an incident to a lawful search conducted by sworn law enforcement officers

Section 11 - Right To Remain On The Job

a. Except in cases involving serious infractions identified under Article 8, Section 1, b or c., an employee to be discharged or suspended shall be allowed to remain on the job, without loss of pay unless and until the discharge or suspension is sustained under the grievance procedure The Union agrees it will not unreasonably delay the processing of such cases.

b An employee remaining on the job under the provisions of paragraph a. above may be removed from service if he commits another disciplinary offense calling for suspension or discharge under this Agreement.

Section 12 - Employees Held Out Of Service With Full Pay And Benefits

a. The Company agrees it will not use the intent of this Section as subterfuge to abuse Section 11 of this Article

b. An employee taken out of service prior to the end of his shift will be paid for the remainder of that shift and will remain in guaranteed pay status until a final decision is made on the discipline or he is returned to work

c. As soon as practicable thereafter, and in no case after the end of the employee's shift, the Company will provide to both the employee and the Union a letter informing the employee that he is being held out of service pending the conclusion of the Company's investigation of the underlying disciplinary situation described in the letter with sufficient detail that a reasonable person would know the incident(s) being investigated

d. The employee will be advised of the date and time of the hearing at this time if it has been set

e The Company's decision to hold an employee out of service pending a disciplinary hearing and decision shall not be considered discipline

Section 13 – Serious Accidents

Serious accidents as defined in paragraph a. below may result in discharge of the culpable employee(s). Non-serious accidents shall be subject to progressive discipline depending upon the circumstances and damage involved A failure to report an accident the employee knew or should have known he was involved in may result in discharge.

a A serious accident is defined as one in which.

1 There is a fatality,

2. A citation is issued (or gross negligence is involved) and there is bodily injury to a person who, as a result of the injury, receives immediate medical treatment away from the scene of the accident.

3 A citation is issued (or gross negligence is involved) and one (1) or more pieces of Company equipment incur disabling damage or as a result of the accident a vehicle, other than an aircraft, is required to be transported away from the scene by a tow truck or other vehicle, or

4. Gross negligence causes substantial damage to an aircraft

ARTICLE 8

* * * * * * * * * * * *

MR WILDER: The next provision of the collective bargaining agreement that will be jointly interpreted by the parties today is Article 8 relating to discipline, suspension and discharge The document that I am referring to is the TOK which also bears the date January 6, 2009

(WHEREUPON A SHORT RECESS WAS TAKEN)

MR WILDER: The first change agreed to by the parties appears in Section 1.b The parties agree to delete subparagraphs five and seven of the current agreement, and to include the subject matter of those provisions within a new Section 13 of Article 8 Section 13, in turn, covers material that was moved to Article 8 from Article 20 of the existing agreement, and we will deal with those provisions when we reach Section 13

MR BAGGETT: Section 13

MR WILDER Yeah.

MR BAGGETT: Not Article

MR. WILDER All right That version of subparagraph b of Section 1, Article 8 in the TOK will consist of five divisions instead of seven. The second change made in Article 8 occurred in Section 1 c The parties agreed to add the language, and I quote "similar to those listed in paragraph 1 b above" to the existing language of subparagraph c We did this so that the determination of whether employee misconduct constitutes an offense of extreme seriousness will be guided by the offenses that the parties have agreed already are so serious as to warrant immediate separation from employment. The parties have further discussed and agreed that the explanation of "other offenses of extreme seriousness" provided to the parties by Arbitrator Richard Mittenthal provides good guidance to arbitrators in future cases.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR. WILDER: What we're going to do is leave Section 2 — I'm sorry, Section 1 c of Article 8 and move on to Section 2 b

MR WILDER: All right. The parties agree to add language to Section 2.b of Article 8 which deals with the communication of warning letters to employees. It is preferable, as set forth in the current agreement, for a warning letter to be given directly to the employee by his or her supervisor. It is equally true, however, that there are gateways within the UPS system that do not have resident supervisors employed by UPS Co And in those situations, the parties have agreed that letters of warning may be communicated in addition to the ways outlined in the current agreement by so-called digital or electronic means to employees What this means in practical terms, and in most cases we understand, is that the warning letter will be communicated to the gateway by facsimile. The letter will be effective for purposes of the collective bargaining agreement, if and only if its receipt is acknowledged by the recipient employee and communicated to the company in the same way as it was sent. So, in the example that was given, if a warning letter were communicated to a small gateway by facsimile, the recipient employee would acknowledge receiving the warning letter by return fax, and that would satisfy the company's obligation under Section 2 b.

MR. WILDER. I've used the term warning letter in explaining how the change to Section 2 b would operate according to the parties' intent, but the section applies not just to warning letters, but to letters of discipline as well, they would be handled in the same way.

The parties also agree to add to Section 2.c the statement that, "The company may remove a warning letter prior to the expiration of the nine month period." This language was placed in the agreement because, in some instances, supervisory and personnel have indicated that they were not empowered under the agreement to remove a letter from an employee's personnel file earlier than nine months. The language is designed to make clear that the company, in its discretion, may remove a warning letter earlier than nine months, if it chooses.

In Section 2 d the parties have added the word inexcusable to the existing language so that the proviso reads, and I quote. "unless the employee inexcusably has failed to avail himself of the opportunity for a hearing."

Now, the addition of that word does not mean that an employee can purposely fail to avail himself of a disciplinary hearing. The parties made the change because they recognize that there are reasons that failure to attend may be excusable. Among the excusable instances would be illness, accident, transportation delays, or perhaps even a good faith confusion over the time, the date, the location of the disciplinary hearing What the parties anticipate is that the provisions will be interpreted according to a rule of reason, and that excusable reasons can be clearly distinguished from those which are inexcusable

The next change occurred in Section 3 e of the collective bargaining agreement. The changes that the parties agreed to for that provision are designed to protect employees against inaccurate or incomplete records in a personnel file What the parties agreed to is that any documentation relating to the discipline of employees were exonerated of, would not be maintained as part of its personnel file They've also provided that if the employee was partially exonerated of charges that were made against him, then a new document will be created removing all reference to the exonerated charges. That document must be agreed to by the parties. The language that was inserted is as follows· This document will be approved by the executive board. Approval will not be unreasonably withheld.

Furthermore, the parties were in agreement that the documentation dealt with in Section 3 e will be maintained by the Labor Department in a secure file. The purpose, again, is to sure that inaccurate, incomplete, or otherwise faulty employee records will be circulated and thereby damage the employee's reputation.

In Section 4.b.3, the parties added language that is new to this section, but it was drawn in part from the joint interpretation of Article 5 1 a The parties recognized that the union representative in attendance at a disciplinary hearing is not a so-called potted plant, and he or she is entitled to participate in the discussion being held with the employee. The union representative may seek clarification of what is being asked of the employee, if necessary to prevent unfairness, but he may not disrupt the process. The union representative may also bring out additional relevant information directly, by questioning the employee. He may not, however, answer questions for the employee.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER: The parties decided to add to Section 4 e the language, "unless mutually agreed to by the company and the union." They recognize that there may be instances in which it would be to the mutual interest of the employee and the company for the employee to be contacted at home on his days off in connection with the discussion of a disciplinary matter And for those rare instances, the parties thought it should at least be within their discretion for the company to be able to do so, that's what the language means

In Section 5.b, the parties enlarged from 24 to 30 the number of hours prior to the hearing that the company will give the union of any disciplinary hearing which may lead to suspension or discharge The purpose of the change is to enable attendance by union officials in cases in which perhaps more representation than simply a steward is called for The parties also decided to place in their agreement a practice that is currently adhered to at some, but not all, gateways, and in some, but not all, situations The practice deals with the requirement of the collective bargaining agreement for the notice of charges and statement of the underlying offense that must be furnished to the employee in advance of a disciplinary hearing The parties agreed to give this notice at least 30 minutes in advance of any disciplinary hearing in order to improve the hearing process.

MR WILDER: The parties added a new Section 13, to Article 8 The purpose of the new section is to bring into Article 8 dealing with discipline, suspension, and discharge, the provisions currently contained in Article 20, Section 5 c and d of the agreement. There was a second purpose as well, and that was to eliminate some tension in the language between Article 20, Section 5 c and d, and the language of Article 8 b.5 and 7 So what the parties have done is provide that serious accidents, as defined in paragraph a below, and which we will get to, may result in discharge of the culpable employee The earlier language of Article 20 was that serious accidents shall result in discharge. And that was potentially inconsistent with Section 1 b 5, which indicated that accidents which were the result of gross negligence may result in discharge So the parties put all this together and came up with the opening line of Section 13, which I've read. They have retained the existing language from Article 20, Section 5 to the effect that, I quote, "non serious accidents shall be subject to progressive discipline depending upon the circumstances and damage withheld."

They made another change in Section 13 from the current language of Article 20, Section 5, and that is a failure to report an accident, the employee knew, or should have known he was involved in, may result in discharge And again, that was to bring the existing language of Article 8 into line with the existing language of Section 1 b.7. The parties largely adopted the definition of a serious accident which is contained in Article 20, Section d with one change In paragraph 4, the parties added the word "causes" in lieu of the words "involved in." And that change brought the language into line with the existing language contained in Section 1.b.5 of the current agreement. There have been several references to Section 1.b.5 and b.7 of the prior agreement Those provisions have been stricken from the current agreement with the understanding that Article 8, Section 13 stands in their place. Those were the changes contained in Section 13, as well as the reasons for those changes. That concludes the joint interpretation of Article 8

ARTICLE 8

TONY COLEMAN This is the joint interpretation on Article 8. Discipline, Suspension, and Discharge. There had been substantial changes in it as compared to what existed in the previous contract

If we go to Section 1, it has been renamed from "Grounds for Discharge" to "Discipline or Discharge." There are substantial changes in the beginning paragraph of the Article Previously it had simply set out that no employee shall be discharged or suspended without just cause, and we've broadened that to say that no employee shall be disciplined or discharged without just cause to make it clear that any discipline that the Company may take toward an employee will have to be for just cause, that it's not obviously just limited to discharge or suspensions that would be for just cause

We also will touch on two or three different places throughout the Article a new concept that has been incorporated into Article 8 that is commonly referred to as innocent until proven guilty It's first touched on in the new paragraph a that we have here. It provides that "Except as set forth in paragraph b. or c below, the employer shall not discharge or suspend any employee unless," and the first "unless" is "all appeals available through the grievance procedure have been exhausted," and all appeals would obviously include arbitration as an appeal step, and then the second is "the Company shall have given within the previous nine months at least one warning letter for an offense of the same character committed by such employee."

So that first paragraph, in an overview of it, provides that unless an employee commits an offense that is described in paragraph b or c. below, he cannot be discharged or suspended until all appeals to the grievance procedure have been exhausted and at least one warning letter has been given within the previous nine months for an offense of the same character

We had some conversation with regard to our intent of the phrase "for an offense of the same character," and we are in agreement that, for example, an offense that results in a warning letter for absenteeism does not create the basis to say that the person can then be terminated if they then failed to follow management instructions, and sometime within that nine months, that the subsequent offense has to be of the same character as the offense that resulted in the warning letter initially in order for it to fall within that same nine months and be a basis for progressive discipline.

Now, the intent of the Parties with regard to paragraphs b and c is to set out those offenses which may result in an employee being discharged or suspended even though he hasn't exhausted the appeal process and even though he may not have a warning letter on file for a similar offense.

One change that we made in the lead-in paragraph in Section 1, b . is that we added "or suspended." There had been some issue under the prior Agreement that if an employee had committed one of the offenses listed in paragraph b , that discharge arguably was the only discipline that could be imposed by the Company, and we've made it clear that depending on the facts of the case, depending on the circumstances under which the offense was committed, that the Company may decide that suspension is the appropriate level of discipline and that it is not necessarily discharge in every case, that it does depend on the facts of the particular case

Language was also added "subject to the grievance procedure," and the Parties' intent there is not that the discharge or suspension couldn't take place until the grievance procedure is exhausted, but rather to make it clear that if any employee is discharged or suspended, that they most certainly have a right through the grievance procedure to protest that discharge or suspension and make whatever arguments that it is inappropriate under the terms of the contract

With regard to the paragraphs in Section 1. b . dishonesty is still a basis for immediate discharge or suspension There was no change in the definition of dishonesty from the prior contract, and the Parties' intent is that it will continue to be applied as it has in the past.

Under paragraphs 2. and 3., there were changes in both of those items, and I mention them together because the changes in the two were tied together Paragraph 2 had read "drinking or being under the influence of alcohol during the workday," and we deleted the "being under the influence," and our intent is that situation would now be covered and handled by paragraph 3 , which is "being under the influence of alcohol or a narcotic during the workday," and we added knew language, in parentheses, "discipline or discharge as permitted by Article 25," which is the drug and alcohol testing program that the Company has, to try to make

it clear that any offense with regard to being under the influence of alcohol or narcotics and any discipline for that is in accordance with Article 25 rather than being a separate offense that is immediately terminable under Article 8 and that one cannot divorce Article 25 from Paragraph 3 of paragraph b., that rather one would have to look to Article 25 in terms of the testing procedures that are set forth there and whether the person has been through rehab before, et cetera.

Now, paragraph 2. is now a stand-alone paragraph. which is "drinking or using narcotics while on duty" That is separated. divorced from Article 25 and is separately a dischargeable offense under Article 8. Section 1, b., regardless of whether any testing is done under Article 25 or not.

Paragraphs 4 5. 6, 7 were not changed from the prior contract in terms of. again, there being situations or incidents that would result in immediate termination or suspension of the employee. depending on the facts of the particular case

Paragraph c is intended to describe a second category of offenses that may result in suspension or discharge It is language that was for the most part carried over from the prior contract in that it is understood there are other offenses of extreme seriousness for which an employee may be suspended or discharged subject to the grievance procedure without a warning letter. We added the word "suspended" there to again make it clear that even if it's an offense of extreme seriousness. depending on the facts of the particular case. that there is discretion to make those kind of decisions and decide whether suspension is a more appropriate discipline versus discharge

"Subject to the grievance procedure," again. the Parties' intent is simply to make it clear that if the Company does take action under this paragraph and suspend or discharge an employee, that the employee would have a right to grieve that and test the just-cause standard under the grievance procedure.

We also had some discussions as to what category of offenses would rise to the level of extreme seriousness. We've had discussions during negotiations as to how that has been applied in the past. and some of the generic descriptions of offenses that the Parties have talked about rising to the level of extreme is fighting. sexual harassment, workplace violence. with the understanding, and the Parties are in agreement. that not every incident of fighting or sexual harassment or workplace violence may necessarily be an extieme serious offense and result in discharge. but again, it depends on the facts of the case. Sexual harassment, for example, that is egregious over a long period of time obviously would rise to a level of being extremely serious. and that each case has to be judged based on the facts of that case as to how serious it is and whether it actually meets the standards for offenses of extreme seriousness, and ultimately if the Parties disagree. an arbitrator would come in and make the final decision as to whether it meets the standard of being offenses of extreme seriousness

Paragraph d. is new language that provides "Other than as set forth in paragraphs b. and c above. an employee may be held out of service only in accordance with Sections 11, b. and Section 12 below." Section 11, b. is a further reference and further language dealing with the innocent until proven guilty concept. and then Section 12, b. deals with the rules for when an employee can be held out of service with pay while an investigation is taking place

It is the Parties' intent that if an offense that falls under paragraph b. and c hasn't been established or isn't what's at issue, then an employee could only be held out of service for disciplinary reasons in accordance with Section 11, b. or Section 12 and we get to those.

When one reads the tentative Agreement. one will see that Sections 2 and 3 of the prior contract have been stricken in their entirety, and the Parties have substantially rewritten Sections 2, 3. 4. and 5. actually. of Article 8 We've had lots of discussions with regard to the disciplinary process. Union representation in that disciplinary process. Our intent and objective was to try to streamline the language. but to also put sufficient language in place to protect employees' rights to Union representation. and also, one will see as we go through a number of places. to ensure that the employee has been provided information prior to going into disciplinary hearings. et cetera, to be on notice as to the offense that he's being charged with.

Section 2, a provides that "Discharge. suspension. and other disciplinary actions. excluding oral warnings of which no record is made. shall be communicated to employees in writing with a copy to the Union, setting forth the offense charged, the contract and/or manual provisions involved. and a detailed explanation of the facts upon which the disciplinary action is based" In that sentence and its reference to disciplinary

actions, the Parties are in agreement that what we're talking about there is the letter that's being provided to an employee documenting that he's been discharged or suspended or a letter of warning is being issued. In those kinds of disciplinary communications, the Company is obligated to provide the information that's described there in that paragraph so that the employee has sufficient information to know what it is that he's being disciplined for and to be able to make an intelligent decision as to whether to challenge that discipline through the grievance proceeding

The first sentence obviously excluded oral warnings of which no record is made, and obviously in those situations there is no obligation on the Company's part to communicate in writing if there is no record made.

We did have a lot of discussion, however, that the Company does have a practice of documenting on what is commonly referred to as "Pittsburgh forms", conversations or oral warnings that a supervisor may have with an employee To deal with that situation, we added in this paragraph that "For oral warnings of which a record is made," and specifically what we talked about there is in the context of the Pittsburgh form being used to document that a conversation was had with an employee about any type of misconduct or failure to follow policies or whatever, that if the record is made on the Pittsburgh form, that the record would consist of a notation in an employee's personnel file, that it would be initialed by the employee, and that the employee or the steward, either of them, would have the opportunity and right to ask the supervisor or Company for a copy of that and would be provided a copy of that writeup that's being made into his file.

And I've made reference to Pittsburgh form, and that's what we commonly have discussed and referred to it as We've talked in coming up with this language, it obviously is not limited to a Pittsburgh form If a notation was made in a personnel file in some other form or fashion rather than on the Pittsburgh form, this language obviously would still be applicable and an employee would still have a right to obtain a copy of it.

We did want to make it clear to employees in that situation that the fact that they're initialing it does not mean that they have admitted to any guilt or that they are agreeing necessarily with what is the warning that they're receiving, but rather is documentation of the fact that they were given that warning as reflected in the notation that's being put into the personnel file

MIKE RADTKE Off the record.

TONY COLEMAN Sure

(Discussion off the record)

TONY COLEMAN. In an off-the-record discussion, the Parties had some further conversations with regard to their intent with regard to Section 2, a in terms of how the "excluding oral warnings of which no record is made," how that relates to the final part of the paragraph that talks about oral warnings that are made a part of a notation in the employee's personnel file.

In trying to capture the intent of the discussions, if there is a conversation between an employee and his supervisor where he's being given instructions, he's being told "don't do this" or "don't do that", that is not to be considered discipline for purposes of the collective bargaining agreement for purposes of Article 8 No record has been made of it If no record is made of those kind of conversations, those kinds of instructions, those kinds of warnings even, that it is not the Parties' intent that that would be discipline Instead, that is covered by the exclusion clause in the first sentence of Section 2, a

If, however, it is something where the Company feels that it's serious enough to document it and it is documented in the employee's file in terms of the Pittsburgh form, then in that situation, that scenario, it is discipline and is subject to being grieved by the employee

The crux of the discussions dealt with the issue of, well, does that mean that the Company cannot refer to the conversation, the oral warning, precautionary statements that the supervisor may have made to the employee, and the intent is no, it doesn't mean that if there is discipline in terms of a notation in the personnel file or letter of warning, the Company is not precluded from saying, well, I spent a half an hour instructing this employee how to do this, but it is with the understanding that instruction, those verbal remarks that were made by the supervisor to an employee weren't disciplinary in nature, they were simply instructions or directions by the supervisor to the employee, that it doesn't become disciplinary until a record is actually made of it, whether it's a letter of warning or simply a notation in the personnel file.

Under Section 2, b., a lot of the language in this Section stayed the same. We did make it clear that the prior Agreement in this regard was a little confusing. It says "a warning letter as herein provided shall be

issued with a copy to the employee within ten calendar days " There was really nothing in the prior Agreement that also would make it clear that if the discipline was actually a suspension or discharge. that that letter would also have to be issued within ten days, so we've cleaned that up to say a letter of warning or other discipline, regardless of what level of discipline it is. has to be provided within the ten calendar days

We also had discussion with regard to the use of the word "issued " The prior contract said, "shall be given to the employee with a copy to the Union within ten calendar days." We changed that to "issued." and our intent is expressed later in the paragraph where it says. "such letter or copy shall be hand-delivered and acknowledged by initialed copy, or by registered mail return receipt requested " That is what has to take place within the ten calendar days of the complaint coming to the Company's knowledge. that the letter has to be given to the employee by hand delivery or placed into the mail, registered mail return receipt requested

There was a new sentence added at the end of the paragraph to deal with an issue that arose at least a couple of different times under the old contract. which is the Company finding out or an employee actually engaging in conduct that might be subject to discipline toward the end of his work week. and the next week he's on vacation. and how is the ten-calendar-day limitation dealt with in that situation. The Parties discussed a couple of different options in terms of how to deal with it What we ended up agreeing to was that the limitation period would be tolled from the period of time that the employee is absent from work for reasons other than his regular days off. The intent there is if the employee works 3/13's and he's got four days off. regularly scheduled off before his next 3/13, those four days that he's regularly scheduled off do not toll the ten-day limitation period whatsoever. The Company is still obligated to act within ten calendar days of learning of the misconduct

If he's on vacation that next week. however, there would be a tolling period until he returns from his vacation, so that it works to everybody's interest in terms of the Company doesn't have to track down the employee while he's on vacation and the employee on vacation doesn't have to worry about being contacted by the Company and having his vacation interfered with.

MIKE RADTKE. And for further clarification. the Parties agree that the postmark will be considered the timeliness for the ten calendar days.

TONY COLEMAN. If it's sent by registered mail, return receipt requested. We're in agreement with that

With regard to paragraph c , there was no change in that warning letters shall be removed from an employee's file within nine months and shall not be used in any future progressive disciplinary action once they're removed.

Paragraph d . additional language was added for an employee's protections that "No letters of warning or other discipline will be issued prior to the conclusion of the fact-finding hearing, unless the employee has failed to avail himself of the opportunity for a hearing " That's simply to guarantee that the employee will always have the opportunity to tell his side of the story, to explain or provide his explanations to the Company before the Company makes a decision as to what the discipline is going to be.

We added the "unless" clause, and the intent there is if a hearing is set for the employee and the employee does not show up for it, doesn't provide any explanation. there's no request to reschedule it. that the Company in that situation can then go ahead and make a decision without hearing the employee's side of the story if he has failed to attend the hearing.

ROLAND WILDER: And by way of clarification under Section 2. c.. the Parties I believe are in agreement that any record of discipline. not simply a formal warning letter. will be removed from an employee's gateway personnel file after nine months?

TONY COLEMAN: We'll go off the record.

(Discussion off the record)

TONY COLEMAN. Just to follow up in terms of clarification as to our intent, paragraph c , specifically speaks to warning letters shall be removed. Pittsburgh forms and other notations that might be made aren't removed from the personnel file. The Parties are in absolute agreement that any discipline. even if it's the oral warnings documented on Pittsburgh forms, after nine months will not be a basis for progressive discipline. just as a warning letter is not

Under Section 3. "Grievances Related to Discipline." there was again a clarification. Under the old Agreement. it provided that an employee could file a grievance within ten days of receipt of such a letter and

wasn't real clear whether that was a reference to only a warning letter or other letters documenting discipline, so we've added "a warning, suspension or discharge letter" to make it clear that the ten days to file a grievance starts running upon receipt of the letter documenting the discipline, regardless of the level of discipline

The next two paragraphs were not changed from the prior Agreement and no intent to change there how they've been applied.

Under new paragraph d. dealing with probationary employees, there were a couple of changes First, there's a reference that the general rule is that the probationary employee does not have the rights extended to seniority employees under this Article

However, we go on to set forth several different exceptions to that. One is they do have a right to a hearing under Section 4, b 1 , and the Section 4, b 1 is a hearing where specifically an Executive Board member or other appointed Union representative has a right to be present, and probationary employees under the new Agreement will have that right or same right as seniority employees to a hearing

Two, there is a reference they can be terminated or disciplined, but not for reasons prohibited by this Agreement That's a tie-in back to the probationary Article where we lay out certain restrictions on the termination of probationary employees. The general rule is still that a probationary employee can be terminated without just cause, but again, if one reads it in the context of Article 2, it cannot be for purposes of evading the collective bargaining agreement.

We also added at the end of the paragraph a new sentence which again was a right that probationary employees did not have before, is to a letter specifying the reasons for his termination We'll get to a couple different places within the Article where we talk about letters to employees and specifying that the reasons Specifying the reasons for his termination means that the Company will provide sufficient information within the letter as to the incident or incidences that the Company is relying upon to terminate his employment, and that letter will be provided to a probationary employee upon his termination

Paragraph e the first two-thirds of it is carryover from the prior Agreement, and again, no intent to change how it's been applied. We did add two sentences at the end of it with the intent to deal with an issue that has arisen in a couple of disciplinary cases that we've had under the prior Agreements, which is if an arbitrator reinstates an employee, or even at some point prior to arbitration, an employee gets reinstated, issues of how benefit accruals are dealt with during the period of time that he was off work.

If an employee is reinstated with full back pay and benefits and pension, then there's no issue, but we've had cases where an employee has gotten reinstated and it included some period of suspension, and the question becomes, what happens to the pension contributions that he would have gotten during that period, what happens to other benefits that he might have received such as vacation accrual. What we tried to do in terms of coming to a common ground is first to say that "Benefit accruals will be paid retroactively consistent with the terms of the arbitrator's award or settlement by the Parties," but we took it a step further and have a mutual obligation, to make sure that in the context of any arbitration proceeding on a suspension or discharge case the arbitrator actually specifically addresses the payment of such benefits in his arbitration award

We're in agreement from an intent standpoint that an arbitrator has the authority to make a decision as to what remedy the employee is entitled to, whether that includes full reinstatement with back pay and pension contributions and vacation accrual or whether the employee is reinstated with something less than the full panoply of benefits and wages It is within the arbitrator's discretion and authority to make a decision on a case-by-case basis, if he decides there is no just cause, to decide what level of benefits and what level of back pay the employee might be entitled to

Section 4 is "Union Representation Related to Discipline " The first paragraph states just a general rule that "Whenever an employee is required to attend a meeting, interview, discussion, hearing or a conference, which may result in the employee's discipline, the employee shall have the right to have a Union representative present."

Paragraph b. deals with participation by the Union, and one will see that there's a paragraph 1 and 2 under there, and it was the Parties' intent to try to create two levels of protection depending on the seriousness of the potential discipline that's going to come out of the incident, and paragraph b 1 deals with an incident where an employee may be suspended or discharged and, in those cases, wanted to give the employee the maximum protection in terms of an Executive Board member or Union appointed representative having a

right to be present at any meetings, interviews, discussions, hearings or conferences concerning that incident unless specifically waived by the employee, and we'll deal in paragraph c with waiver and how that occurs.

Paragraph 2. is intended to deal with a less serious incident, and it says for an incident which may result in a lesser degree of discipline, and that means less than suspension or discharge The employee has a right to privately contact the Union representative or the local Union to obtain telephonic participation if a steward or Union representative is not available on site.

Paragraph c. as I said, deals with waiver. It is the employee's choice whether he wants to waive representation or use a fellow employee who is not a Union representative or steward If the employee wants to go down that path, the Company is obligated to provide the employee a waiver of Union representation form That's provided to him, he signs it, the Company is obligated to provide a copy of that to the Union and, in fact, have to provide a copy to the Union within 24 hours of the meeting taking place.

Also, to deal with situations where somebody refuses to sign it, and in order to give the Union and employees maximum protection, that even if he refuses to sign it, that fact itself will be documented and that form with that documentation on it will be provided to the Union so that they have as much information as the Company does as to what has happened.

Now, there apparently has been some variation, in terms of the waiver forms in the past, and we want to make sure that we're both on the same page with regard to what the form is, so we've added language in "The waiver form will be approved in advance by the Union," and that form will be agreed to prior to us reaching a tentative Agreement on the contract so that's in place before the contract could ever become effective

With regard to paragraph d., again, some additional protections for the employees that the Company cannot require an employee to attend -- or discipline him for refusing to attend any interview, discussion, hearing or conference that may lead to discipline without Union representation, and it says, "unless representation is knowingly and willingly waived." The intent with regard to that "unless" clause is back up to the waiver form. In order for it to be knowingly and willingly waived, the waiver form has to be signed by the employee, and obviously the underlying intent is that it will not be a matter of intimidation or coercion or misleading of that employee in order to get him to sign the form, that it has to be a voluntary, knowing, and willing waiver on his part.

We had a lot of discussion on the next sentence, "Violation of the employee's rights under this Section, other than a purely technical violation, shall invalidate all related disciplinary action subsequently taken against the employee, and the employee's personnel file shall be purged of all references to such action "

The Union sought that protection for the employees, and most certainly the Company is in full agreement that employees have the right to Union representation and should have Union representation any time meetings take place where potential discipline is going to result from the meeting, and it shows the Company's commitment to that concept to agree that if the employee is denied his rights to Union representation, that it will automatically invalidate the related disciplinary action

We did have a lot of discussion about the purely technical violations in some of the examples, that we talked about in the context of the rights that were given under the Section and how that might affect or invalidate disciplinary action Both Parties were in agreement that if the Union for some reason received the waiver of the notice of representation 24 hours and five minutes or ten minutes instead of exactly before 24 hours, that would not be something that would then invalidate all the discipline

Another example that was talked about was the employee's right to have private contact with a Union representative or telephonically, that is absolutely the employee's right The fact that somebody might inadvertently or mistakenly walk into the room while the employee was talking to the Union representative is a technical violation. It should not invalidate all the discipline.

On the other hand, if a supervisor were to set the employee up and tell him that, "hey, here's a room you can privately talk to your Union rep," and then he stands by the door so he can hear everything the employee is talking to the Union rep about, that's not a technical violation. We're denying the employee his rights to have a private conversation at that point, and that would be a substantive violation that would invalidate the discipline under this paragraph Or to tell the employee, "you don't need a Union steward, this cannot result in discipline," and then talk to him about an incident where the supervisor knows that his intent is to try to get the facts to base the discipline on, that would invalidate the discipline if something like that were to take place

And again, I'll just come back around to ending it by saying that obviously there are a number of additional provisions provided within this Section to give the employee protection that he has a right to Union representation and the Company's commitment by agreeing to this language that it is his right and a right that we intend to honor

Section 5 deals with disciplinary interviews or hearings and notice of charges. "An employee shall not be required to attend any discussion, interview, meeting or conference with a Company representative which may result in the employee's discipline unless the employee is first notified of the nature of the subject to be discussed and afforded his right to Union representation."

The Company's commitment there with that language is that if an employee is going to be pulled into a meeting, that he does have to be notified beforehand of the nature of the subject to be discussed He has to be given, again, sufficient information so that he knows what incident or incidents are going to be discussed with him in that meeting, and an example that was mentioned across the table in terms of our discussions was that if there's damage to his vehicle, he has to be told, we want to talk to you about the damage that we found on your pickup truck today on the right fender or whatever, so that when he comes into the meeting, he's not blindsided.

It is not the Company's intent and not our intent under this language as a whole to ever try to blindside employees and pull them into meetings where they do not know what it is that there's going to be discussed before they get to the meeting

In regard to discipline which may lead to suspension or discharge, again, under this Section, there was an intent to try to build layers of protection that for less serious incidents there would be one level of protection If it's an interview or hearing with the Company that might lead to suspension or discharge, then at that level, there would be greater protection and that it would be more formal.

In Section 5, b.1., we added the words "suspension or discharge" to make it clear that the formal hearing is not just for discharge, but also if it just may result in suspension, that the Company will make every reasonable effort to contact a Union official or business agent no less than 24 hours prior to hearing, again to allow the Union official or business agent to be present rather than just a steward or another hourly employee Second, that "No hearing shall be convened unless an employee is first notified in writing of the precise charges against him, with a copy forwarded to the Union office. Such written notification shall take place prior to any hearing being convened to inquire into the facts pertaining to the charges."

This is new language, new protection incorporated into the agreement in terms of something in writing to the employee before the hearing would take place "Precise charges" was language used within this paragraph, and the intent there again is to provide more detail than the nature of the subject to be discussed that we talked about in Section 5. a . that it would go beyond that and provide the section of the contract that we believe may be at issue in terms of the discipline, and again, a description of the underlying incident/incidents that are being investigated so that when the employee comes into the hearing, both he and the Union will be aware of what it is that is at issue and is going to be discussed.

Under Section 5. c , there's a limitation with regard to the number of representatives that might be present at the hearing The Parties ended up agreeing that both the employee and the Company are limited to having three representatives present On the employee's side it would be three Union representatives in addition to the grievant himself We also provided that if there are three Company representatives, one of those must be a labor department representative.

We had quite a bit of discussion with regard to this limitation, and if the Local 2727 represented employees, go look at other contracts, they're not going to find too many contracts where the Company has actually agreed in writing to limit the number of representatives

In the context of this paragraph, we've had a lot of discussion that it is most certainly not the Company's intent to ever try to intimidate, coerce employees in the context of an investigatory meeting, hearing, and that the Company has agreed to this language and the other language that we've just gone through for the purpose of ensuring that employees who are called in for purposes of investigating an incident of misconduct will not feel intimidated, will not feel coerced, and that the Parties have developed and structured these protections in order to ensure that employees have representation and have the ability to attend these disciplinary hearings, investigatory meetings without feeling like they are being intimidated or coerced, and most certainly it is the

Company's intent never to put the employee in that kind of a situation where he feels like he's being intimidated or coerced

Section 6 deals with transportation privileges. There was simply a minor grammatical change to coincide with the new language that we have in Article 7, that it's simply "System Board hearing." We dropped off the words "or arbitration" because the procedure in Article 7 has been condensed and collapsed to where there basically is only a System Board hearing with an arbitrator present.

With regard to Sections 7. and 8. there was no change -- well. Section 7. we added at the end of it "the employee may waive that right in writing, upon a form approved in advance by the Union." That's the same form that we've previously discussed that will get drafted and approved by the Parties prior to the contract becoming effective

Section 8, no change

Section 9, just a grammatical change in terms of the distribution forms

A new Section 10, "Recovering Company Property" was from the prior contract and was not changed

Section 11 comes back to the concept of innocent until proven guilty. It's new language saying that "Except in cases involving serious infractions identified under Article 8. Section 1., b. or c , an employee to be discharged or suspended shall be allowed to remain on the job without loss of pay unless and until the discharge or suspension is sustained under the grievance procedure. The Union agrees it will not unreasonably delay the process in such cases." and that kind of captures the concept of innocent until proven guilty. The purpose of it is to make it clear that if an employee engages in misconduct that is not within the scope of Section 1 , b or c., the Company will give that employee as we've described earlier, a letter identifying the action to be taken, whether it's suspension or discharge. and a letter that complies with the earlier discharge/suspension letter parameters, but the employee at that point would not leave the payroll He would continue working and would have ten days to file a grievance with regard to that discharge or suspension

If he does not file a grievance with regard to that discharge or suspension letter at the end of the ten days, the discharge or suspension actually would be imposed, and he would not have a right to further grieve it at that point. An employee in consultation with the Union would have a right to make that decision whether he wants to grieve it or not grieve it.

If he does grieve it. the suspension or discharge would not be put into effect until the grievance procedure is exhausted. and once the decision is rendered either through the grievance process itself or as a result of an arbitrator's decision, at that point in time. if the Company's decision is upheld, is when the suspension or discharge would take place.

There is language "The Union agrees it will not unreasonably delay the processing of such cases." Obviously the intent there is that this person is remaining on the payroll, is continuing to work, the Company has made a decision that suspension or discharge is appropriate, that in those cases it is incumbent on the Union to take the steps to process that grievance. if in fact it is grieved, in a timely manner so that the period of time it takes to get a decision in the grievance process is not inordinately delayed

It is the Parties' intent and expectation that the grievance will not be delayed without sufficient and good cause The steps of the grievance procedure should not take place as they are ordinarily scheduled to take place.

The other thing I wanted to make sure that we included in the record here is that under Article 7. language was negotiated saying that discharge grievances could be expedited to arbitration and that was either the Union's or the Company's option in terms of expediting a discharge case. The Company's intent is that if there is a discharge case where the employee is not taken off the payroll. the Company would have the right under Article 7 to expedite that case to arbitration so we could get a decision as soon as possible

MIKE RADTKE: And for clarification. it is not only the employee who has ten days to file that grievance regarding the disciplinary action of suspension or discharge that was going to be taken, but in accordance with Article 6, Section 2. the Union representative may file that grievance

TONY COLEMAN. And I misspoke there. Either the employee or the Union on his behalf has grieved it. But I want to make the record clear that a grievance does have to be filed either by him or on his behalf within that ten days or the discipline is imposed, and at that point. the discipline is imposed. and there is no right to then file a grievance, because the ten days to file the grievance has expired.

Under Section 11, b., we had a lot of discussion, as an employee reading it, may not be surprised It was not the Company's concept to put "innocent until proven guilty" in the contract It was a request from the Union.

One of the concerns that the Company had is that -- and the example that was used was in absenteeism cases -- that if it's innocent until proven guilty, an employee is given a suspension, and it takes several months for the grievance to work its way through the grievance process, the employee could continue to have absenteeism problems, and the Company would be taking further disciplinary action, and in effect, grievances would start getting backed up with regard to the propriety of the first and the second and the third

So to deal with that issue, the Parties agreed on the language in Section 11. b that "An employee remaining on the job under the provisions of Paragraph a. above may be removed from service if he commits another disciplinary offense calling for suspension or discharge under this Agreement," that in essence it is innocent until proven guilty However. if the employee continues to engage in conduct or misconduct that calls for a suspension or discharge, that on the second offense, the second time it occurs, the Company would have a right to then remove the employee from the payroll without pay and the typical normal grievance process would kick in

We had some discussion. We talked about a scenario of a suspension and under the innocent until proven guilty parameters, where the employee would not serve the suspension until the grievance process plays out, and the absenteeism is a perfect example -- engages in further conduct, that the first suspension is for a week and the second suspension is for a month, that once the second incident occurs, the Company could impose the 30-day suspension It would not go back in that scenario and say, okay, now the employee has also got to serve that first week that was covered by the innocent until proven guilty, that the first week would still be hanging in limbo until ultimately an arbitrator, if need be, would make a decision as to the appropriateness of the suspension

The employee in that scenario obviously would then have two grievances, one over the first five-day suspension that he never served yet, and then a second grievance over the 30-day suspension, and those grievances would then be handled as they normally would be under the grievance process

MIKE RADTKE. Let's go off the record.

(Discussion off the record)

TONY COLEMAN· We had some discussion off the record and wanted to make it clear, especially since we're introducing and implementing a new concept here in terms of innocent until proven guilty, that the Company's ten days -- if we don't hand-serve and give the employee a letter in person, the ten days for issuing the letter of discipline is governed by the postmark. But the language back earlier in Article 8. Section 3, does make it clear that the employee's ten days -- or the Union on his behalf actually -- to file a grievance is from his receipt of the letter of discipline.

We had some discussion that obviously an employee could not refuse to sign for or receive a letter of discipline and thereby avoid the obligation to file a grievance within ten calendar days. Receipt of the letter obviously also encompasses if it is handed to him, the ten days starts running from the date that it is handed to him

The last Section in the Article is 12. It deals with employees held out of service with full pay and benefits. It incorporates in most part a letter of agreement that was negotiated by the Parties in November of 1997 to deal with the circumstances and procedures by which an employee can be held out of service with pay pending an investigation and a decision by the Company as to appropriate discipline, if any

We added to that language a couple of concepts. One is that "The Company agrees it will not use the intent of this Section as a subterfuge to abuse Section 11 of this Article," i.e., the Company will not hold somebody out of service with pay in order to try to circumvent the innocent until proven guilty in terms of somebody not being taken off the payroll until a grievance is resolved through the grievance process, and the Company commits that it's not its intent to use this language to achieve that effect

Paragraph b. is the same as the prior Agreement.

Paragraph c is the same. We added at the end of that, however, some new language that the letter that's been given to the employee who is being held out of service with pay would describe with sufficient detail the incident or incidents that are being investigated so that a reasonable person reading the letter would have knowledge of what it is that the Company is investigating at that point, and some of the prior examples I used

would also be applicable here in terms of the level of information that would have to be provided within that letter to advise the employee of the investigation

Paragraph d is the same as it was previously, and paragraph e., "The Company's decision to hold an employee out of service pending a disciplinary hearing and decision shall not be considered discipline" again is the same as it was in the prior Agreement

ARTICLE 9
UNIFORMS

Section 1 - Required Uniforms

a. All standard uniforms, caps, any garment or accessory required to be worn such as "visibility vests", zippered coveralls, and zippered jackets shall be furnished by the Employer without cost to the employees and all expenses of laundering and cleaning same shall be borne by the Employer. Zippered jackets and zippered coveralls shall not be provided to employees in the AMC, ECMA or Technical Publications classifications, or other office classifications The Company will provide employees in these office classifications, as part of their standard uniform, one light weight jacket, as chosen by the Company. Safety stripes shall be placed on all jackets and coveralls, except the light weight jacket referred to above. When an employee in an office classification is required to work outside, the Company will make available a coverall, insulated if necessary, for the employee's temporary use

b. Employees sent on field service or TDY assignments will be provided all winter apparel issued to employees at the gateway where they will perform the TDY or field service assignment An employee desiring to use such items during a field service or TDY assignment shall request the items prior to departure and will be responsible for transporting the items as determined by the Company. The Company will maintain such apparel in a sanitary condition and in good repair If an employee is assigned a field service or TDY assignment to a gateway that has been issued knit hats, gloves or facemasks, then he shall be issued such items provided he has not previously received such items and he makes a request prior to departure

c All Employees may, at their option, wear Company supplied shorts except for those employees who spend a majority of their working time in an office environment, including, but not necessarily limited to AMC, ECMA, or Technical Publications This exception shall not apply to any classification that has routinely been permitted to wear shorts under the preceding Agreement Shorts must be worn with black, brown, or white socks which cover the ankle

d Employees who are not currently issued polo shirts as part of their uniform may, at their option, purchase at cost, cotton polo shirts from the Company to be worn as part of the uniform. An employee may wear a plain white tee shirt under his safety vest while working outside from May 16th through September 30th, or as currently permitted inside the Wheel and Brake shop. The employee will provide his own tee shirt and it will be a crew neck with sleeves and in good repair.

e The Company shall issue employees caps to be worn, at the employee's option, as part of the standard uniform The cap shall be of a quality equal to the highest quality uniform cap available to any other UPS bargaining unit employee

f. Uniforms will receive an "Aircraft Maintenance" designation by either attrition or within 2 years of the ratification of this Agreement

Section 2 - Issue

The Employer will issue to each employee covered by this Agreement a combined total of eleven (11) uniform shirts, either long or short sleeved, and eleven (11) uniform pants, to include trousers or shorts, as normal work uniforms.

Section 3 - Rain Garments and Winter Apparel

Rain garments including overshoe style boots shall be provided at work by the Company at no cost to the employee At gateways in existence prior to ratification of this Agreement, the Company will continue to provide parkas, insulated coveralls, insulated work boots, insulated work gloves, cold weather face masks, and knit caps solely to the same extent such items were provided at the gateway when this Agreement is ratified The parties shall agree upon what has been provided previously In the event a gateway is added after ratification of this Agreement, the Company will provide all such apparel at the

gateway if the gateway has a seasonal average temperature for the months of December through February of thirty-six (36) degrees Fahrenheit or lower (as determined by information on the website weatherreports com) If the new gateway has a seasonal average temperature of thirty-seven (37) degrees Fahrenheit or higher for the months of December through February (as determined by the website weatherreports.com), the Company will provide such apparel as determined by the Local gateway management

Section 4 - Replacement

Replacement of worn out and damaged rain garments or winter apparel required by Section 3 will be provided as required

Section 5 - Standards of Appearance

a. The Employer has the right to establish and maintain reasonable standards concerning personal grooming and appearance and the wearing of uniforms and accessories, and such standards shall be discussed with the Union, posted by the Company and provided to each employee in new hire orientation.

b The Company will allow all employees represented by the Union to wear beards in accordance with reasonable appearance and safety standards

c The Company will comply with all legal requirements in its application and enforcement of appearance standards.

Section 6 - Where Uniforms May Be Worn

a. It is agreed that if employees elect to change into their normal work uni-form at the work center such change should be made before the scheduled start time and after being relieved from duty each day. It is agreed that time spent putting on and taking off uniforms shall not be paid for by the Employer

b. Employees opting not to change normal work uniforms at the work center may wear such uniform to and from their home work center and their residence It is understood such uniforms shall not be utilized for personal wear, and replacement of uniforms damaged as a result of failure to comply with this Section shall be the responsibility of the employee.

Section 7 - Commercial Airline Requirements

Employees are required to follow commercial airline requirements regarding dress codes when on Company business

ARTICLE 9 ADDENDUM

GATEWAY	INSULATED COVERALLS	BOOTS	PARKAS
ABQ	Y	N	Y
ALB	Y	Y	Y
ANC	Y	Y	Y
ATL	Y	N	Y
AUS	Y	N	Y
BDL	Y	Y	Y
BFI	Y	N	Y
BFM	N	N	N
BHM	N	N	N
BIL	Y	N	Y
BOI	Y	N	Y
BOS	Y	Y	Y
BUF	Y	Y	Y
BUR	N	N	N
BWI	Y	Y	Y
CAE	Y	N	Y
CID	Y	Y	Y
CLE	Y	Y	Y
CLT	Y	N	Y
DEC	Y	Y	Y
DEN	Y	Y	Y
DFW	Y	N	Y
DSM	Y	Y	Y
DTW	Y	Y	Y
ELP	Y	N	N
EWR	Y	Y	Y
FAT	Y	N	Y
FSD	Y	Y	Y
FWA	Y	Y	Y
GEG	Y	N	Y
GSO	Y	N	Y
HNL	N	N	N
HRL	Y	N	Y
IAD	Y	Y	Y
IAH	Y	N	Y
ICT	Y	N	Y
JAN	Y	N	Y
JAX	N	N	N
JFK	Y	Y	Y
KOA	N	N	N
LAN	Y	Y	Y
LAS	Y	N	Y
LAX	N	N	N
LCK	Y	Y	Y
LFT	N	N	N
LGB	N	N	N
LIT	Y	N	Y

GATEWAY	INSULATED COVERALLS	BOOTS	PARKAS
LRD	Y	N	Y
MCI	Y	Y	Y
MCO	N	N	N
MDT	Y	Y	Y
MEM	Y	N	Y
MHR	Y	N	Y
MHT	Y	Y	Y
MIA	N	N	N
MKE	Y	Y	Y
MSP	Y	Y	Y
MSY	N	N	N
OAK	Y	N	Y
OGG	N	N	N
OKC	Y	N	Y
OMA	Y	Y	Y
ONT	Y	N	N
ORD	Y	Y	Y
PBI	N	N	N
PDX	Y	N	Y
PHL	Y	Y	Y
PHX	Y	N	Y
PIE	N	N	N
PIT	Y	Y	Y
PVD	Y	Y	Y
RDU	Y	N	Y
RFD	Y	Y	Y
RIC	Y	Y	Y
RNO	Y	N	Y
ROA	Y	N	Y
RSW	N	N	N
SAN	N	N	Y
SAT	Y	N	Y
SBN	Y	Y	Y
SDF	Y	Y	Y
SGF	Y	N	Y
SHV	Y	N	Y
SJC	Y	N	Y
SJU	N	N	N
SLC	Y	N	Y
SNA	N	N	N
STL	Y	Y	Y
SYR	Y	Y	Y
TUL	Y	N	Y
TUS	N	N	N
TYS	Y	N	Y

ARTICLE 9

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MR WILDER· The next article to be interpreted by the parties is Article 9, dealing with uniforms And that article is reflected in a TOK dated March 11, 2008. The addition to the first line of Section 1 a of Article 9 reflects the fact that there have been changes in UPS' uniform and safety policies over the term of the current agreement Consequently, the parties have added to the words "all standard uniform caps, zippered overalls, zippered jackets," the following language, "any garment or accessory required to be worn such as 'visibility vests '" The change reflects no more than the fact that the uniform today includes more articles than it included when we last dealt with uniform issues in the collective bargaining.

The second change to Section 1 a also reflects changes on the property since the last agreement was entered into Additional work units have been brought into the mechanics and related craft or class. Many of these employees work in an office instead of an outdoor setting, and so the new language makes clear that these employees do not require the outdoor gear consisting of zippered jackets and zippered overalls, but it also makes clear that the company will provide employees who work in an office, or at least an indoor atmosphere, a standard lightweight uniform jacket. The reason for this is that not all indoor areas at the UPS facility are necessarily at comfortable room temperature The zippered jacket also contributes to the employee appearance and the professionalism of the employee. There is one classification, the AMC classification, that works both indoors and outdoors. And for employees in that classification, the company has agreed that they would be provided with outerwear as required.

MR. WILDER That's reflected in the language, "when an employee in office classification is required to work outside, the company will make available a coverall, insulated if necessary, for the employee's temporary use "

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

Section b was the subject of considerable discussion by the parties. It deals with the employees sent on field service or TDY assignments. In that section, the parties were dealing with a situation, among others, in which an AMT was being sent from a gateway that did not usually issue winter apparel to a gateway in which winter apparel was regularly issued to employees. What the parties agreed to was that the AMT on a TDY or field service assignment would request the items of clothing needed to carry out his assignment ahead of time, and that he would be issued by his original gateway with the items that he requested to take with him to use on the TDY or the field service assignment The employee would be responsible for bringing the items back from the TDY or the field service assignment to his own gateway.

The company further agreed that it would maintain such apparel in a sanitary condition and in good repair

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR WILDER· The last part of the provision deals with items of clothing that are more personal than the coverall or zippered jacket or boots that we spoke of above. And if the employee's field service or TDY assignment will take him to a gateway that has been issued knit hats, gloves, or face masks, then he will be issued those items, provided that he has not received them previously and he makes a request for them prior to his departure on the field service or TDY assignment.

MR HOSKINS Can we go off the record?

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER. During the break, it was pointed out that a more accurate formulation would be this. if an employee is issued items of winter apparel at his home gateway, the employee will be responsible for transporting them to and from his TDY or field service assignment If, on the other hand, he is issued the necessary items of clothing elsewhere, then the employee will not have the responsibility for transporting them

MR. WILDER In Section c dealing with the right of employees, at their option, to wear company supplied shorts, we have excepted employees who "spend a majority of their working time in an office environment" As examples of those employees, we included employees working as AMCs, ECMAs, or employees

working in Technical Publications. We also made clear that this exception shall not apply to any classification that has routinely been permitted to wear shorts under the preceding agreement. And I suppose we'll refer to that as the grandfather short provision.

In Section 1.d. the parties dealt with the necessity today for all employees working on the ramp and elsewhere on aircraft or around aircraft to wear safety vests They agreed that employees may wear a plain white T-shirt under his or her safety vest while working outside from May 16th through September 30th, or as currently permitted inside the wheel and brake shop To make clear that the T-shirts will be those provided by the employee at his expense, and it will be a crew neck T-shirt with sleeves and in good repair

MR. WILDER The word "plain in" Section 1.d means a white T-shirt devoid of any writing, decals, inscriptions other than the company logo

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR WILDER. The next provision of Article 9 that the parties amended is Section 1.e. That is new language where the parties agreed that the company shall issue employee caps to be worn at the employees' option or choice as part of the standard uniform There are a variety of caps that have been authorized by the company to be worn as part of the standard uniform by various employee groups The agreement between the parties for the next contract is that the cap issued by the company to the mechanics and related employees will be of a quality equal to the highest quality uniform cap available to any other UPS bargaining unit employee. Off the record

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER. The parties further agreed in Section 1 f that the designation "aircraft maintenance" will be included in the mechanics and the maintenance uniform Now, this designation will be placed on uniforms on an attrition basis. That is. as employees turn in their existing uniforms and they obtain new uniforms for their use, the new uniforms will have on them the designated aircraft maintenance patch The company is in agreement that the uniform will be so designated within two years after the ratification of the agreement. This was a change requested by the union at the request of the mechanics it represents They wanted to make it clear to flight crews who was and who was not in aircraft maintenance on the ramp and elsewhere at the facility.

MR HOSKINS Can we go off the record?

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER. In Section 2. the parties made clear that shorts or short sleeved shirts will count as part of the 11 uniforms that employees are entitled to under the agreement. The parties intended no other change The current status quo indicates that mechanics are entitled to any mix of short or long sleeved shirts or shorts and uniform pants so long as the total does not exceed 11 for the year.

Section 3 occupied considerable time and attention by the parties during negotiations Previously, the parties had some difficulty in determining what was a gateway at which winter apparel should be issued and what gateway was not. They decided to clarify their agreement in Section 3. For existing gateways. the parties agreed that they would adhere to the status quo Thus, mechanics employed at gateways that issue articles of winter apparel. parkas, insulated coveralls, insulated work boots, work gloves, face masks and the like, would continue to be issued such apparel. At gateways where, for example, employees received parkas but not insulated coveralls or insulated work boots the status quo would be observed, that is they would continue to be issued parkas but not other items of winter apparel. To eliminate all doubt, the parties have agreed upon a list or schedule of the various gateways and the articles of clothing that were issued in each.

Now, one dispute that the parties resolved in connection with agreeing with Section 3 was that the employees working at Louisville, whose duties required winter apparel, would be issued insulated work boots.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR WILDER The parties also dealt in Section 3 with future gateways, that is, facilities that are not currently maintained by the company but may be established by the company in the future. What they agreed to

do was to determine if the new gateway has a seasonal average temperature for the months of December through February of 36 degrees Fahrenheit or lower, as determined by information on the website weather-reports com, all one word If it is 36 degrees Fahrenheit or lower, the company will provide all items of winter apparel If it is 37 degrees Fahrenheit or higher during the months of December through February, on average, then the company will provide such apparel as determined by the local gateway management

Section 4, as you'll note in the joint interpretation. I have been trying to use the term "winter apparel," which is the designation that the parties agreed to use in Article 9 That's reflected in the new language for Section 4. Replacement of worn out and damaged rain garments or winter apparel required by Section 3 would be provided as required. The parties decided that the old language, 'cold weather gear" and "foul weather gear" were productive of misunderstandings, so they decided to replace those terms

That completes the Joint Interpretation of Article 9

ARTICLE 9

TONY COLEMAN. This is the joint interpretation on Article 9. Uniforms.

Under Section 1, "Required Uniforms," we cleaned the language up, but there was no change of intent with regard to the prior language in that paragraph

In paragraph b we did change the language to say that parkas provided for the purpose of TDY and field service will be left at the gateway at the conclusion of duty We've discussed and agreed that there's no intent on the Company's part to discipline an employee if he forgets and returns to his home gateway, simply that the parka will need to be returned back to the gateway at which he was performing TDY or field service.

Under Section 1. c , we changed the language to say that all employees may wear Company supplied shorts except for those working in an office environment of aircraft maintenance control There was discussion between the Parties that aircraft maintenance control is somewhat unique in terms of the number of tours that do take place through that facility and the Company's interest and concerns about maintaining professional appearance. It's worded that way in terms of working in the office environment of aircraft maintenance control so that if somebody is assigned to that department but is not working there in the office for some reason, that the exception would not be applicable to those people.

Under paragraph d , at the Union's request, we agreed upon language that would allow employees to wear polo shirts as a part of their uniform, an agreement that the Company would go out and negotiate and obtain those polo shirts at the best price we can get them and would make them available to the employees at that price. The shirts obviously are to be worn as part of the uniform Obviously the intent is that those are the only polo shirts that employees are allowed to wear He can't go out and just buy his own polo shirts and wear them It's got to be the ones that are made available to the employees. The polo shirts will be cleaned by the Company along with the regular uniforms as is current practice, however, the employee will be responsible for either replacing worn-out shirts or no longer wearing such worn-out shirts as part of the uniform

Under Section 2, we simply deleted "mechanic and utility" and made it "employee covered by this Agreement" to make it clear that all employees that are covered by the agreement will be entitled to the uniforms

Under Section 3, "Rain Garments and Winter Apparel," we added "Rain garments including overshoe style boots." The intent and understanding is that those will be made available to employees as needed, will not be individually issued, but rather will be available at the gateway as needed

We added a sentence at the end that "the Company agrees to not unreasonably withhold providing, at no cost to the employee, winter apparel," and it gives "such as" examples. The intent and understanding and discussion there is that to the extent the facts indicate that kind of apparel is necessary, the Company is not going to refuse to provide it, and discussion that the Company up to this point has provided a number of different locations based on the weather conditions and the employees' request for that kind of apparel

Under Section 5 on standards of appearance, under paragraph a , as a result of discussions as to employees having full knowledge of what the Company's grooming and appearance standards are, we tried to deal with that issue by agreeing that the Company will post, and keep posted, its grooming and appearance standards, and also, as new employees come into the payroll, that those grooming and appearance standards will be provided in new hire orientation

There was a change in paragraph b, to simply replace "members" with "represented employees" as we've done in other parts of the contract

And then in 5 c., an additional sentence that was discussed during negotiations and requested by the Union that "The Company will comply with all legal requirements in its application and enforcement of appearance standards," simply a recognition that there are certain discrimination claims that can be made, and the Company is going to monitor its grooming and appearance standards and make sure that we'll make changes as necessary to ensure that we're in compliance with the law in that regard.

Under 6.a., there was a change, "scheduled start time" for the "reporting for duty" to clarify the intent from really the last negotiations, and then no other changes in that Section

And Section 7, "Commercial Airline Requirements," there were no changes either

ARTICLE 10
PAY PERIODS AND TIME CLOCKS

Section 1 - Pay Periods

a All employees covered by this Agreement who participate by direct deposit shall be paid in full by Friday of each week. Employees paid by check will be paid in full each week When paid by check. such check shall be enclosed in an envelope.

b. All shortages of wages. vacation. holiday and option time pay involving more than thirty dollars (S30 00) gross for full time employees and fifteen dollars ($15 00) gross for part time employees will be corrected and made available to the employee, at his reporting location in SDF on the second scheduled payroll workday after reporting the shortage. Employees at gateways outside SDF will receive a check on the second scheduled payroll workday after reporting the shortage. if it involves more than fifty dollars ($50.00) via Next Day Air to his address on file, Saturday delivery if necessary All other errors will be corrected on the following paycheck In addition, any error may be corrected on the next paycheck if requested by the employee The Company may not collect overages in excess of five hundred dollars ($500 00) without the employee first having the opportunity to utilize the grievance procedure

c. Paychecks specified in paragraph b above lost by the Company will be reissued on the same day provided the Payroll department is notified by 12·00 p m EST on a regular Payroll department work day If notification is received after 12·00 p m EST on a regular Payroll department work day, the correction will take place on the next regular Payroll department work day Employees at SDF will receive a replacement check the next day. Employees at other gateways will receive a replacement check the next day via Next Day Air to his address on file, Saturday delivery if necessary

d If the employee fails to receive the check in the time specified in paragraph b. above and the shortage was the result of the Company's error, the employee will be paid an additional amount equal to two (2) hours times his then regular hourly rate. This amount will be paid no later than the next regular paycheck

e. All wages for properly selected scheduled vacations. in all instances, will be paid in accordance with Article 33, Section 1. e and f.

f. During the term of this Agreement, all pay checks will be itemized in the following manner. Federal tax, State tax, city tax, FICA, 401(k). charity, U S Bonds, Union dues, credit union, advances, DRIVE, grievance settlements, standard hours, overtime hours, and year-to-date gross wages and deductions. Unused vacation. option week time, and the current hourly rate being paid will be provided to employees on a paycheck or on a separate report at the end of the first (1st) three (3) quarters of each year and in the last pay period of November Any new or required deductions will be specifically identified and itemized on each paycheck provided the Company's payroll system is capable of handling the additions At least on a quarterly basis, the Company will provide to employees either in written or electronic format, as determined solely by the Company, a holiday bank statement showing money contributed, used and interest accrued.

g. Employees that have resigned shall be paid all monies due to them on the payday of the week following such resignation All money from any savings plan such as 401(k) and retirement will be paid to the resigned employee in accordance with IRS codes or other applicable laws Distributions of request forms for the above plans will be sent to the employee within ten (10) working days of the resignation Distributions or election to remain in any such plan, shall be made in accordance with each plan document

h If the Company finds that it cannot meet its obligation to provide timely and accurate W-2's or timely, complete benefit-limit testing, the Company will meet, upon request by the Union, with the Union and the 401(k) provider to address the issue and establish a mutually agreeable solution Any other errors in W-2's brought to the Company's attention will be immediately corrected. An employee will be immediately notified in writing in the event of discovery by the Company of any W-2 error.

Section 2 - Time Sheets and Time Clocks

a. The Employer shall provide and require the employee to complete a time card showing the time spent in the service of the Employer and same shall be turned in at the end of each work period. No employee will be required to record his Social Security Number on time cards.

b The Employer shall have time clocks at any and all work centers for the use of Company's Airline employees covered under this Agreement. Time cards will be made available at the same location daily

c. Employees shall punch their own time cards. No employee shall punch another employee's time card Employees shall immediately notify the Company upon discovering his time card has been tampered with

d. It is understood that time data is primarily obtained to assist the Company in allocating and managing cost and manpower requirements and is not to be used for administering discipline as a result of inadvertent error or omission

e When an employee is required to punch a time clock, he will be paid actual time from the scheduled or advanced start time until the time he clocks out, unless otherwise stated in this Agreement It is understood the Company may implement other means of recording time worked by an employee, and regardless of the means used by the Company to record time worked by employees, no employee will be paid less than the actual time worked beyond his scheduled quitting time, providing the employee utilizes the proper approved procedures for such pay

f If an employee is late to work due to a non-routine event at a guard house, then he shall not be charged a disciplinary occurrence A non-routine event over which the company has control will not become part of the status quo without bargaining between the parties. agreement will not be unreasonably withheld No employee will be responsible for processing or forwarding payroll sheets, time cards or data on his own time

g An employee shall not be required to badge in and out for breaks and lunches taken on the property unless an electronic time system (GTWOR or its successor) is available for his use in the immediate vicinity of where the employee takes any part of his break or lunch period Data generated by the electronic time system shall not be used for disciplinary purposes

ARTICLE 10

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MR. WILDER. For Article 10, the parties signed a TOK on October 9, 2008. This is the joint interpretation of that agreement. The first change in Section 1 appears in paragraph b. The parties agreed to add other items of compensation to wages for purposes of that section. So now all shortages of wages, vacation, holiday, and option time pay involving more than $30 gross for full-time employees and $15 gross for part-time employees will be corrected and made available to the employee in accordance with the procedures and standards of Section 1 b. In Section 1 c, the parties agreed to include within the generic term "pay checks" the checks specified in paragraph b above. The effect of that change is that checks for vacation, holiday, and option time pay will be treated as pay checks for purposes of replacement by the Company, if lost, under the provisions of Section 1 c. In Section 1.f, for purposes of the reports of unused vacation, option week time, and the current hourly rate being paid to employees, which the Company is obliged to make to employees, the parties agreed that the report may be provided on a pay check or on a separate report as it is today. Whichever form the report takes, of course, the information must be reported to employees. The parties added clean-up language to Section 1.g. They did not intend any substantive change in the agreement by adding the word "and" between "401k, and "retirement" in the second sentence. The omission of the words "or thrift plan" was because the Company no longer maintains a thrift plan. The language, therefore, is obsolete and was removed for that purpose.

The parties also agreed that, at least on a quarterly basis, the Company will provide to employees, either in written or electronic format, as determined by the Company, a holiday bank statement showing money contributed, used, and interest accrued.

The parties have made rather dramatic changes in the holiday bank provisions of Article 32 as a result of changes in the Internal Revenue Code and the use of the holiday bank by employees may be substantially less than it has been under the current agreement. But, in any event, the reporting requirement that the parties have agreed to would apply to all employees who still choose to maintain a holiday bank.

The changes in Section 2 relating to time sheets and time clocks appear in paragraphs a and new paragraphs f and g.

Before we get to paragraph f, the language from the current agreement "within two years of the ratification of this Agreement" was removed because it no longer has any application. The time periods specified has long since passed. Moving to paragraph f, the parties have agreed that if an employee is late to work due to a non-routine event at a guardhouse, then he shall not be charged a disciplinary occurrence. What they had in mind when they negotiated that provision was the possibility of an influx of vendor or contract employees who took time to be processed through the guardhouse, and which, therefore, caused an employee to be late for work. What they agreed to was that non-routine events of this sort would not be counted against the employee and that he would not be given an attendance occurrence.

Another example of a non-routine event could include construction in the proximity of the guardhouse that has the effect of limiting ingress to the Company's property, and therefore, slows employees in reporting for work. The parties also agree that a non-routine event over which the Company has control will not become part of the status quo without bargaining between the parties. They further understand that agreement will not be unreasonably withheld. As an example of that, the parties spoke in negotiations about a situation in which the Company institutes a tour, perhaps on Tuesday and Thursday, to enable members of the public to visit UPS's property and be guided through it. It is possible, in that circumstance, that there would be an influx of visitors to the property which might, in turn, impede employees in reporting for work according to their usual practice. For that sort of situation, the parties have agreed that they will discuss it and reach a reasonable adjustment called for by the circumstances.

MR. HOSKINS. Roland, could you hold on a second?

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR. WILDER. The last change that the parties agreed to in Article 10 was to add an entirely new section, Section 1..g. The Company is in the process of installing an electronic time system which, the Union was informed, some day will be a uniform system, but the system is being installed on a piecemeal basis at vari-

ous gateways, and within gateways. The parties discussed the situation at some length and they adopted a compromise whereby an employee shall not be required to badge in and out for breaks and lunches taken on the property unless an electronic time system monitor is available for his use in the immediate vicinity of where the employee takes any part of his break or lunch period What — what the Union was concerned about was the situation in which an employee would have to spend part of his break finding an electronic time system facility in order to swipe his badge And so if the facility was located a substantial distance from his workplace and a substantial distance from where the break room was, then he could spend the break badging in and out. That was one situation. The second situation was that if the workplace was located at a substantial distance from the break room, then if the employee badged out at the workplace, he would spend substantial time getting to the break room to badge back in The process would be repeated upon his return from break So those were the two things that the parties dealt with in negotiations

And what they decided was that the employee would not be required to badge in and out unless he could do so in the immediate vicinity of where he took all or part of his break or lunch period That was how we dealt with that situation The other thing that concerned the Union was how the data generated by the electronic time system could be used, and the parties agreed that it would not be used for disciplinary purposes That was the compromise that the parties came to with respect to badging in and out using the electronic time system.

MR HOSKINS Well, when Section 1.g says "data" generated by the electronic time system, it is referring to the data generated when employees swipe in and out for their lunches and breaks, not the data that is generated when employees swipe in at the beginning of the day and at the end of the day on those systems.

MR WILDER: If you'd like to make that observation on the record.

MR HOSKINS. I thought it was on there. It's on there.

MR WILDER· Good, that's fine And that completes the joint interpretation of Article 10

ARTICLE 10

TONY COLEMAN. This is the joint interpretation on Article 10, Pay Periods and Time Clocks

Section 1 a, a number of changes within that paragraph that the Parties discussed and agreed to One, we continued the obligation that is in the current contract that employees paid by check will be paid in full each week. The intent and understanding is that for those people receiving a hard paycheck, that practice will continue in Louisville where they receive it on Thursday and will continue to receive it on Thursday. In outlying gateways, the obligation is that they will be paid in full each week

There was a request by the Union to improve the language to specifically provide that all employees will be paid by Friday of each week For those people who are on direct deposit, the Company felt comfortable that logistically we could always guarantee that they would be paid in full by Friday of each week, and in fact, I think the discussion was that about 80 percent of the current employees are on direct deposit, and by moving to direct deposit, this sentence would become applicable in terms of by Friday

For those paid by check, there was just a logistical concern which precluded us from saying that they would absolutely always have it by Friday, because the checks obviously come out of Louisville and go to the outlying gateways. If there is a problem and the plane doesn't make it on time or there are other conditions which preclude that check being there, the obligation is still obviously that they will be paid in full each week Which means one check per week.

Under b., a lot of changes with regard to shortages and how shortages will be treated. First, there was an agreement to reduce the triggering amount from 60 to 30 dollars for full time employees and from 30 to 15 dollars for part time employees. We also agreed that in Louisville, again, because that is the payroll location, once shortages have been reported to the Company's payroll department -- those shortages will be made available to the employee at his reporting location in Louisville on the second scheduled payroll workday after reporting the shortage If an employee on Monday reports his shortage to the Company, the commitment under this language is that he will have a check available for him on Wednesday at, again, his reporting location That means where he reports to work in Louisville, Kentucky

For employees at gateways outside of Louisville, once they report the shortage, they will receive a check on the second scheduled payroll workday after reporting the shortage If it involves more than $50, it will be by Next Day Air to his address on file, even Saturday delivery, if necessary.

We added some language saying that an error can be corrected on the next paycheck if requested by the employee, because the Parties discussed and recognize that a lot of employees would just rather receive it on their next payroll check rather than a special check, so in order to do that, the employee simply needs to make a request to the Company at the time of reporting the shortage that that's how he would like it to be taken care of

Also, some additional language at the end of the paragraph to deal with some issues that came up in terms of how the Company collects overpayments from employees and some protection for employees that if the amount at issue is in excess of $500, the Company cannot take any steps to collect that money or withhold it from his paycheck unless the employee has the opportunity to utilize the grievance procedure. If he does file a grievance, the commitment here is that the Company will not take any steps to withhold that money until such time as the grievance procedure is exhausted and there is either a decision or agreement as to how it would be handled.

The reverse of it, if the amount of money is less than $500, the sentence and the paragraph contemplates that the Company would have a right to go ahead and deduct that The employee would still have a right to file a grievance to protest that if he decides that he wants to do so.

Under paragraph c , there is really no change in the bulk of the paragraph. There was at the end again a commitment that we would Next Day Air it, even for Saturday delivery, if necessary, to the address that the employee has provided to the Company on file There was also some discussion with regard to the 12 p m eastern standard time that is included in here Under the old agreement there had been some issues with regard to the Anchorage gateway and the fact that they're in a different time zone, and the Company and the Union have agreed to understand that we will continue the practice of dealing with Anchorage as we have in the past because of the different time zone

MIKE RADTKE: Off the record

(Discussion off the record)

TONY COLEMAN Just clarification in terms of discussion off the record. In paragraph c where it says "Saturday delivery if necessary," the commitment in that sentence on the Company's part is that employees at gateways outside of SDF will receive a replacement check the next day via Next Day Air This is dealing with the lost paycheck and we're replacing it. The Saturday delivery would come into play if the next day would be a Saturday On a Friday we would have Next Day Air for Saturday delivery to his home address on file

MIKE RADTKE: And furthermore, Section 1, b . it would be the same understanding between the Parties. the Saturday delivery, if necessary.

TONY COLEMAN Correct. in order to meet the time commitments of that paragraph

MIKE RADTKE. Right.

TONY COLEMAN: Now, paragraph d. is new language. was to address the Union's issues with regard to employees who are not paid correctly or normal paychecks. and the obligation. commitment under that paragraph is that once an employee notifies the Company that there has been a shortage in his paycheck, the Company is obligated contractually to provide that replacement check within the time commitments spelled out in paragraph b. If the Company does not meet those time commitments, then the contract provides that there would be a penalty of two hours times his regular hourly rate that the employee would be entitled to and that amount would then be included on his next regular paycheck; discussion and agreement that paragraph only applies to shortages and the failure to reimburse the employee for those shortages in accordance with paragraph b., does not apply to other payments like grievance payments or other payments that might be applicable under the contract

Under paragraph e there were no changes.

Under paragraph f . simply deleted "thrift plan" because it was no longer applicable

Distributions or election to remain in any such plan

Under paragraph g . which deals with an employee who has resigned being paid all the money that is due to him. the language did say in the old contract that distributions of retirement accounts, 401(k) accounts will be made in accordance with the plan document Just to be consistent with those plan documents, we've added language to say that person may alternatively make an election to remain in any such plan. where the money is not distributed at all.

Under paragraph h . a lot of discussions to try to come up with a solution to problems that have existed in past years with regard to 401(k) testing and the fact that the testing results have then caused problems in terms of the W-2s that employees have received and a recognition by I think both Parties that even UPS does not completely control the fiduciary trustees that are responsible for doing the 401(k) testing, but we've tried to craft some language to indicate that if the Company finds that it cannot meet its obligation to provide a timely or accurate W-2 or complete benefit limit testing, that will be notice to the Union. The Company and the Union will meet to address the issue and establish a mutually agreeable solution

We crafted that language that way because, one, depending on the circumstances of the situation, the solution may be different each time it comes up, and we wanted to leave the options open to the Parties to deal with it however it could possibly be dealt with

Also in that paragraph, we had discussions with regard to W-2s and a commitment that any errors brought to the Company's attention with regard to a W-2 will be immediately corrected. and an employee will also be notified by the Company in the event the Company discovers any errors in the W-2 Obviously in the event of an error, the Company is obligated and will provide a substitute W-2 to the employee. but this sentence actually obligates the Company to go ahead and notify the employee as soon as the error is discovered so that the employee doesn't take any action based on the W-2 that he has

Under Section 2 on time sheets and time clocks, there was a request by the Union to delete Social Security numbers off the time cards; had a lot of discussion with regard to the Company's current payroll system and the fact that it is at this point dependent on the use of Social Security numbers, but ultimately the Parties agreed that within two years of the ratification of this agreement, the Company will take whatever steps it has to take to modify its payroll system to make sure that employees from that point forward are not required to list their Social Security numbers on time cards

Under paragraph b., there was an addition of language that makes it clear that time clocks will be at all work centers for the Company's employees to use for purposes of clocking in and out and a commitment on the Company's part that those time clocks would be accessible enough to ensure that the employees will be able to timely clock in and clock out.

Under paragraph c., we had a lot of discussion with regard to a particular incident that occurred under the prior agreement with regard to an employee who claimed someone else had tampered with the time card and tried to deal with the issue by including language that if an employee finds that his time card has been tampered with by somebody, that the employee should immediately notify the Company upon discovering the tampering, a commitment on the Company's part that if the employee follows this language and immediately notifies the Company upon that discovery, that disciplinary action won't be taken, and kind of an obligation on the employee's part to monitor his time card and ensure that somebody else hasn't entered information on that is incorrect in one way or another

Under paragraph e., we added a phrase at the end of the first sentence "unless otherwise stated in this agreement," simply an attempt to make sure that the contract is internally consistent. There are provisions within the contract where an employee is paid without actually clocking out, for example, when he's traveling for purposes of training, where the time is actually measured by the block-in and block-out time on the flights that are being used

Under f, the Union took a position in negotiations that employees should not be responsible for forwarding or faxing time sheets, payroll -- payroll sheets, time cards, or other data on his own time. Ultimately the Parties were able to reach agreement by inserting language saying that no employee will be responsible for processing or forwarding payroll sheets, time cards or data on his own time, the commitment on the Company's part that under this new contract, it will devise a system by which employees will be able to submit information to the Company without being on their own time, essentially a requirement that there be some system in place to ensure that whatever time is spent doing that will be compensated time and included within the employee's workday.

MIKE RADTKE: Off the record

(Discussion off the record)

TONY COLEMAN. In addition to the prior comments with regard to how Section 1, d would work, we've also had a lot of discussions about -- to try to deal with the situation of what happens if the payroll department denies a person his correct pay and is entitled to a correction of a shortage in a paycheck, and when and under what circumstances an employee would be entitled to a penalty pay in those kind of circumstances.

First, it most certainly is the Parties' intent and it would be a violation of the agreement if the payroll department or Company simply started denying everybody their requested shortages and claiming that they weren't entitled to them, forcing the employees into grievance procedures, etc That would be contrary 100 percent to what we negotiated and contrary to what we were trying to solve by negotiating the penalty payments in Section 1, d.

However, in discussions, the Parties do recognize that there may be circumstances where the payroll department has denied an employee's request for a shortage and there's legitimate basis for a disagreement under the terms of the collective bargaining agreement as to whether the employee is actually entitled to that correction in his paycheck or not, and it is not the Parties' intent that legitimate disagreements over the meaning of the contract language would result in penalty payments automatically occurring down the road

In an attempt to try to devise some provision or language that would protect both parties, however, the Company is in agreement that if the payroll department refuses to correct a shortage because they're in error and they don't understand the contract language or don't understand what the rules are, and that employee is subsequently determined to clearly have had a right to that correction in his paycheck, in those situations if the correction is not made until more than two days after notification to the payroll, then the employee would be entitled to the two-hour penalty pay in those situations, and that may occur in a couple of different ways, one where perhaps nobody within the labor department would ever even be aware of it For example, if the employee goes to his supervisor saying he's got a shortage, the supervisor agrees with him, contacts the payroll department, tells them that they need to make the correction, and the payroll department, because they

don't understand the rules, say no, we think you're wrong and it's not going to be corrected, but then based on discussions within the payroll department or whatever, a decision is made we're wrong and the employee should get the correction, in that kind of a situation, if it's been more than the time limit provided in paragraph b., there would be a penalty payment due

Similarly, if in that kind of situation the supervisor agrees and the payroll department says no, an employee calls the Union and the Union calls the Company's labor department, and the evidence and the facts clearly show that there's no basis under the contract to say that there is a reason to deny this payment, if it's been more than two days or more than the time limits provided in Section 1, b., then the employee would be entitled to a penalty pay

The only scenario that we're trying to clarify is if once everybody becomes aware of the facts, and there's a legitimate basis under the contract to say that there's a dispute, then the penalty pay would not be due. We are saying that in those situations, if the Union still claims and the employee believes that there is no legitimate basis for a dispute and no objective basis for the Company to say that the contract denies him that pay, the employee has a right in that circumstance to take it to an arbitrator.

The other Section that we wanted to further clarify and add to is under Section 1, h

MIKE RADTKE: Tony, before you go any further, that would also hold true if the supervisor disagreed.

TONY COLEMAN: Everything that I just said with regard to the payroll department also applies if the supervisor doesn't even call the payroll department because he tells the employee, "There's no way that you're entitled to that." Once the employee files a grievance and if it's clear that he had a right to that money and there was no objective basis in the contract for us to say no, you're not entitled to it, there is no legitimate dispute, that supervisor is just dead wrong, then yes, he's entitled to the two-hour premium payment, even though it never even got to payroll because the supervisor may have said, "I'm not calling payroll and you don't need to call payroll because you're not entitled to that." If he's wrong and the employee is entitled to it and it's clear that he's entitled to it, then the penalty pay would be applicable.

BOB RAGAR: If he sits on it and doesn't do anything with it, and then three days later he remembers that he had it

TONY COLEMAN: Then he would be entitled to the penalty pay

(Discussion off the record)

TONY COLEMAN: With regard to Section 1. h., we've had some further off-the-record discussions and wanted to add to the prior statement with regard to the interpretation and reason for us spending time negotiating and adding this language to the contract

As I said before, the purpose of the paragraph and what caused it to occur was benefit testing limits, that testing not being done on a timely basis and resulting in W-2s being incorrect and then creating potential problems for employees when they file their tax returns because they then got later corrected W-2s

In negotiating and discussing this paragraph, there most certainly is a commitment on the Company's part that the objective of the paragraph is to get the benefit testing done in a timely manner, done accurately, to provide the trustee fiduciary the information that they need and have them provide us the information that we need to have in order to get that testing done in a timely manner, and that part of the process, actually a commitment on the Company's part to engage in that process before we ever get to the point where there's then a problem and the Union has a right to then request us to meet with them and try to address the issue and come up with whatever solutions we can

So underlying that paragraph is a commitment on the Company's part to take whatever steps it can reasonably take to make sure that the benefit testing and W-2s get done in a timely manner and are accurate when they are first provided to the employees.

JOE DARMENTO: With the information necessary so that it's reflected on the W-2 that would negate a need for a 1099. That is the ultimate goal

TONY COLEMAN: I would absolutely agree and would agree that the Company's commitment with this language is to do what it can reasonably do, realizing that it doesn't completely control the trustees of the plan, will do whatever it can reasonably do to make sure that takes place in a timely manner with accurate information

ARTICLE 11
HOURS OF WORK (FULL TIME)

Section 1 - Shifts

a The work week for all full time employees shall be defined as forty (40) hours in any period of five (5) consecutive days or less. The Employer may utilize the following schedules for full time employees in its operations
   1 Five (5) eight (8) hour days;
   2. Four (4) ten (10) hour days,
   3. Three (3) thirteen (13) hour days, or
   4 Two (2) twelve (12) hour and two (2) eight (8) hour days. (The number of such shifts shall not exceed two percent (2%) of the total number of existing shifts system-wide.)

b When the above schedules do not meet the needs of the operation. the Company may utilize part time employees. to the extent they exist Split shift vacancies shall not exceed five (5) system-wide. Any acceptance of the split shift will obligate the employee to remain on the shift until he has the ability to bid to another vacancy under Article 14. If no employee accepts a split shift, the Company may hire additional employee(s) to cover it, or utilize an outside service to cover the work.

c Split shifts will be limited to gateways with three (3) or less full time AMTs UPS will notify and discuss with the Union all split shifts prior to implementation.

d The Company may include as part of any Annual Shift Realignment bid. the number of schedules for AMT and Utility relief positions provided for elsewhere in this Agreement for the purpose of coverage for known absences due to vacation, disability leaves, worker's compensation. FMLA, military leave and training. The actual weekly schedule for the first quarter for each employee will be developed and provided to the employees who bid these schedules within one (1) week after the vacation schedules are awarded The weekly schedules for the remainder of the year will be provided prior to the first quarterly preference bid.

e. The relief schedules shall provide. at least. forty (40) guaranteed hours each workweek The workweek shall be determined by the schedule of the employee being covered Each relief schedule shall have a designated home shift for the year for those weeks when coverage is not being provided At least, two (2) scheduled days off will be provided in each workweek. Regular overtime rules will be applicable to these shifts. Employees bidding these shifts shall not be eligible for field service or TDY assignments.

f Once either relief schedule has been provided to an employee his schedule shall not be subject to change without at least seven (7) days written notice Changes shall only be allowed to the extent that the employee who was being covered has a change in plans and is not absent or to provide coverage on shifts for absences expected to last one (1) week or more In the latter event, a change can only be made if the coverage employee would otherwise be on his home shift

g When an employee is assigned a training schedule that is less than forty (40) hours. the employee will complete his (40)-hour guarantee using the same start time By mutual agreement. he may return to his original start time. provided there is no overtime involved

Section 2 - Start Times

a. Shift start times as defined in this Article will be posted in all work centers

b When documented flight schedule changes necessitate a schedule start time change of two (2) hours or less or the establishment of two (2) start times separated by not more than two (2) hours in the work week schedule, the Company reserves the right, up to Friday of the preceding week, to adjust an employee's work week temporarily so as to incorporate no more than two (2) start times within the work week and/or adjust start times forward or backwards a maximum of two (2) hours from the original bid start time

c. When documented flight schedule changes or operational changes require the adjusting of the work schedule by moving start times more than two (2) hours. the Company must use the special preference

bid provisions of paragraph j, below, since each proposed shift change will constitute a vacancy. Such special preference bid is only allowed once per year. Additional special preference bids of a work center, for the reasons outlined in paragraph d below, shall only be allowed by mutual agreement Agreement will not unreasonably be withheld. However, no work schedule will consist of start times that are separated by more than the two (2) hour limitation.

d. If due to documented flight schedule or operational changes it becomes necessary for the Company to permanently change an employee's scheduled start time, the employee must be notified in writing and the change posted at least seven (7) days prior to the start of the affected employee's work week.

e. In cases that require a special preference bid of start times at a work center with less than three (3) employees, the affected employee(s), if required to work a schedule other than the one in which the work center was bid, will have the opportunity to bid any open work center vacancy notwithstanding Article 14, Section 1, b.

f. Equipment changes in which there is no substantial change in arrival or departure times do not constitute just cause for changing an employee's shift or bidding a work center unless mutually agreed to by the Parties Such agreement will not be unreasonably withheld.

g Operational changes for the purpose of this Section shall be limited to movement of existing work to different parts of the work week, or additional work being added to the gateway.

h The Parties agree that in the application of this Section, all references to changing an employee's shift are only applicable to start time movement. It is further understood that under this Section, except as provided in paragraph i. below, it would be a violation of this Agreement to change the scheduled hours in a work day or scheduled days off

i. The Parties agree that if adjusting scheduled start times does not provide sufficient relief for the work center changes described above, then assuming no employee is displaced from the work center, existing work center schedules may be changed by using the special preference bid procedure in paragraph j for resultant vacancies.

j Special Preference Bid Procedure

1 The changed work schedules with start times and days off shall be posted. The posting shall notify employees that the posted shifts or schedules, once filled under this paragraph, shall not be considered as vacancies for purposes of the next scheduled quarterly shift preference bid The Company shall make reasonable efforts to contact employees absent from the work center, including advance notification to employees on scheduled time off. Affected employees shall receive actual notice, along with their options. The Company will furnish all employees with the forms necessary to participate in the special preference bid All employees within the work center shall be afforded ten (10) days from the date of posting to submit their special preference bid

2 The least senior affected employee in the changed or eliminated shifts will be assigned to the last available vacancy if he does not submit a special preference bid.

3 The Company shall post the bid award results at least seven (7) days prior to the effective date of the shift or schedule changes.

k. Either provision of Section 2, c. or Section 2, i. may be used once per calendar year, but not both in the same year. The provisions of Articles 24 or 14 shall be used to change the existing work center schedules when the workforce is reduced or increased at the work center

l For purposes of this paragraph only, where an employee's option day, birthday holiday, crew trade or accrued day off has been approved and abuts the employee's regular scheduled days off, then collectively those days are referred to as an extended weekend An employee's schedule will not be changed for the purpose of training or TDY which would require the employee to work or travel after the end of the employee's last regular scheduled work day before an extended weekend through the employee's first regular scheduled work day after the extended weekend at his regular scheduled start time An employee shall not be assigned field service with a departure time that is within seventy-two (72) hours of the scheduled punch out time of his last scheduled day of work prior to the start of an extended weekend. Employees will be responsible for determining their individual eligibility to work.

Section 3 - Guarantee of Hours

a There shall be a weekly guarantee of forty (40) hours for each full time employee

b. When an employee reports to work as scheduled, the employee will be paid the number of hours for that scheduled day For the purposes of proper compensation under this Article and other Articles of this Agreement, it is understood and agreed that no employee's scheduled start time will be advanced or delayed by the Company to eliminate the employee's opportunity for premium pay, unless such request or notice for relief is made by the employee in accordance with Article 13, Section 9. Paid time off for funeral leave will be considered a day worked for the purpose of this Article.

c. The guarantee shall not apply·

1 to a full time employee who fails to work a scheduled work day during the work week (exclusive of any Company paid day off in accordance with the provisions of the Agreement) or is suspended or discharged for just cause;

2 when there are conditions beyond the Employer's control such as fire, flood, destruction, strikes, war, or Acts of God, and these conditions cause a curtailment of all or part of the Employer's operation and the employee is notified prior to the scheduled start time at the respective gateway (In such event, the Company will make every reasonable effort to contact the employee prior to his reporting to work), and the employee fails to make up the work missed as a result of the force majeure event within ninety (90) days of resumption of operations at the affected gateway; (For details see addendum on Article 11.3.c.2)

3. when an employee reports to work after his scheduled start time or leaves work prior to the end of his scheduled work day Employees working thirteen (13) hour shifts will be reduced only the actual time resulting from late reports or early departures,

4 to probationary employees with less than ninety (90) days However, the Company will not use probationary employees in the short term for the purpose of eliminating overtime for seniority employees

Section 4 - Schedule and Day (Crew) Trading

a. Schedule Trade for Hardship: An employee who experiences a temporary personal emergency or personal family hardship and who on a voluntary basis arranges with another employee to trade work week schedules for the period of emergency or hardship, can request approval from the Company for such trade After approval by the Company for such trades, the Company will forward the employee's trade request to the Union for final approval. Such trade will not last beyond the next Quarterly Preference Bid Trades may be extended for like periods upon request and renewed approval The Company agrees to give consideration to all legitimate requests, however, it reserves the right to deny such trades on the basis of qualification(s) as defined in Article 26. The Company will not be required to compensate at a premium rate those hours involved which exceed normal schedule as a direct result of the trade, unless the employee was allowed to work overtime and the overtime assignment caused the employee to not have an eight (8) hour unpaid rest period or unless the employee is asked to work overtime in addition to his regular shift hours Employees who are working as the result of approved hardship trades, will be eligible for all voluntary overtime assignments. Once approved, the supervisor must submit the scheduled change to payroll no later than the Friday prior to the week beginning the trade. Trading employees must use their own time card for all times worked and record proper codes for the trade on each day Hardship trades will begin on the first day of the pay period for each employee

b Crew Trades: Seniority employees wishing to trade crews (scheduled hours for one (1) day) with another employee for periods up to one (1) work week must make a request in writing at least seven (7) days in advance. After a request is made, it will be approved or disapproved based upon qualifications no later than five (5) days prior to the week in which the trade is to take place. Nothing in this section will prohibit the employee's respective supervisor or manager from verifying the qualifications of the employee and approving a crew trade earlier than five (5) days prior to the week in which the trade is to be made An employee will be allowed to trade four (4) times per quarter. Trades between employ-

ees and a Safety Committee Member or Union representative shall not be limited to four (4) trades per quarter but shall otherwise be subject to the terms of this Section.

1 Trading employees will use their own time card each day worked

2. The trading employees automatically waive their forty (40) hour guarantee if such trade results in less than a forty (40) hour work week except employees working thirteen (13) hour shifts will not lose the fortieth (40th) hour. Each employee will work at his applicable pay rate for the rate of the job he is performing during the trade.

3 Crew trades which would cause the employee to work two (2) consecutive shifts back to back without eight (8) hours off duty will not be approved Overtime will not be paid for the regular shift hours of the traded day unless the employee is asked to work overtime in addition to the regular shift hours of the traded day

4. Employees who commit to a trade will be required to show up as scheduled and work the entire shift schedule affected by the crew trade. Failure to report to cover the trade or engaging in a trade that had not been previously approved may result in disciplinary action and the loss of crew trade privileges for a period of up to one (1) year for the employee not fulfilling his obligation

5 No employee will be allowed a trade which would cause him to be in violation of any applicable FAR All trades must be completed within a thirty (30) day period, be within the same classifications (e g., Inspector with Inspector, AMT with AMT, Utility Worker with Utility Worker), and be within the same gateway However, full time employees may trade with part time employees. In cases involving trades between part time and full time employees, benefits will not be affected. In each case, each trading employee will be governed by the other's work rules in all respects except benefits.

6 For purposes of voluntary overtime and field service, an employee working a trade shall be considered the last person eligible for overtime on the assigned crew The employee requesting the trade will not be eligible or required to work overtime, training assignments not already scheduled, TDY or Field Service during the day(s) off resulting from the trade. Employees will be responsible for determining their individual eligibility to work

7 Crew trades may be allowed to extend vacations. Selection for crew trades will be by seniority by gateway

8. An employee involved in a crew trade may be required to work overtime in an emergency situation on the scheduled report day resulting from the trade when no other qualified employee is available. An employee may also be required to work job continuation for a period, up to two (2) hours if operationally necessary. In such cases, the pay rate will be per paragraph 2. above and Article 13.

9 The Company will make pension contributions to each trading employee for the trade day, however, if any employee fails to complete his trade obligation, the Company will adjust the pension contribution by the affected amount

10 Trades will be permitted to the extent such trade does not result in the employee receiving more than his straight time hourly rate for those hours worked on a regular shift as a result of the trade.

11 It is understood by the Parties that some states may have wage and hour laws that require hours worked over forty (40) as a result of a trade to be paid at the overtime rate. The Company agrees that it will recognize the interpretations provided by the appropriate agency in each State

c Approved trades will not count against an employee for option week accrual as long as the employee meets his obligation in the trade.

Section 5 - Meal Periods and Breaks

a. Employees working an eight (8) hour or greater work schedule shall be entitled to and required to take an assigned unpaid thirty (30) minute meal period during the middle one third (1/3) of their regular scheduled shift. When an employee is asked to work beyond his scheduled hours for that day, he will be entitled to an additional thirty (30) minute unpaid meal period for each six (6) hours on the clock thereafter and be entitled to an additional fifteen (15) minute break for each four (4) hours on the clock.

without loss of pay All meal periods shall be uninterrupted by assignment to job duties or monitoring of radios

1. EARLY/LATE MEAL PERIOD: If the employee is assigned a meal period outside the middle third as a result of management direction and he agrees, the meal period will be rescheduled to be taken as close to the middle third of an employee's shift as possible. he will be paid an additional one-half (1/2) hour at the straight time
2 NO MEAL PERIOD. If an employee is asked to take his meal period at the end of his shift at management direction and he agrees, he will be paid at the applicable rate for that day and will be entitled to leave one-half (1/2) hour early and be paid one-half (1/2) hour at the applicable rate in addition to his worked hours that day
3 EARLY RELEASE: Notwithstanding paragraph a above. employees may request and be allowed with supervisor approval, to forego the meal period and be released one-half (1/2) hour prior to the end of their scheduled shift without pay for their meal period. The Company may allow an employee to leave work one-half (1/2) hour early by taking his unpaid meal period at the end of his shift. If an employee requests, and is granted approval prior to the start of his daily assignment, to forego his one-half (1/2) hour unpaid meal period. it will be converted to an early release from duty. In such case, he will be paid his daily guarantee of hours at the applicable rate for that day. It is further understood and agreed that if the employee and his supervisor have not made this arrangement prior to the start of the daily assignment, and the employee has worked through his meal period as a result of management direction, the one-half (1/2) hour meal period will be paid at the applicable rate There is no requirement to have a specific reason for requesting an early release nor will the Company solicit an employee who has already earned the one-half (1/2) hour paid meal period under the provisions of paragraphs 1. or 2. above, to convert such paid meal period to an unpaid early release Management will not unreasonably withhold approval for a request for unpaid early release without an operational need.
4. It is understood that the Company must approve both premium pay meal situations and early departure situations on a daily basis.

b. All employees shall receive paid breaks as follows.
   1 one (1) ten (10) minute break for employees working scheduled shifts of six (6) hours or less.
   2. two (2) ten (10) minute breaks for employees working a scheduled eight (8) hour shift,
   3 two (2) fifteen (15) minute breaks for employees working a scheduled ten (10) hour shift; or
   4 three (3) ten (10) minute breaks or, if allowed by law, two (2) fifteen (15) minute breaks for employees working a scheduled twelve (12) hour or thirteen (13) hour shift

c Employees leaving the property will be required to punch in and out to observe their meal periods or breaks

d If subsequent to the supervisor approval to forego his meal period in paragraph a 3 above. the employee is asked to work additional hours. he will be paid for the foregone meal period and an additional meal period will be scheduled as soon as reasonably practical with supervisor approval.

e The Company agrees to address the Union's concerns regarding eating accommodations and provisions

Section 6 - Peak Season Schedule

It is recognized that for the period one (1) week prior to Thanksgiving through December 24th additional shift schedules, TDY. and other work requirements will be agreed upon by both the Company and the Union. Such agreement will not be unreasonably withheld by the Union Changes of crew schedules. TDY, and work requirements will be for the sole purpose of meeting service commitments during the above period. Crew schedule changes that affect any crew start time by more than two (2) hours would require that the work center be rebid for that portion of the peak season.

Section 7 - Miscellaneous

a Any reports or forms that are required by the Company. or have been agreed upon as required by the Company and the Union, and must be filled out by the employee. shall be done while on the clock.

b In cases where there is an unpaid interruption of work of three (3) hours or less, the time will be considered as continuous duty time for the purpose of calculating overtime pay rates.

Addendum

This addendum sets forth the details regarding the make up of work missed as a result of *force majeure* event, as referenced in Article 11, Section 3 c 2 of the Agreement.

A. When an employee misses work and his guarantee would otherwise not apply for the reasons stated in Article 11, Section 3.c 2, then he may elect, subject to the following paragraphs, to be paid a substitute amount equal to the guarantee wage, and have associated pension contributions made, at regularly scheduled times for a maximum of four (4) weeks per *force majeure* event (The monetary value of the substitute payment and pension contribution will be collectively referred to herein as the "guarantee payment") Employees who elect to participate in this program shall execute in advance a standard form, agreed to by the parties, signifying the employee's assent to the requirements of this Addendum, and authorizing the withholdings it prescribes, as required by state law The form will also allow the Company to recoup the guarantee payments from any unpaid monies, if the employee separates from the Company at any point prior to full repayment.

B Within ninety (90) days of the last guarantee payment per *force majeure* event, the employee shall be obligated to work additional hours outside his regular schedule to equal the guarantee payment. The Company shall have no obligation to provide or create work opportunities for any employee for the purpose of working hours to cover the guarantee payment. If the guarantee payment is not covered within ninety (90) days, then the employee shall be obligated to repay the Company the remaining portion of the guarantee payment. The Company will withhold from the employee's paychecks the remaining balance at a rate of $1/8^{th}$ per pay-period. Article 10 will not apply to the payment of these funds.

C. An employee shall work hours to cover the guarantee payment at his regular straight time rate. No premium will be added to or taken from the employee's regular straight time rate Such work will not in any way result in an overtime rate applying to any non-make up work, and no additional wage payment or pension contribution will be made for any make up work This paragraph will not apply in any jurisdiction where it would be contrary to law, and instead the work to cover the guarantee payment will be at the lowest rate allowed by applicable law

D (i) When the employee returns to his gateway after the force majeure event, he will be given preference over employees who do not owe UPS, to scheduled and full-shift unscheduled overtime until such time as the employee repays the amount due. Among employees owing work to UPS under this Addendum, such work opportunities will be awarded in rotational order by seniority Article 13, Section 5.h shall not apply to such shifts

(ii). If an employee is otherwise entitled to and works any hours to which he would be entitled to an overtime rate, then those hours shall also count for make-up purposes

E. If an employee has a vacation or option day scheduled for a day when his gateway is closed due to a *force majeure* event, he will be paid for that vacation or option day, rather than being compensated for that day(s) under this Addendum, and the vacation day or option day will not be rescheduled.

AFFECTED EMPLOYEE SHIFT ELIMINATION NOTICE

To. _____

Fr. _____

Date: _____

This form will serve as actual notice per Article 11 Section 2 j that the above named individual(s) are affected employee(s) due to the elimination of a shift at their work center on ___/___/___. No employee will be displaced from the work center

To exercise any of your options per Article 11, you must complete and turn in this special preference bid form. Your option(s) per Article 11 may include.

1 Stay in your current shift, provided all positions on the shift are not eliminated, and a senior employee bids off of your shift
2 Bid the new opening.
3 Displace any junior employee within your classification in your work center.

All awards will be made in seniority order If you do not complete a special preference bid and turn it in by the specified time, you will be assigned to any position left vacant after all awards are made

NOTE. All interested employees in the work center are eligible to participate in the special preference bid created by the elimination of shift _____.

NEW SHIFT: _____

This form must be returned to your Supervisor before midnight local time of the 10th day after the posting date. If multiple forms are turned in, the form with the latest date will be considered the active form.

EMPLOYEE'S SPECIAL BID PREFERENCE ORDER:

_____

_____

_____

EMPLOYEE SIGNATURE: _____

DATE: ____/____/____

ARTICLE 11

* * * * * * * * * * * *

MR WILDER. On the record This is the parties' joint interpretation of Article 11., Hours of Work, (Full-Time). The first change made by the parties in Article 11 appears in Section 1.d They decided to depart from the current practice of providing annual schedules for AMT and utility relief positions for the purpose of coverage for known absences during the year The first change is to list additional reasons for known absences "workers' compensation," "FMLA," and "military leave" simply to update their agreement. The substantive change in Section 1.d. involves the provision of two schedules, one for the first quarter and one for the three remaining quarters of the year According to their agreement, the actual weekly schedule for the first quarter for each employee will be developed and provided to the employees who bid those schedules within one week after the vacation schedules are awarded The purpose of the change is to allow the company more accurately to predict its needs to cover absences due to vacation, disability leave, workers' compensation, FMLA, military leave and training. The weekly schedules for the remainder of the year will be provided prior to the first quarterly bid The idea of these changes is to enable the company, as I indicated, to more accurately predict its coverage needs while at the same time still providing employees with the information they need to bid knowledgeably during the quarterly preference bid Off the record.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER: So that employees will have all the information they need to participate in the first quarterly preference bid, consistent with the change that was made in Section 1 d, the parties provided in Paragraph f of Section 1 that once either relief schedule has been provided to an employee, the schedule shall not be subject to change without at least seven day's written notice Previously, the language referred to the annual schedule, which practice the parties are departing from, as indicated

Paragraph f contains another significant change. The 2002 agreement provides that relief schedule changes shall only be allowed to the extent that an employee who is being covered has a change in plans and is not absent, or to provide coverage on shifts for absences expected to last more than one week The parties have agreed to delete the language "more than" and to add at the end of the sentence the words "or more." The effect of the change is to enable relief schedule changes to be made where coverage is required for exactly one week, as well as for more than one week. Off the record

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER. The parties agreed to add a new Paragraph g to Section 1 of Article 11 The purpose of that new paragraph is to incorporate into their agreement an existing practice That is, when an employee is assigned a training schedule that is less than 40 hours, the employee will complete his 40 hour guarantee using the same start time The reason why this approach is necessary is that very frequently an employee assigned to training will have a different start time for the training than that employee would have for his or her regular shift The idea is that, as a general rule, the employee will finish out the 40 hour guarantee using the same start time as the employee used for his or her training. The parties provided that by mutual agreement the employee may return to his original start time, provided there is no overtime involved. The effect of this change in the current procedure would be an employee, for example, who worked on the night shift might complete his 40 hour guarantee on the night shift instead of the day shift on which his training was conducted As I indicated, this variation would be subject to the mutual agreement of the employee and management, and subject, of course, to the condition that there be no overtime involved. Off the record.

WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER· On the record. Section 2 of Article 11 deals with start times One of the more important provisions of Section 2, from an employee's perspective, is the prohibition against change in start times once his schedule is awarded. Now, there are exceptions, and necessary exceptions, to this safeguard. One of the exceptions in Paragraph b is where there are documented flight schedule changes that necessitate the change in start times of less than two hours or the establishment of two start times separated by not more than two hours in the work week schedule. The parties did not change that aspect of the start time provision. They

were concerned, in this round of bargaining, with the situation in which the documented flight schedule changes or operational changes required the adjusting of the work schedule by moving start times more than two hours or changing the employee's schedule to include his start times and his days off

Under the 2002 agreement, in order to effect a change in start times of more than two hours or to change the employee's schedule, including days off, the company had to employ the provisions of Article 14 or 24 relating, respectively, to bidding and layoff This proved cumbersome and sometimes misleading to employees in circumstances where the documented flight schedule change required a change within the gateway but did not involve the addition of personnel or the layoff of personnel. The parties' challenge was to develop a procedure suitable to that circumstance

The changes in Section 2, Paragraph c are designed so that the procedure for changing start times more than two hours will be the same as the expedited procedure for changing work schedules for days off. We wanted the procedure to be the same in both instances. In Paragraph i, the parties agreed that if adjusting the scheduled start times does not provide sufficient relief for work center changes, then assuming no employee is displaced in the work center, the existing work center schedules may be changed by using the special preference bid procedure in Paragraph j for the resultant vacancies

So there are several conditions that must be satisfied before we resort to the special preference bid procedure set forth in Paragraph j First, there must be a documented flight schedule change or operational change, second, the company cannot achieve the necessary relief to cover the work required by the operational schedule change by moving the start times, either by less than two hours or more than two hours, as provided in Sections b and c If those conditions are satisfied, and no employee is to be displaced from the work center, the parties have agreed to a new special bid procedure

In Paragraph j, the company is required to post the changed work schedules, including their start times and days off The posting shall notify employees that the posted shifts or schedules, once filled under this paragraph, shall not be considered as vacancies for the purpose of the next scheduled quarterly shift preference bid So, for purposes of the posted shift schedules, once they are filled through the special procedure, the next quarterly preference bid is in effect moved forward, and those schedules or posted shifts will not be up at the next quarterly preference bid That does not — off the record

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR WILDER: During the off-the-record discussion, the parties noted that the next quarterly preference bid will be moved forward only with reference to the posted shifts or schedules that are filled pursuant to the Paragraph j procedure. As to other shift changes or schedule changes, the next scheduled quarterly preference bid will take place

The parties dealt quite extensively with the question of notice of the special preference bid procedure As I indicated, the company is obliged to post the shifts or schedules that are affected by the work center changes That's so all employees in the work center will have notice of the resultant vacancies Not all employees within the work center are necessarily affected by the changes caused by the flight schedule change or the operational change. There will be some employees who are directly affected. So there are two notice requirements, the first is that there will be a general posting for all employees Then, employees who are affected by the changes will be given actual notice To afford affected employees actual notice, the parties have agreed on a special form that will be used for this purpose The form is called, quote, Affected Employee Shift Elimination Notice, end quote, and that will be an appendix to the agreement Actual notice will be satisfied when affected employees are given the shift elimination notice.

At the time that the special bid preference procedure is initiated, there may be employees absent from the gateway either on TDY, emergency field service or perhaps on vacation. As to affected employees who are absent from the work center, the company has agreed not to initiate the special preference procedure until the affected employees return and receive the special bid preference form. As to employees who are not directly affected by the work changes, the company has agreed to make reasonable efforts to notify them of the initiation of the special preference bid. The parties agree that reasonable efforts would include, for employees going on extended vacations, notifying them to leave a contact number or contact address where the employee could be notified of the preference bid

Off the record

WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR. WILDER: During the off-the-record discussion, the parties noted their prior understanding that employees on long-term disability will be notified by certified mail and that would be sufficient notice for an employee on long-term disability It was also noted that affected employees on TDY can be given actual notice of the special preference bid. and therefore, there is no need to await their return from the gateway before proceeding with the special preference bid Only in circumstances where the affected employee cannot be given actual notice would it be necessary to await their return. And the remarks I made regarding affected employees on TDY would also be applicable to affected employees on emergency field service Certified mail will satisfy notification requirement in all cases Off the record

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR. WILDER Paragraph j 1 refers to a notice to be furnished to employees who are affected by the work center changes, quote, along with their options, end quote. The options, all of which may or may not be available to the affected employee, are described in the notice itself. which the parties have agreed upon and attached to their agreement. The company will furnish all employees with the forms necessary to participate in the special preference bid All employees in the work center, those who are affected and those who are not immediately affected, will be afforded ten days from the date of posting to submit their special preference bid.

As the notice itself indicates, bid awards will be on the basis of seniority. And in that sense. the parties intend no difference between awards made pursuant to the special preference bid as compared to awards made during a regular quarterly preference bid. All employees, if they hope to take advantage of this procedure, must participate in the special preference bid If an employee does not participate in the special preference bid, and he or she is directly affected by the work center changes, he or she may be assigned to the position left over after all preferences bid by other employees are awarded. The company shall post the bid award results at least seven days prior to the effective date of the shift or schedule changes. –

There were several reasons why the parties adopted this special preference procedure Most important was so the Employee would not receive a layoff notice. One of the most important was that the employees who are satisfied with their shift or positions will not be required to change those shifts or positions And so there is an enormous advantage for the employee who does not wish to change his shift or position to participate in a special preference bid. as opposed to having the work center changes determined by the layoff provisions of Article 24 The point that I am trying to emphasize is the advantage to employees of not being disturbed in their shift or position unless they are directly affected by the workplace or the work center changes.

As I indicated earlier, there are employees who are directly affected by the work center changes Those employees must participate Employees who are not directly affected by the work center changes occasioned by the flight schedule change or the operational change are able to retain their current positions unless they are displaced by a more senior employee who is himself displaced Off the record

WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR. WILDER. In Paragraph k, the parties have retained language from the 2002 contract but have slightly modified it to indicate that the provisions of Article 24 or 14 shall be used to change the existing work center schedules when the work force is reduced or increased at the work center. And so if positions are added to the work center or positions are deleted from the work center, the traditional provisions of Articles 24 or 14 shall be used instead of the special preference bid procedure.

Now, I did, during the earlier description. refer to the changes in Paragraph c of Section 2 relating to the movement of start times more than two hours due to a flight schedule or operational change requiring that adjustment In the 2002 agreement. those changes were effected using the provisions of Articles 14 and 24 The parties, during their negotiations for the current agreement, agreed that the same procedure should be used in effecting a change in start times of more than two hours as are used for changing an employee's work schedule due to a documented flight schedule change or other operational change.

In Paragraph l. the parties have introduced a new concept into this agreement It has to do with the ability of employees to pyramid or put together an option day, a birthday holiday, accrued trade, or an accrued day off which has been approved by management together with the employee's regular scheduled days off

To make this system administratively feasible, the parties agreed that collectively those days are referred to as an "extended weekend." And the extended weekend, for purposes of Section 2, is a defined term What the parties have agreed to is that an employee's schedule will not be changed for the purposes of training or TDY which requires the employee to work a travel day after the end of the employee's last scheduled work day before an extended weekend through the employee's first regular scheduled work day after the extended weekend at his regular scheduled start time In addition, an employee will not be assigned field service with a departure time that is within 72 hours of the scheduled punch out time of his last scheduled day of work prior to the start of an extended weekend

What the parties attempted to accomplish was to provide some certainty to employees — that when they have sought and obtained permission for days off in an effort to pyramid that time off with their regularly scheduled days off, those plans will not be disrupted by a TDY, field service or a training assignment. Paragraph l sets forth a safe harbor during which an employee will not be assigned duties that could interfere with his or her time off plans Off the record.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR. WILDER: The parties also agreed that employees who have applied for an extended weekend will be responsible for determining their individual eligibility to work. What this means is that an employee who has scheduled and had approved an extended weekend is not eligible for TDY or emergency field service It is that employee's responsibility to keep track of his ineligibility because the person responsible for assigning the TDY or field service from a volunteer list would not necessarily know about the approved extended weekend And the parties also agreed that an employee who has been assigned a TDY or field service, cannot then request an extended weekend that would have the effect of preventing that employee from fulfilling the TDY or the FS assignment.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER. The parties agreed to changes in Section 3, Paragraph c.2 dealing with the so-called force majeure — force M-A-J-E-U-R-E, majeure events that would relieve the employer from the 40 hour weekly guarantee. The changes were required, in the parties' view, in light of the recurrence of cataclysmic events, such as Hurricane Katrina, and the effect of those events on the workplace. There have been, and will be, situations in which the work of one or more gateways will be interrupted due to cataclysmic conditions, flood, hurricane, tornado, fire and the like In those situations, when the gateways are closed, under the current agreement the company's obligation to pay employees their 40 hour guarantee is excused What the parties have done is provide a procedure whereby employees will be paid their regular straight-time earnings even though they are not working due to a so-called force majeure event That generosity is conditioned on the fact that the employee will make up the work missed during the 90 days following resumption of operations at the affected gateway

There were some things the parties agreed on during their negotiations that can be set forth now, however One point is that an employee who missed work due to a force majeure event will be given an opportunity to make up that work during the 90-day period following resumption of operations before another employee who did not lose work will be afforded overtime. The parties also agreed that if the employee did not make up the work missed as a result of the force majeure event within the 90-day period, the amount would have to be paid back to the company unless the 90-day period was extended The parties agreed that Article 10, Section 1.b. would not apply in that circumstance as we are not talking about a payroll error in this instance As such the $500 cap in Article 10, Section 1.b. would not apply to the company's ability to recoup its monies. Off the record.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR. WILDER: During the off-the-record discussion, the parties also agreed that when an employee is

making up work missed as a result of a force majeure event, the work would be performed at straight-time rates The employee must make up the work missed or pay for the work missed before qualifying for voluntary overtime.

(WHEREUPON THE JOINT INTERPRETATION RESUMED.)

The parties made several changes in Section 4 b relating to Crew Trades The first change was to make clear that employees can trade crews with another employee for an entire work week. This was accomplished by deleting the words "less than" and adding the words "up to" in the first sentence of paragraph b As changed, the provision is intended to allow employees to engage in crew trades for all or part of a work week Another change in that sentence involved insertion of the words "at least" after the existing phrase "request in writing" and before the existing phrase "seven (7) days in advance." The purpose of the change is to enable employees to arrange crew trades further in advance than is currently the practice. One possible situation the parties spoke of during negotiations involved an employee's planning of an ocean cruise who would need to know well in advance whether he could use a crew trade to extend his vacation.

As this example indicates. the amount of advance notice given of a crew trade's approval or disapproval by the company can vary considerably. The parties' extended discussions suggested the impracticality of developing a hard and fast rule, stating how long the supervisor has to approve a trade after the request is made This is why the requirement for approval or disapproval based on qualifications within forty-eight (48) hours was deleted from paragraph b.1 of Section 4. The parties retained the existing requirement that a crew trade will be approved or not "no later than five (5) days prior to the week in which the trade is to take place." As now, the only basis upon which a crew trade will be disapproved is that the employees involved lack the required qualifications The idea is to allow the employee and his supervisor to work out how much earlier the crew trade can be approved. The authority of local management to act earlier than five (5) days before the week in which the trade is to take place was expressly included in paragraph b.

The number of crew trades an employee can make was increased from three (3) to four (4) per quarter. Due to the increase in crew trading, the parties agreed in paragraph b 6, that employees will be responsible for determining their individual eligibility to work. This is an important quid pro quo for the increased flexibility to make crew trades. The Company will not be required to pay time claims based on an ineligible employee's performance of overtime. TDY or field service during his days off resulting from a crew trade

The last change in Article 11 made by the parties appears in Section 5.b.4 dealing with meal periods and paid breaks. Employees working twelve (12) or thirteen (13) hour shifts are entitled to three 10 minute or. if required by law. two fifteen minute breaks It is understood that employees will elect the break schedule they want. and not switch back and forth between 10 and 15 minute breaks on a daily or weekly basis without supervisory approval The phrase, "if required by law," was inserted because some states have hours of service regulations that. unlike Kentucky. may require employers to afford employees three or more paid breaks in a twelve-hour period.

ARTICLE 11

TONY COLEMAN: This is the joint interpretation on Article 11, hours of work for full time employees.

Under Section 1 on shifts, the Parties agreed to strike out the language saying "or any combination of such complete schedules." We have continued to set forth four variations on what the schedules for full time employees can be, five eights, four tens, three thirteens, or two twelves and then two eight-hour days We did add some language under paragraph 4. about the shift that allows two 12-hour and two eight-hour days, that those shifts cannot exceed two percent of the total number of existing shifts systemwide is the limitation on how many two 12- and two eight-hour day shifts we can have

Under paragraph b., we struck out a lot of the prior language and added new language limiting the utilization of split shifts. Essentially we agreed that split shifts cannot exceed a total of five systemwide, and any acceptance of the split shift will obligate an employee to remain on the shift until he has the ability to bid to another vacancy under Article 14 We've also agreed that if once an employee accepts a split shift -- or once he accepts it and is off or if no employee were to accept it up front, that the Company has the right to hire an additional employee to cover that particular split shift or utilize an outside service in accordance with the terms of Article 21 to cover that work that cannot otherwise be covered

Reading that in the context of what we've agreed to in Article 21. that the Company would have the obligation under Article 21 to try to find part time employees to fill that. and once we get to that language in Article 21, the Parties are in agreement that has to be read in conjunction with this so that if the Company had a split shift that no employee was willing to take, that there is an additional obligation on the Company under Article 21 to attempt to obtain a part time employee to cover that work that was being covered by the split shift.

Under paragraph c., we maintained the limitation that split shifts can only be in gateways with three or less full time mechanics The split shift premium in Article 36, was increased from $1.50 to $2 75 per hour We added some new paragraphs to deal with cover lines, cover vacancies, and the new paragraphs are d., e . and f.

Specifically, paragraph d. states that as a part of the annual shift realignment bid, the Company can create four vacancies for the purpose of covering known absences due to vacation, disability leaves, and training, and that the actual weekly schedule for each employee will be developed and provided to those employees who bid those vacancies within one week after the vacation schedules are awarded, and the intent there is that the Company won't have the ability to actually fill in the actual weekly schedules for these people until once the vacations are -- and by saying vacations, we're also including option weeks there -- are actually bid and awarded At that point the Company would have the ability to go back in and reflect the actual schedules for these four, and what we ended up agreeing to in Article 23, Section 6, is four AMT cover vacancies and four utility cover vacancies

And the reason for the reference to Article 23, Section 6 in the context of the cover positions was as a part of the give and take of negotiations. The Union was seeking additional protection for employees in terms of absences due to on-the-job injuries and off-the-job injuries, and as a result of the increased protection that has been negotiated by the Union, there was an agreement that the Company would have the ability to bid the four AMT cover and four utility cover positions, and there is a specific agreement that it cannot exceed the four in each of those positions

Paragraph e.. dealing with still the cover positions, it provides that there will be at least 40 guaranteed hours each work week, that the work week that the cover person will be assuming is the schedule of the mechanic or utility employee being covered, and it also provides that the coverage schedule shall have a designated home shift for the year for those weeks when coverage is not otherwise being provided for an absent employee, and the further protection that at least two scheduled days off will be provided in each work week and that the regular overtime rules will be applicable to those shifts just like it would any others There was an agreement that obviously the individuals bidding these vacancies would not be eligible for field service or TDY assignments

In paragraph f.. again continuing with the new cover positions. Once the annual schedule has been provided to an employee. his schedule then is not subject to change without at least seven days written notice, and

then changes are only allowed to the extent the employee who is being covered has a change of plans and is not absent, so now the Company would have the ability with seven days notice to move the cover employee to another shift, and the second reason that they could be changed would be to provide coverage on shifts for absences expected to last more than one week, and again, that would be unexpected absences that come up.

There is an intent, an agreement that if a cover employee is covering and has a week of vacation that he's scheduled to cover for somebody, the Company wouldn't move him off of that to go cover some other absence that might have come up, but rather, the change in that situation would be where he was on his home shift for that week, and now we have an unexpected absence that comes up, in that circumstance we could move him to cover the unexpected absence.

Regarding the language that says that it would be guaranteed at least 40 hours each work week, it's the Parties' intent that these cover positions will be handled the same as the previous cover inspector position that we created in that a transitional schedule would be created for the employee to ensure that his work weeks never butted up against each other so that we would just have a continuous work schedule on a particular day, and instead, within the two work weeks, it would be built so that he would always have a minimum of eight hours scheduled time off between the end of his shift in one work week and the beginning of the shift in the next work week.

Article 11, Section 1 doesn't make reference to it, but in Article 36, we've also provided that employees who obtain these positions will be provided a dollar-an-hour premium as a result of changing schedules week to week. [This was moved to Article 36 prior to tentative agreement being reached on contract language]

TONY COLEMAN: We've also had some discussion that one of the issues that has to be dealt with by the implementation committee is how these vacancies will be integrated into the system for the first year of the contract in the year of 2002. The Parties have agreed that that's something that will be worked out once the contract is in place.

Under new paragraph g., we added language that "No employee shall be contacted at home on his days off for the purpose of discussing disciplinary matters." essentially a commitment on the Company's part that to the extent that it has issues to discuss with the employee concerning discipline, that those would occur during days that he's scheduled to work and that the Company is prohibited and will not call an employee at home to have discussions with him about matters that might relate to discipline.

Under Section 2, "Start Times," a fairly substantial rewrite of this Section. The initial paragraph, "Shift start times as defined in this Article will be posted in all work centers," was a carryover from the prior contract.

In paragraph b., some clarification of the language dealing with changes in start times of two hours or less or the establishment of two start times separated by not more than two hours in a work week, and in those cases and when the Company needs to make those kind of changes on a temporary basis, we have a right to do that up to Friday the preceding week. That is the only notice requirement that the Company has if it's a temporary change in the employee's schedule of two hours or less.

There is a condition in terms of changes of two hours or less, which is that it is one that's necessitated by documented flight schedule changes. In saying that we can change the start time two hours or less by giving notice up to Friday, that would be for a temporary change only. If the Company was going to make a permanent change in an employee's schedule for two hours or less, the intent is that the notice provisions under paragraph d. would kick in, and we would have to provide at least seven days prior notice prior to the starting of the work week to make such a schedule change or if it was going to be a permanent schedule change of two hours or less, and that covers temporary or permanent changes that are two hours or less. When the Company wants to consider a change that is more than two hours, then the Company goes to paragraph c., and it provides that when documented flight schedule changes or operational changes require adjusting by more than two hours, the Company actually must rebid the gateway work schedules for the purpose of allowing employees to bid the work schedules with the start times moved in excess of two hours.

There's a limitation in terms of that happening, which is it can only occur once per year. Any additional rebids of a work center, for the reasons outlined in paragraph d. below, which is documented flight schedule or operational changes, shall only be allowed by mutual agreement with the Union, and a consistent sentence that we've had in a lot of places in the contract, an agreement will not unreasonably be withheld. And then "no work schedule will consist of start times that are separated by more than the two-hour limitation" is just

a catchall to make it clear that with all this discussion about two hours or more, two hours or less, regardless of our ability to change start times, we will not have work schedules which consist of start times during the work week that are separated by more than two hours.

Now paragraph d. deals with permanent changes in an employee's work schedule and the intent that there has to be at least seven days notice to the employee prior to the beginning of his work week with regard to permanent changes, and as I said, that could happen in two ways One would be if we had a rebid under paragraph c., or if the less than two hours occurred under paragraph b , it was going to be a permanent deal, then there would have to be the seven days notice.

Paragraph e. is a more specific restriction dealing with rebidding of start times at work centers with less than three employees In those cases, in a gateway with less than three employees, the affected employees, if they're required to work a schedule other than the one which they had originally bid, they will have the opportunity to bid any work center vacancy, and we say notwithstanding Article 14, Section 1, b., which is the limitation on bidding vacancies. It's the Parties' agreement that in those cases, the restrictions, limitations that are imposed by Article 14 would be waived and that employee would actually have the opportunity to bid out of that work center.

Paragraphs f and g. really are definitions of documented flight schedule changes and operational changes Specifically under paragraph f., dealing with flight schedule changes, the Parties have discussed and agreed that equipment changes in which there is no substantial change in arrival or departure times do not constitute just cause for changing an employee's shift or rebidding a work center unless the Union and the Company specifically agree.

For example, if it was a 757 coming in at 8:00 a.m. and now it's a 727 coming in at 8:05 a m , even though there is a documented flight schedule change, that really is not a substantial change that would allow the Company to utilize the rebid or the change in start time language that we have in this particular Section.

And then similarly in paragraph g , we've defined operational changes, which comes into play in paragraph c. above, that it means for the purpose of this Section, it's limited to movement of existing work to different parts of the work week or additional work being added to the gateway.

Under paragraph h., the Parties agree what we're really referring to there, i e , our intent is application of paragraphs b and c above -- all references to rebid or changing an employee's shift are only applicable to start time movement, and it would be a violation of this Agreement to change the scheduled hours in a workday or scheduled days off, and by saying change the scheduled hours in a workday, we mean, for example, to go from a five/eight schedule to four/ten schedule, or the second part of it would be to move his days off

The Parties are in agreement that paragraphs b. and c. above cannot be used to change the employee's work schedule, e.g., five eights to four tens, or to move his days off. Rather, the only way that a person's work schedule could be changed or his days off be changed is under paragraph i , which says that we agree that if adjusting scheduled start times does not provide sufficient relief, the Company may use the provisions of Article 24 and 14 to change the existing work center schedules, and Article 24 deals with layoffs, and Article 14 is bidding of vacancies, and the Parties have agreed and come up with a new methodology to deal with changing days off and changing work schedules by essentially saying that we can take Articles 24 and 14 and apply them on a work center basis rather than having to apply them on a systemwide basis

And then paragraph j is a further limitation that provisions of Section 2. c or i may only be used once per year in a work center and cannot be used -- both of them can't be used in the same work center in the same year. There is no intent to limit the Company's use of Section 2, c or i in different work centers The limitation is within one work center, the Company can't use both of them in the same year.

We also wanted to make sure that the record reflects that the use of Article 24 for purposes of changing people's days off does not restrict the Company from being able to use Article 24 otherwise if there happened to be a layoff situation where work completely got moved out of the work center, and even though Article 24 may have been used for purposes of moving people's days off at some point, if something happened later where there actually was a layoff that might occur, Article 24 obviously would still be applicable

Under Section 3, guarantee of hours, the Parties have agreed to continue the standard 40-hour guarantee per week under Section 3, a

Under Section 3, b., we've added some additional protection for employees that for purposes of proper

compensation under this Article and other Articles, it's understood and agreed that no employee's scheduled start time will be advanced or delayed by the Company to eliminate the employee's opportunity for premium pay, unless it is requested in accordance with Article 13 , Section 5, e That is essentially an incorporation of Arbitrator Creo's award that had occurred under the prior contract and an agreement on the Company's part that it cannot delay an employee's start time except as specifically provided in Article 13

Under paragraph c., the 40-hour guarantee that we're talking about does not apply, and most of the exceptions stayed the same We did add under paragraph c.2. that if there were conditions beyond the Company's control, that the employee would be notified prior to the scheduled start time at the respective gateway that he was not needed to come into work that day, and we added that "the Company will make every reasonable effort to contact the employee prior to his reporting to work " Again, the intent there is if something has happened that results in the gateway being shut down on a particular day, the Company cannot just sit back and wait for the employee to show up at the gate to tell him to go back home, but rather, we've got an obligation to try to contact them prior to them actually reporting to work.

And then under paragraph c 4 , we changed the language to more clearly reflect our intent, which is that the Company will not use probationary employees in the short term for the purpose of eliminating overtime for seniority employees, and to demonstrate what we're trying to prohibit there is that the Company won't bring on employees as probationary with the clear intent and purpose of terminating them before they ever get to seniority simply for the purposes of soaking up overtime that would otherwise be performed by seniority employees

Under Section 4, it deals with shift trading, and one of the major changes is that we came up with two different types of shift trades. One is for hardship, and the other one is basically a non-hardship.

With regard to the hardship trades, they can be requested on a longer term basis than a simple non-hardship shift trade With regard to the hardship, they can be on a work week basis and they can extend up until the time for the next quarterly preference bid. After the request for a hardship trade has been submitted and approved by the Company, the language provides that it will then be submitted to the Union for final approval, and even though it can only extend up to the next quarterly preference bids, they can actually be extended for like periods up through the next quarterly preference bid There is an obligation on the employee's part to submit it again for approval and have it approved by the Company and the Union

We've continued the right for the Company to review the shift trade, and one of the bases on which it can be denied is qualifications of the employees who are trading, and that word will be defined in Article 26. In terms of the hardship trades, we've deleted the limitations of frequency or frivolous need. Those have been removed as a basis for denial of a hardship trade.

The Company also continued the language saying it will not be required to compensate at a premium rate those hours involved which exceed the normal schedule as a direct result of the trade, but we've added unless the employee was allowed to work overtime and the overtime assignment caused the employee not to have his eight hour rest period or the employee is asked to work overtime in addition to his regular shift hours. Employees who are working as a result of approved trades will be eligible for all voluntary assignments, overtime assignments, and once approved, the supervisor must submit the scheduled change to payroll no later than the Friday prior to the week beginning the trade. We've included here and a number of other places that trading employees must use their own time card for all time worked and record proper codes for trades on each day

The second paragraph of the Section, paragraph b , deals with non-hardship shift trades, and that can be for one day or it can be any period less than a full week Those non-hardship trades must be requested in writing seven days in advance so it can be approved by the supervisors There is a limitation with regard to non-hardship that it cannot occur more than three times per quarter

Under paragraph b 1 , when a non-hardship trade has been requested and made, the supervisor has 48 hours to verify the qualifications of the employee and approve the request. We've continued the language in that paragraph that trading employees still have to use their own time cards

Under paragraphs b 2 and 3 , there really was no change, just a cleanup of the language

Under paragraph b 4, we have continued the language that failure to report to cover the trade or engaging in a trade that has not been previously approved may result in disciplinary action and the loss of crew trade

privileges for a period of up to one year. It's the Parties' intent that failing to show up once an employee has been approved for a crew trade is something that can result in discipline in addition to the fact that he will automatically lose his crew trade privileges for up to one year.

Under paragraph b 5 . we've added some new language that full time employees may trade with part time employees In cases involving trades between part time and full time, benefits will not be affected, and in each case, each trading employee will be governed by the other's work rules, so if a full timer trades and takes a part timer's work shift, he will be governed by the overtime rules and all the other rules that might be applicable to a part timer, and vice versa for the part timer who is working the full time shift

Paragraphs 6 . 7 . and 8 were simply clarifications of existing contract language Under paragraph 6. the employee requesting the trade will not be eligible or required to work overtime, or training assignments not already scheduled, TDY or field service

Under paragraph 7., crew trades may be allowed to extend vacations for up to two days. Before, we had simply made a reference to Article 33, and we just pulled that into this Article.

In paragraph 8 , an employee involved in a crew trade may be required to work overtime in an emergency situation on the scheduled report day resulting from the trade, which is just a clarification

Paragraph 9 , there was a change in how we've applied this in the past We've now agreed that the Company will make pension contributions to each trading employee for the trade day, so the contribution will be made based on when he performs the work. If the employee fails to complete his trade obligation, the Company will then go back and adjust the pension contribution by the affected amount, so if Joe Jones this week trades with somebody else where the other person now comes in and works his schedule, Joe Jones would still get a full pension contribution for that week, and he has the obligation now to work the shift for the person who traded with him. If for some reason the next week he fails to work that shift. the Company would then go back in and make an adjustment in his pension contributions to reflect the fact that he missed the subsequent day, but the intent is that once he does the shift trades, if employees show up and cover each other's shifts as they've agreed to do, there will be no interruption in the pension contributions that each employee is receiving as if he was working his own shift.

Paragraphs 10. and 11 were not changed and no intent to change how they've been applied, and Section 4, k was not changed either.

The next Section [5] deals with meal periods and breaks Under paragraph a., we've added language. "When an employee is asked to work beyond his scheduled hours for that day, he will be entitled to an additional 30-minute unpaid meal period for each six hours on the clock thereafter and be entitled to an additional 15-minute break for each four hours on the clock without loss of pay" That was an additional meal and break period that the Company has agreed to provide to employees when they're working beyond their regular scheduled shift, and essentially the criteria is that if they work more than six hours beyond their regular scheduled shift, they will receive an additional 30-minute unpaid meal period and an additional 15-minute paid break for each four hours on the clock. We've continued the prohibition, protection for the employees that all meal periods should be uninterrupted by assignment to job duties or monitoring radios

Under paragraph a 1 , dealing with early and late lunches, we've agreed that if the employee is assigned a meal period outside the middle third as a result of management direction and the employee agrees to the meal period outside the middle third of his shift, that meal period would then be rescheduled to be taken as close as possible to the middle third, and the employee will receive an additional half hour's pay at straight time

Two deals with the situation where the employee has been asked to take his meal period at the end of his shift at management direction and he agrees In that case, he will be paid the applicable rate for that day and will be entitled to leave one-half hour early and be paid for that half hour at whatever rate he is for that day If it's a holiday or it's an overtime day, then it would be paid at whatever rate he is receiving for that day

Paragraph 3. deals with early releases. Essentially it says "Notwithstanding paragraph a above, employees may request and be allowed, with supervisor approval, to forego the meal period and be released one-half hour prior to the end of their scheduled shift without pay for their meal period," and essentially this paragraph is dealing with a request by the employee to forego his half-hour lunch, whereas paragraphs 1 and 2 above it dealt with the Company asking the employee to forego his meal period

Paragraph 3 goes on to say that "The Company may allow an employee to leave a half hour early by tak-

ing his unpaid lunch period at the end of his shift." If the employee requests and is granted approval prior to the start of his daily assignment to forego his half-hour lunch, it essentially is then converted to an early release from duty. In such case, he would then receive his eight hours pay at his applicable rate for that day and leave at -- for example, if it's an eight-hour shift, he would leave at eight hours and have an early release. It's further understood and agreed that if the employee and his supervisor have not made the arrangement prior to the start of his daily assignment and he works through his meal period as a result of management direction, the half-hour lunch will be paid at the applicable rate There is no requirement to have a specific reason for requesting early release, nor will the Company solicit an employee who has already earned the half-hour paid meal period to then have it converted to an unpaid early release, and we've included that management will not unreasonably withhold approval for a request for unpaid early release without an operational need. The discussion and intent there is that in some places under the prior contract, some supervisors would automatically approve an employee leaving a half hour early and skipping his lunch and other places they would deny him. The Parties' intent is that the Company will not deny a request to work through lunch and leave early unless there's an operational need that the Company can show that would require that employee to be there and go through his lunch and be there at the end of his scheduled shift

Under paragraph 4 , we added language, "It is understood that the Company must approve both premium pay lunch situations and early departure situations on a daily basis," i.e., the Company cannot just say this week we're not allowing any early departures, we're not allowing anybody to skip lunch or, vice versa, cannot just on a permanent basis say, we're always going to allow them. It's got to be something that's considered approved or not approved on a daily basis.

Under paragraph b , "All employees shall receive paid breaks as follows," we've kept the same ten-minute break for shifts of six hours or less; two ten-minute breaks for employees with an eight-hour shift: two 15-minute breaks for employees working a scheduled ten-hour shift, and for the 12 hours, we've actually moved that to the next paragraph and allowed the person on a 12-hour shift to have three ten-minute breaks just the same as the 13-hour shift does.

Under paragraph d., we've added new language, "If subsequent to the supervisor approval to forego lunch in paragraph a.3. above, the employee is asked to work additional hours, he will be paid for the foregone meal period, and an additional meal period will be scheduled as soon as reasonably practical with supervisor approval " Essentially what we're trying to address there was if going into the shift, everybody expects it to be a night where he could leave -- skip his lunch and leave early, but something comes up and causes overtime to occur, that the Company agrees that it will go back in and try to schedule a meal period as soon as reasonably practical.

The final paragraph in that Section deals with the concerns that the Union raised with regard to microwaves, refrigerators, meal arrangements, eating accommodations in different locations, and what we've agreed to is kind of on an ad hoc basis, if the Union brings those concerns to the Company's attention, that the Company will investigate and address those concerns as the need arises

Under Section 6, "Peak Season Schedule," all the language has been kept in that was in the prior contract We've added to it that crew schedule changes that affect any crew start time by more than two hours, that the Parties agree that we will actually rebid that work center for that portion of the peak season period where schedules would be affected by more than two hours.

Under Section 7 on miscellaneous, we've added "Any reports or forms that are required by the Company, or have been agreed upon as required by the Company and the Union, must be filled out by the employee on the clock," and under b , in cases where there is an unpaid interruption of work of three hours or less, the time will be considered as continuous duty time for the purposes of calculating overtime pay rates Essentially the person has to be off the clock for more than three hours in order for it to break the clock for purposes of overtime pay rates

We also wanted to add as an example how Section 7, b. would work, that if an employee who, let's say, is on a scheduled five eights, has worked ten hours in a particular workday, and leaves work and is gone for two hours and the Company calls him to come back in, this paragraph would then kick in and apply to him, and the effect would be that that two hours that he's been off would not be paid time, but it would have the effect of causing him to come back in where he is now in a double time situation because he is now over 12 hours

in that particular workday

So unpaid interruptions of three hours or less get counted for purposes of figuring out where an employee is on the overtime scale, whether he is at time and a half or double time, although this paragraph does not have the effect of causing that time away from work to be compensated itself.

ARTICLE 12
PART TIME EMPLOYEES

Section 1 - Schedules

a. The Annual Realignment Bid for part time employees will be for part time work and by the part time seniority list. Part time employees will be scheduled to work not more than twenty-five (25) hours in a work week, excluding scheduled overtime. Notwithstanding any other provision in this Agreement, the Company may schedule part time employees additional hours in excess of twenty-five (25) in a work week provided.
   1. All full time AMTs at the work center have been afforded the opportunity for a forty (40) hour guarantee,
   2. The part time employee's scheduled hours plus overtime hours do not equal or exceed forty (40) hours in a work week for four (4) consecutive weeks for reasons unrelated to training or coverage for another absent employee This provision shall not apply during vacation blackout period

b Part time employees scheduled or worked four (4) hours shall be entitled to a paid ten (10) minute break Part time employees who work in excess of six (6) hours will have the option of taking an unpaid one-half (1/2) hour meal period

c. Once every ninety (90) days, the Company may change a part time employee's work schedule to meet operational needs or documented flight schedule changes. The notice provisions of Article 11, Section 2, will apply to the change. When affecting days off or hours due to changes in the operation, and prior to adjusting the full time employee's work schedule, preference will be given to full time employees' schedules, if operationally feasible.

d Notwithstanding any other provision in this Agreement, in order to avoid part time positions which should be full time, the Parties agree that a full time vacancy shall be bid within thirty (30) days if the Union can demonstrate that work being performed by one or more part time employees and/or the consistent and routine aggregate of overtime hours of both full and part time employees in a work center amount to a full time schedule in accordance with Article 11, Section 1.

Section 2 - Guarantee of Hours

a Part time employees will be guaranteed all scheduled hours in any given work week, including full time schedule assignments for training purposes.

b. A part time employee working a full time schedule will be afforded the same forty (40) hour guarantee as a full time employee and will be paid overtime for any hours over his posted schedule for each day or any hours over forty (40) for the week (Example - overtime after eight (8) hours/day on a 5x8 hour week, overtime after ten (10) hours on a 4x10 hour week, etc) Part time employees working a full time schedule will be afforded overtime opportunities only after all eligible full time employees in the gateway have had the first (1st) right of refusal

c For each occurrence, when a part time employee is called in to work outside of his regular scheduled hours or on his day off, he will be guaranteed a minimum of three (3) hours work and/or pay at the applicable rate.

Section 3 - Holidays

a. For part time employees, holidays will be compensated at four (4) times the employee's straight time hourly rate, except that part time employees working a full time schedule will be paid at eight (8) hours normal rate of pay

b. All work performed on a holiday will be paid in accordance with Article 32

Section 4 - Full Time Vacancy Bidding

a. When a full time vacancy is available at any work center, a part time employee may bid it in accordance with Article 14.

b If a part time employee becomes a regular full time employee, he shall retain his Company seniority for vacation and pay purposes For purposes of dovetailing into the full time seniority classification, his full time classification seniority shall be calculated at one-half (1/2) the total amount of his part time classification seniority from December 4, 1996 to the date of his bid award to a full time vacancy.

Section 5 - Part Time Vacancies

a Part time AMT vacancies shall be filled or attrited in accordance with Article 21 When such vacancies are to be filled, the following shall apply:

1. When a part time AMT vacancy exists, such work schedule may be subcontracted pursuant to Article 21, until such opening is filled Full time AMTs with a Standing Bid on file will be awarded a part time vacancy at any gateway in seniority order He will then be placed into the part time seniority list by his full time seniority date When a full time AMT is awarded the bid, his full time seniority date is frozen on the date of the award and he begins to accrue seniority on the part time seniority list He will then be considered a part time employee in all respects A full time employee moving to a part time vacancy will not be eligible for moving expenses, and may not bid another full time AMT opening for a period of twenty (20) months
2. The only time a part time employee will be allowed to bid an existing part time opening in another work center is if the affected employee is in a layoff situation. Part time employees will not be permitted bumping privileges.
3. Part time AMTs will not be utilized in any gateway with more than fifteen (15) AMTs If the number of full time AMTs subsequently exceeds fifteen (15), the Company shall not be required to eliminate any such existing part time position(s) at that gateway due to the exceedence

b The Company may only employ part time Utility workers in gateways of ten (10) or more AMTs No part time Utility worker will be utilized in any gateway with more than fifty (50) AMTs If the number of AMTs subsequently hired into a gateway exceeds fifty (50), the Company shall not be required to eliminate any such existing part time position(s) at that gateway due to the exceedence.

Section 6 - Overtime

a. Should any part time employee work beyond the fifth (5th) hour from his start time, he shall be paid one and one-half (1&1/2) times his regular hourly rate for those hours worked in excess of five (5) hours on that day Should any part time employee work beyond twelve (12) hours on a shift he shall be paid double time for those hours worked in excess of twelve (12)

b. Double time shall be paid for.

1. all hours worked after a continuous twelve (12) hours; or
2. all hours worked on the last regular scheduled day off of the same work week as long as the employee has worked his regular scheduled hours in each day of that work week and any scheduled overtime hours each other day off in the same work week; or
3. all hours worked in excess of sixty (60) hours in any work week starting from the first hour worked in the pay period.

c Once an employee begins to receive a double time rate he shall continue to be paid at the double time rate until he is relieved from duty and has received an eight (8) hour rest period prior to returning to duty.

d. There shall be no pyramiding of the overtime rates for any hour worked

e Part time overtime will be awarded pursuant to Article 13, as applicable.

Section 7 - Rest Periods

Rest periods shall be pursuant to Article 13, Section 9, as applicable

ARTICLE 12

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MR COLEMAN. Article 12 There's only one sentence that the parties agreed to change in Article 12, and that was under Section 1.a.2. That paragraph deals with part-time schedules and the Company's obligation with regard to establishing full-time schedules when there's work that a part-timer's been doing

This paragraph basically says that this proviso shall not apply during a vacation blackout period. The proviso being the part-time employee's scheduled hours plus overtime hours do not exceed 40 hours in a workweek for four consecutive weeks We just excluded that from being applicable during the vacation blackout period. That is it for Article 12.

ARTICLE 12

TONY COLEMAN This is the joint interpretation on Article 12, Part Time Employees The Parties have changed a number of different sections within Article 12 on part time employees as compared to the prior Agreement

In Section 1, a , the phrase "normally be scheduled to work not more than 25 hours in a work week" had occurred The word "normally" has been stricken, and in its place the Parties have agreed that part time employees will not be scheduled to work more than 25 hours a week "excluding scheduled overtime "

So the commitment is that in any given work week generally a part timer should not have more than 25 hours on his regular schedule. I say generally because the next sentence in the paragraph deals with just a couple of circumstances where the part timer's schedule might exceed 25 hours.

The new language we added was notwithstanding any other provisions in this Agreement. The Company may schedule part time employees additional hours in excess of 25

One would be where all the full time AMTs at the work center have been afforded the opportunity for the 40-hour guarantee, or two, the part time employee's scheduled hours plus overtime hours do not equal or exceed 40 hours in a work week for four consecutive weeks for reasons unrelated to training or coverage of another absent employee

Both Parties understand that it's our intent that a part timer in some gateways can still be used to work a 40-hour work week if he in fact is covering the schedule for a full time employee who is absent or on vacation or on a leave

In addition, when a part timer engages in training, he can work a 40-hour week. The language, the part time employee's scheduled hours plus overtime hours do not equal or exceed 40 hours in a work week for four consecutive weeks, is meant to be a standard by which to gauge the part timer work schedules to ensure that the Company is not working part timers on an inequitable basis where there should be a full time employee staffed instead of a part time employee.

In fact, Section 1, a 2.. has to be read in conjunction with Section 1. d , where there is new language that says notwithstanding any other provision in this Agreement in order to avoid part time positions which should be full time

The Parties agree that a full time vacancy shall be bid within 30 days if the Union can demonstrate that work being performed by one or more part time employees and/or the consistent and routine aggregate or overtime hours of both full and part time employees in a work center amount to a full time schedule in accordance with Article 11, Section 1

The Article 11, Section 1 reference is to reference the full time shifts that are allowed under this contract for full timers. and the intent of the paragraph is that if the Company has one or more part time employees where their hours -- regularly scheduled hours and/or aggregate overtime hours -- could be combined to actually create a full time shift recognized under Article 11, that in those situations the Company would have an obligation within 30 days to actually bid a full time position within that gateway The underlying intent of this paragraph in terms of the protection that's being provided is that the Company will not abuse its right to have part time employees by working them as if they were full time employees. be it in terms of back-to-back part time shifts that could be combined, or a consistent routine working of overtime so as to, in essence, have a part time employee as a full time employee

We struck out what was Section 1, b that said part time employees will work off their applicable seniority lists at each work center. Our intent of that language is now covered in Article 13 rather than in Article 12

Under Section 2. "Pay." the first paragraph of the old contract dealing with overtime after five hours is not a deletion in terms of part timers losing rights It's simply covered in Section 6, a. now. We moved some paragraphs to try to put them in more logical order

Under new Section 2, a., part time employees will be guaranteed all scheduled hours in any given work week including full time schedule assignments for training purposes. the prior contract simply guaranteed a part timer three hours per day. Now whatever his scheduled work week is up to that 25, those are actually guaranteed hours We also make it clear that he has a 40-hour schedule for a week that he's in training. He will have a 40-hour guarantee for that week

Paragraph b was not changed from the prior Agreement, and the intent of that paragraph is that if a part

timer is working covering a full timer that he will have the same guarantee that the full timer would have had.

In paragraph c. of the old contract, there was some language about when part time employees were assigned to a lower classification from a higher classification. The intent of the Parties is not to delete that from the contract but rather that it's covered in Article 36

Paragraph c. is new language saying that whenever a part time employee is called into work outside of his regularly scheduled hours or on his day off, he is guaranteed at least three hours work and/or pay and that the applicable rate is recognition that it could be at time and-a-half or double time rate.

Paragraph d. of the prior contract again was deleted. but the intent is that it's covered in Article 36.

Paragraphs e and f. of the old contract under Section 2 have been deleted from Section 2 but are now covered in Section 6 of Article 12.

Section 3 on holidays, there is no change and no discussion that it would be different than it has been currently

Section 4 of the old contract had guarantee of hours. That's been deleted here, because we believe that it's now been covered up in Section 2 of the new contract Full time vacancy bidding under new Section 4 is language actually from the prior contract It is not changed except under paragraph b., there is a reference to the date of ratification of the prior Agreement We deleted that and inserted the actual date of ratification, December 4, 1996.

Under new Section 5, part time vacancies, paragraph a , we have agreed that part time AMT vacancies should be filled in accordance with Article 21. In that Article 21 will be the controlling Section for the availability and filling of part time vacancies.

When such vacancies are to be filled, the following shall apply, and then paragraph a 1. says when a part time AMT vacancy exists, such work scheduled may be subcontracted pursuant to Article 21 until such opening is filled. Again, Article 21 is language with regard to how long the part time vacancy could be subcontracted We changed some of the language in the rest of that paragraph to make it clear, a couple things' one, that the preference letter that a full timer would have used under the old Agreement to indicate that he wanted to go to a part time job, that procedure will no longer be applicable

Rather if a full time AMT wants to take a part time position, he needs to indicate that in his standing bid on file If a full timer is awarded a part time vacancy, the language is continued about him being placed on the part time seniority list by his full time seniority date

As a further benefit for full time AMTs, the prior contract had provided that if a full timer bid to a part time vacancy he could never return to a full time status That has been deleted based on discussions with the Union and the request of the Union.

In its place we have agreed that if a full timer moves to a part time position, he will be eligible to bid back to full time after 20 months We thought it was reasonable to put a limitation on jumping back and forth between part time status and full time status and ended up agreeing that 20 months was a reasonable period of time If you're going to change from one status to another, you will have to be committed to remaining as a part timer for at least 20 months

Under paragraph a.2., the language did not change

Under paragraph a.3 , there's some new language saying that part time AMTs will not be utilized in any gateway with more than 15 AMTs If the number of full time AMTs subsequently exceeds that, the Company is not required to eliminate existing part time positions

Those are some new standards and guideline limitations that the Parties have agreed to that basically precludes part time AMTs from being used in a gateway if there are more than 15 full time AMTs.

Under paragraph b., the Company may only employ part time utility workers in gateways of ten or more AMTs and also that no part time utility employee will be utilized in the gateway with more than 50 Again, that's some language saying that if a gateway subsequently rose, we don't have to eliminate the positions

Another way of stating paragraph b. is that utility workers can only be employed in gateways that have either between 11 and 49 AMTs

In Section 6, "Overtime," we moved the language from Section 2 to here about overtime beyond the fifth hour There is a change in terms of how it will be handled in terms of calculating that five hours

We eliminated the concept of early reports and basically said, anytime a part time AMT or utility worker

works more than five hours, he will be paid time and-a-half after five consecutive hours So whether he comes in early or it's his regular shift time and he works late, if on a shift he works more than five hours then he goes into overtime status.

Under Section 6, b., double time should be paid for all hours worked after a continuous 12 hours.

Under paragraph b.2., we agreed, at the Union's request, to extend additional benefits to part timers to say that all hours worked on the last regularly scheduled day off of the same work week will be paid at double time as long as the employee has worked his regular scheduled hours each day of that work week It's new for part timers It's a benefit that the full timers have, and this Agreement will be now extended, and part timers will be treated the same as full timer's.

Under paragraph b.3., again, the benefit the full timer's have, that if you work more than 60 hours in a work week, you get double time, that same rule will now also be applicable to part timers.

Under paragraph c., again some new language saying that once a part timer begins to receive a double time rate he will continue at double time until he's relieved from duty and has received an eight-hour rest period prior to returning to duty

It's our intent that that would be applied to the part timer the same way that it will be applied to a full timer

Paragraph d is reflected as new language, and it's current practice and it is located in other parts of the contract that there should be no pyramiding of the overtime rates for the hours worked.

Paragraph e , part time overtime will be awarded pursuant to Article 13 as applicable Just to make it clear, this Article and this Section simply sets forth the pay process for part timers working overtime. Then in Section 7. rest periods shall be pursuant to Article 13, Section 9 That's new language and a new benefit protection for the part time employees, and in essence it gives the part time employee the same right to a rest period after 16 hours of continuous duty

There was a clarification to make there. Article 13, Section 9 also has some language in it saying that if you are on duty for more than 24 continuous hours you are eligible for a rest period by referencing Article 13, Section 9. There is no intent that a part timer would ever be eligible for field service just because Article 13, Section 9 deals with field service as well

ARTICLE 13
FULL TIME EMPLOYEE OVERTIME

Section 1 - Regular Overtime

Unless Section 2 or 4 below apply, one and one-half (1&1/2) times the straight time hourly rate shall be paid for

a. all hours worked in excess of forty (40) straight time hours within a work week,
b all hours worked in excess of an employee's daily schedule; or
c. all hours worked on the employee's regular scheduled days off as long as the employee has worked at least ninety percent (90%) of his regular scheduled hours of that work week

Section 2 - Double Time

a. Double time shall be paid for
   1 all hours worked after a continuous twelve (12) hours, except employees scheduled on a thirteen (13) hour shift, in which case double time shall be paid after thirteen (13) continuous hours worked;
   2 all hours worked on the last regular scheduled day off of the same work week as long as the employee has worked at least ninety percent (90%) of both his regular scheduled hours in each day of that work week and each regular scheduled day off in the same work week, except if 3. below applies; or
   3 all hours worked in excess of sixty (60) hours in any work week starting from the first hour worked in the pay period
b. Once an employee begins to receive a double time rate he shall continue to be paid at the double time rate until he is relieved from duty and has received an eight (8) hour rest period prior to returning to duty

Section 3 - Reports to Work Outside Regular Schedule

a. An employee may be required to report to work before his regular scheduled shift
b. When employees are called into work on their regular scheduled days off for unscheduled overtime, they shall be guaranteed a minimum of three (3) hours of work and/or pay at the applicable pay rate
c When employees are called into work outside of their regular scheduled shift for unscheduled overtime, not contiguous to their regular scheduled shift, they shall be guaranteed a minimum of three (3) hours of work and/or pay at the applicable overtime rate
d A full time employee called to work shall be allowed sufficient time not to exceed one (1) hour without pay to arrive at the work center Such employee shall draw full pay from the time the employee reports.

Section 4 - Overtime and Observed Holidays

When an employee takes off on a holiday and complies with Article 32, Section 1, c., such holiday shall be considered a day worked for purposes of calculating overtime under Sections 1 and 2 above provided the employee was compensated for such holiday

Section 5 - Overtime Procedures

a. In awarding any full shift overtime, first preference will be given to employee(s) with at least eight (8) hours rest between the employee's scheduled punch out to the scheduled start time of his next report The Company will not deny an employee an overtime shift with less-than-eight (8) hours rest if he would have otherwise been entitled to be awarded the shift and no other eligible bidder for that shift had more than eight (8) hours off provided the number of shifts awarded for that day, with more than eight (8) hours rest, is not reduced The procedure set forth in the prior sentence will be implemented in SDF once the electronic award system is implemented
b Full time employee overtime will be awarded on a rotational basis to provide all employees equal oppor-

tunity to work available overtime. The Company and Union will act jointly to administer this procedure and will cooperate to the fullest extent possible for its effective operation, however, any time spent by any employee covered by this Agreement contacting employees for overtime or maintaining overtime records, will be compensated.

c The eligible and qualified employee with the least amount of awarded overtime hours in the applicable work center who can complete all hours of the overtime need will be awarded or given the opportunity to work the available overtime The eligible and qualified employee with the next least amount of overtime roster hours in the applicable work center who can complete all hours of the overtime need will be awarded or given the next opportunity to work available overtime. This process will continue until available overtime needs within a work center are satisfied

d The Company and the Union shall establish an Overtime Committee which shall meet upon the written request of either Party to review overtime assignment procedures. The Parties agree to reestablish how overtime is awarded if there is a determination by the Committee that the provision in paragraph a above has been abused Agreement will not be unreasonably withheld.

e Ineligibility rules are as follows.

1. Vacation – Ineligible beginning at the end of the employee's last regular scheduled workday through the employee's first regular scheduled workday at the regular scheduled start time
2. Option day(s), birthday holiday, eight (8) year vacation day, optional holiday– Ineligible for overtime on that day during his regular scheduled hours However, when two (2) or more such days are either taken off contiguously or in conjunction with a vacation/option week, the employee will be ineligible in accordance with paragraph 1. above.
3. Leaves pursuant to Article 17 – Ineligible for overtime on such days. Employee is ineligible beginning at the end of the employee's last regular scheduled workday through the employee's first regular scheduled workday at the regular scheduled start time
4. For purposes of voluntary overtime. an employee working a crew trade pursuant to Article 11, Section 4, b . shall be considered the last person eligible for overtime on the assigned crew Employees involved in a crew trade will not be eligible for overtime during the day(s) off resulting from the trade.
5. TDY – Ineligible for any overtime at home work center on a day with TDY work schedule (actual work or travel).
6. Training – Ineligible the day prior to scheduled training through 24:00 of the last day of the training assignment.
   Training involving travel – If Company paid travel is involved, the employee will become eligible for overtime 8 hours after he returns to his home gateway
   Example· Employee domiciled and in training at SDF has his training end at 4·00 p m Friday, employee will be eligible for overtime at 00 00 a m Saturday morning
   Example Employee domiciled at PDX and in training at SDF. returns to PDX after his SDF training ends at 4 00 p m Friday Employee then travels 8 hours to PDX, arrives 9:00 p.m. PDX time. Employee becomes eligible at 5 00 a.m Saturday morning
7. Field Service – Ineligible for overtime at his home work center for time he is involved in a field service assignment.
8. An employee shall be ineligible to be awarded an overtime shift if he has been or, as a result of the awarded overtime shift, would be compensated at an overtime rate for more than twenty-six (26) consecutive hours. "Consecutive hours" for the purposes of this paragraph shall be calculated without counting gaps of less than three (3) hours

f. Employees will be responsible for determining their individual eligibility to work overtime

g Each year in conjunction with the start date of the annual shift bid. all employee overtime hours will be set at zero. The overtime lists will be reset to seniority order. The first overtime of the year will be awarded in seniority order

h If an employee is bypassed, the employee will be offered the opportunity to work the same number of overtime hours at the applicable rate of the bypassed day some time during the next fourteen (14) cal-

endar days The Company shall be obligated to offer the total number of overtime hours worked on the overtime shift by the employee improperly awarded the shift It is understood that this opportunity shall not be related to the overtime needs of the Company. The date and time of the make-up overtime is to be mutually agreed upon by the employee and the Company Once an employee has accepted overtime assignment(s) based on a bypass, the employee's awarded hours will be adjusted the same way it would have been had the bypass not occurred and the Company will not be liable for a bypass claim based on the employee making up such overtime If the Union Steward or employee brings the impending bypass to management's attention prior to the overtime occurrence and the employee is still bypassed, all bypassed hours will be paid

i The Company and the Union will meet periodically to review the effectiveness of these procedures

j. Junior AMTs will be eligible for overtime in the same manner as other employees.

k. The Company shall establish electronic overtime sign-up, awarding and tracking within IMPACTS or a similar electronic program. The Company will review with the Union the programming for conformity with the agreement before it is implemented Awards will continue to be communicated in accordance with current practice.

Section 6 - Scheduled Overtime Procedures

a Overtime will be awarded using a Volunteer Sign-Up system.

b. Overtime volunteer sign-up and overtime awards will be via the electronic system referenced in Section 5 k. above The opportunity to sign-up will be provided and made available for a minimum of four (4) days Overtime for Sundays in SDF will be awarded on Fridays following Saturday awards. Forced overtime for Sunday, if necessary shall be in reverse order of seniority among the eligible employees on duty on Friday and Saturday Cancellations of overtime on Sundays shall be kept to a minimum and shall be communicated as early as possible on Saturday. The Union shall have the right to request the review of cancellation of Sunday overtime if it believes cancellations are excessive. If no agreement is reached the Sunday overtime shall revert to being awarded on Saturdays until an arbitrator can decide the dispute.

c. The employee will be responsible for signing up for overtime for which he wishes to be considered.

d. If overtime becomes available, volunteers will be selected from the applicable sign up sheet for the applicable work center The employee with the least amount of recorded overtime hours will be awarded the overtime, in accordance with Section 5. provided the employee can complete the hours needed

e. Employees may volunteer for overtime in multiple work centers within their gateway. If there are insufficient volunteers in an individual work center to satisfy overtime needs of that center, eligible qualified employees who have volunteered for overtime in other applicable work centers will be awarded the overtime until the need is satisfied

f. In the event there is not enough eligible qualified employees from other applicable work centers to fill overtime needs, the least senior qualified employee on duty, if possible, in the applicable work center where the need exists will be forced to fill the balance of the need until the need for that center is filled Eligible qualified employees may volunteer to work for the forced employee, provided notice is given to the responsible supervisor for that shift where the overtime will be worked at least one (1) hour prior to the beginning of the shift If the forced employee has no time off between his shift and the forced overtime shift, notice may be provided up to the beginning of the shift. If an employee is forced to work the overtime he will not be charged for the hours he worked

g. Employees will be responsible for amending their choices on the sign-up list should the need arise. Volunteer Sign-up lists may be amended until they are closed The closing time will be established by applicable work center as determined by local conditions and agreed to by the Company and the Union at the location

h. Employees who sign up and cannot work awarded overtime will be charged as if they did work the awarded overtime. When an employee has an unexcused late or absence for his overtime shift, he will not be eligible for any volunteer overtime assignment for twenty-one (21) days. Any three (3) lates and/or absences for an overtime shift will make the employee ineligible for volunteer overtime for a

period of three (3) months. Those employees accepting overtime will be charged with the amount of hours the employee accepted These awarded overtime hours will be immediately added to their total overtime hours for the year.

i Employees will be responsible for determining if they have been awarded scheduled overtime on the days for which they have volunteered. Overtime award procedures will be determined and agreed to at the gateway level (e g , posting, voice mail)

j. A newly hired employee or an employee transferring to a new work center will be placed on the rotational overtime list by being charged with the average number of awarded overtime hours in his work center for the previous portion of that year This will establish his position on the rotational overtime roster for his first day of overtime eligibility

k Ineligible employees who sign up and work overtime will be charged double the amount of overtime hours they worked while ineligible.

l No grievance will be paid as a result of an ineligible employee working overtime However, when a member of management is notified of this violation of eligibility, he will immediately instruct the employee to punch out and he will be relieved of duty. if operationally possible

m. Overtime obtained while on a training assignment, TDY, or FS will not be chargeable at the employee's bid gateway.

n. Scheduled overtime will not be less than eight (8) hours unless coverage is for a part time employee, a utility employee, or an employee in the Wheel and Brake Shop In the case of the latter two categories, the Company must also offer overtime as a full shift on a preferential basis. In the Wheel and Brake Shop if less than a majority of the full shift overtime is awarded the Company shall have the right to cancel the full shift overtime. In that event, employees shall have the right to work the less than eight(8) hour shifts they have bid.

Section 7 - Unscheduled Overtime Procedures

a. Unscheduled overtime is defined as any overtime need that was not known prior to the close of a volunteer list. If operational needs dictate overtime after a list has been closed, it will be considered unscheduled overtime.

b Partial shift overtime is unscheduled overtime and is anything less than eight (8) hours. The Company has the option to call employees in early or ask employees to stay late for overtime based on the current overtime roster hours. Early call-in is for a minimum of one (1) hour pay, however only actual hours worked will be considered for purposes of overtime calculations

c. An employee will not be charged for the number of hours requested if he declines to work the unscheduled overtime

d Unscheduled full shift overtime will be awarded by first returning to the Volunteer Sign-up list to call volunteers not previously offered overtime, then by polling employees in a work center using the most current roster of recorded overtime hours In neither case will the employee be charged for refusal.

e In the event there is not enough eligible qualified employees from the applicable work center to fill overtime needs using paragraph d above, the least senior employee in that work center will be forced to fill the balance of the needed overtime until the overtime needed for that work center is filled If an employee is forced to work the overtime he will not be charged for the hours he worked Eligible qualified employees may volunteer to work for the forced employee, provided notice is given to the responsible supervisor for that shift where the overtime will be worked at least one (1) hour prior to the beginning of the shift If the forced employee has no time off between his shift and the forced overtime shift, notice may be provided up to the beginning of the shift.

f A Union Steward, or another represented member when no Union Steward is on duty, will verify roster position for those being forced to work overtime

g Anything other than a direct contact with the employee will be considered a no contact

h. Unscheduled overtime for absences will not be less than eight(8) hours, unless coverage is for a part time employee.

Section 8 - Job Continuation

a. The purpose of job continuation is to complete a task that has previously been assigned and to insure continuity in the assignment for the purposes of:
   1. Extensive instruction to the employee taking over the job on the following shift
   2. Employee(s) would complete the assigned task in no more than two (2) hours (dispatch of flights scheduled after an employee's regular scheduled shift are excluded from this provision)

b. In job continuation cases, the Company may request overtime for a maximum of two (2) hours If overtime is needed beyond two (2) hours, that employee(s) will be charged for the total hours worked over the normal schedule shift

c Job continuation of two (2) hours or less will not be charged to any individuals.

d. The Company has the right to require an employee to complete a job once assigned to him, provided such task is not expected to last more than two (2) hours and does not infringe on the employee's right to ask for and be granted immediate relief from duty after sixteen (16) consecutive hours However, once such an individual sign-off task or job is complete, the employee's job continuation overtime is completed Any assignment of work or tasks expected to be in excess of two (2) hours shall be offered in accordance with Section 6 or 7, as appropriate.

e. There is a one (1) hour minimum pay for job continuation if an employee is directed to remain at work to complete the task, however only actual hours worked will be considered for purposes of overtime calculations.

Section 9 - Rest Periods

a Anytime an employee completes a duty period of sixteen (16) consecutive hours (while at FS location, sixteen (16) consecutive hours at the location or a maximum continuous duty period of twenty-four (24) hours regardless of location) he may request and will be granted a rest period of up to eight (8) hours. "Consecutive hours" for the purposes of this paragraph shall be calculated without counting gaps of less than three (3) hours.

b. When the entitled rest period is taken by the employee and it will encroach upon his regular scheduled shift, the employee will have the following elections
   1. inform his supervisor that he will report to work as scheduled at the applicable rate, or
   2 inform his supervisor that he will report to work after completing the full rest period In such case, the employee will receive his missed hours of his daily guarantee at straight time and return to his regular shift at straight time
   3. request, and if approved by his immediate supervisor, be relieved from any work schedule on the day of return with pay guarantee and report the following day at his normal start time

c. Regardless of the election, the employee will be made whole for pension and benefits. He will not receive an occurrence regarding his attendance, and all guarantee hours will be considered worked when calculating overtime.

d When an employee returns to duty status with less than eight (8) hours rest, he will return at the rate of pay he was at when he last clocked out. Previous duty hours will be used to calculate his applicable pay rate for all hours worked thereafter.

Section 10 - Miscellaneous

a. All paid absences requested in writing and approved at least seven (7) days in advance will be considered a day worked when calculating the overtime rate Named holidays and funeral leave do not require a written request.

b There shall be no pyramiding of the overtime rates for any hour worked.

c. When the overtime needs of the Company cannot be met by Sections 6 and 7 above, overtime will be offered to qualified part time employees in that work center in seniority order. If the overtime needs are still not met, the overtime will be assigned to the junior seniority qualified available full time employee in that classification in the work center where overtime is needed

d It is understood that all employees are entitled to work their regular scheduled shifts and no adjustments to regular scheduled shifts will be permitted by the Company which would convert any overtime pay to straight time pay

e In gateways with thirty (30) or fewer AMTs, an employee shall not be forced to work overtime for planned, scheduled work falling outside the employee's regular scheduled hours, more than once per calendar month.

f. If an AMT working a split shift is required to work in excess of four (4) hours overtime at least sixty percent (60%) of the days worked in a thirty (30) consecutive day period; or an AMT at a gateway staffed with less than four (4) AMTs is required to work in excess of six (6) hours overtime at least forty percent (40%) of the days worked in a thirty (30) consecutive day period, such employees have the right to request in writing and be granted a meeting with the Company and the Union to resolve the issue. Such meeting will be held within ten (10) working days of receipt by management of the written request Failure to resolve the issue as a result of such meeting will subject the issue to the grievance procedure beginning at the Step 3 level

g It is understood that any employee covered by Section 10. f above who believes to be unfairly managed as a result of assigned overtime which is less than the hour limits outlined shall have the right to furnish relevant documentation and initiate a grievance under Section 10. f. provided such employee has discussed the issue first with his immediate supervisor.

h. When an employee works on a holiday/overtime and he does not take his meal period in the middle third of his shift in accordance with Article 11, Section 5, he will be compensated for one-half (1/2) hour at his applicable rate for that day.

i When an employee receives a no meal period in accordance with Article 11, Section 5, on a holiday or overtime, he shall receive one-half (1/2) hour pay at his applicable rate for that day.

j. A TDY employee will be awarded the highest number of hours +1 upon arrival in the TDY gateway and will then be considered part of the rotation within the TDY gateway during the scheduled TDY assignment.

k The Company will not use Article 16 as a subterfuge to avoid the use of overtime at the gateway

l At no time shall an employee's scheduled bid shift start time be adjusted to eliminate the payment of any premium or overtime pay rate

m. At gateways where Inspectors are staffed but are not scheduled on a 24 x 7 basis, they shall be secondarily eligible to work as AMTs in any work center, based solely on their overtime roster hours

ARTICLE 13

* * * * * * * * * * * *

MR. WILDER. This is a Joint Interpretation of Article 13 negotiated between UPS Co and Teamsters Local 2727 affiliated with the International Brotherhood of Teamsters. The document being interpreted is a TOK that was entered in by the parties — on February 4, 2009 The first change to Article 13 appears in Section 5 a relating to overtime procedures This is a relatively technical matter that occupied a good bit of time and attention at the bargaining table It's not easily understood without some background, and so if you would bear with me I'll try to supply whatever background might be required to understand what the parties have done. Article 13 establishes a series of preferences under which overtime opportunities are allocated to mechanics and related employees in various work centers The first preference is that the bidding or the volunteering technician must have at least eight hours of rest between punch out and his next report for work The purpose of this requirement is to satisfy the Company's interest in limiting the amount of premium time or double pay paid for overtime. The second preference goes to the employee with the fewest number of awarded overtime hours. That employee will have an opportunity to work scheduled overtime before an employee who has a higher number of awarded overtime — hours for the period in question And that essentially is how overtime is allocated Due to the competition between employees, they typically sign up for multiple overtime opportunities on the days they want to work. And this gives rise to the problem that was dealt with by the parties at the bargaining table. In administering Section 13 of the agreement, the overtime administrator first considers employees with the fewest hours Those employees will be given the overtime opportunity which will result in his or her having at least eight hours rest after punch out before his or her next report Now, that match or allocation may not be the technician's first choice, but it is the best choice that the technician has consistent with the rule that he must have eight hours of rest.

Now, the same process is followed with the employee with the next fewest hours and so on until all volunteers are matched with overtime preferences that will not result in them being paid double time Obviously, if no volunteers can satisfy the eight-hour rest rule, the overtime opportunity should be awarded to the bidder with the fewest awarded overtime hours That is not what happens because bidders with the fewest overtime hours are already matched with overtime opportunities that will not result in their being paid premium pay. The method often resulting in employees with more awarded overtime hours winning an overtime opportunity desired by an employee with fewer overtime hours, even though neither employee satisfied the eight-hour rest rule So ultimately, under the existing system, coveted overtime awards paying at the premium rate are going to bidders with the highest number of awarded overtime hours simply because - more deserving bidders have already been matched with overtime assignments meeting the eight-hour rule. The remedy agreed to by the parties in Section 1.a is that employees with less than eight hours of rest will not be denied overtime shifts so long as there are no employees desiring that shift who do satisfy the eight-hour rest rule.

That satisfied the union interest in fairness. The company's interest was met by the proviso in that sentence that reads as follows. "Provided the number of shifts awarded for that day with more than eight hours rest is not reduced." Now, it's obvious that this new system will require more sequences of matching volunteers with overtime opportunities than is presently feasible according to the Company under the manual system currently in place That is why the parties agreed to defer implementation of the new system until after an electronic award system is implemented that will then enable the administrator to perform the various matching sequences so that employees are properly matched given the preferences, first the eight hour rule, and then secondly, the fewest number of overtime hours. I'm going to pause at this point.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR. WILDER: I would like to put something on the record During the break, it was pointed out that under the new system, there will be no fewer shifts being awarded to employees with more than eight hours rest than under the current manual system. The new system will simply result in a more accurate allocation of overtime opportunities according to the preferences in the agreement.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR WILDER· Back on the record For these reasons, the identities of the successful applicants may change The next change in Article 13 appears in Section 5.e 8 The parties there adopted a new eligibility rule that provides in pertinent part, "An employee shall be ineligible to be awarded an overtime shift if he has been, or as a result of the awarded overtime shift, would be compensated at an overtime rate for more than 26 consecutive hours "

The parties also adopted a new definition of "consecutive hours," defining it as being calculated without counting gaps of less than three hours. Now, the language the parties have adopted is quite clear The one point that has to be mentioned is that the hours spoken of, whether consecutive or not, do not include straight time hours. The 26 hours that are referred to refer only to overtime hours. So, for example, if an employee were to work his regular 13-hour shift, then work a 13-hour overtime shift, and then return to his next regular shift, which would be worked at the premium overtime rate, that would still satisfy the eligibility rule that the parties have agreed to. The next change made by the parties appears in Section 5 h

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR WILDER: That section deals with an employee who is bypassed for an overtime opportunity for which he should not have been bypassed. In that circumstance, the Company, under the new language, will be obligated to offer the bypassed employee another overtime assignment consisting of the total number of overtime hours worked on the overtime shift by the employee improperly awarded the shift. The purpose of the new language is to make certain that the bypassed employee is given exactly the same opportunity to work overtime as the employee who was improperly awarded the opportunity So, for example, if the improperly awarded employee had been asked to stay for an additional four hours of overtime after the eight-hour overtime shift that he was awarded, then the bypassed employee would be offered the same opportunity, that is 12 hours of overtime instead of simply eight

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR WILDER· The next change made by the parties appears in Section 5.k. There the parties agreed that the Company will establish an electronic overtime sign up system awarding and tracking overtime with IMPACTS or similar electronic program This is only for the Louisville gateway. The Company has agreed to review the programming with the Union for conformity with the agreement before implementation of the new system The parties further agreed that awards will continue to be communicated in accordance with current practice The latter agreement was to ensure that employees who do not have access to their computers or otherwise would be unable to be aware of his or her overtime award by electronic means, will continue to receive a communication indicating the award. Currently, Louisville awards are communicated by a voice recording to which employees may phone in, and by posting And the parties contemplate that method of communication will continue after the new system is implemented

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER. The current method of communicating awards may differ in other gateways today The parties elaborated on their agreement in Section 6 b, in which they adopted new language to make clear that overtime volunteers' sign up and overtime awards would be via the electronic system referenced in Section 5.k. As today, the opportunity to sign up will be provided and made available for a minimum of four days Also, in Section 6 b, the parties went further and introduced new language to make clear that overtime on Sunday in Louisville will be awarded on Friday following Saturday awards. Forced overtime for Sunday, if necessary, shall be in reverse order of seniority among the eligible employees on duty on Friday and Saturday The issue that the parties were dealing with had to do with the interest of the Company in assuring that adequate staffing, including forced overtime, if necessary, would be available for Sunday. Currently, supervisory personnel attempt to complete their Sunday staffing, which may include forced assignments for Sunday, on Friday among the employees on duty that day before they leave at 6:00 p.m , or at least at the end of the regular daytime shift. What happens very often is that the Company will not need the employees who were forced on Friday to complete the Sunday staffing, and that results in cancellation of overtime, which is disruptive to the employees who are forced. Hopefully, with the new system, that will be unnecessary. The idea

is that under the new language, forced overtime for Sunday will be distributed among employees at work on Friday and Saturday thereby expanding the pool from which the forces can be drawn Cancellations of overtime on Sunday shall be kept to a minimum and shall be communicated as early as possible on Saturday The Union shall have the right, under the new agreement to request the review of cancellation of Sunday overtime if it believes the cancellations are excessive When and if the dispute is not resolved in the parties' discussion, it shall be submitted to arbitration. During the period the case is submitted to the arbitrator. Sunday overtime shall revert to being awarded on Saturday.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER. During the break, there was discussion among the parties, and they are in agreement, that the language "forced overtime for Sunday, if necessary, shall be in reverse order of seniority among the eligible employees on duty on Friday and Saturday" probably could be better stated by expanding the conjunction to be "and/or " The reason for this is that to be forced, an employee has to be at work Friday or Saturday, he does not have to be at work both Friday and Saturday, although he may

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR. WILDER. The parties revisited the forcing issue in Section 6.f in which they agreed that eligible qualified employees may volunteer to work with a forced employee provided that suitable notice is given to the responsible supervisor for the shift where the overtime will be worked. Now, the parties agree that the notice will be suitable if it occurs at least one hour prior to the beginning of the shift. In some cases, of course, the forced employee has no time off between the end of his regular shift and the forced overtime shift In that circumstance, the parties agree that the notice will be suitable and timely provided it's given up to the beginning of the overtime shift.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR. WILDER: Section 6 n, the parties addressed the question of scheduled overtime for Utility employees and employees in the wheel and brake shop. As to those two groups, the Company believed that the employees, in many instances, would prefer working a partial instead of a complete overtime shift if that opportunity were made available to them The company also indicated that in some instances, the needs of the operation would be better served by a partial overtime shift. What the parties decided was to handle the issue by offering the overtime opportunity in the Wheel and Brake Shop and Utilities, both as a full shift and as a partial shift. The full shift would be offered on a preferential basis, that is, employees could sign up for the full shift if they wished If less than half the full shift overtime is awarded, the Company has the option of canceling the full shift awards. In that event, the employees who chose to work the partial shift can work those awards The idea is to give employees the choice of completing the work on a full or partial shift basis and also meet the needs of the operation. Off the record

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER. The parties made one change in paragraph e of Section 7 relating to unscheduled overtime procedures There, they made clear that where an employee is forced to work unscheduled overtime, another eligible qualified employee may volunteer to work for the forced employee provided that suitable notice is given The suitable notice would be the same as it is under the scheduled overtime procedures discussed previously

In Section 9 dealing with rest periods, the parties made a change to paragraph a, as follows, and I quote, "Consecutive hours for the purposes of this paragraph shall be calculated without counting gaps of less than three hours " That is the same definition as was adopted for the term "consecutive hours" in Section 5 e 8, which was discussed earlier in this joint interpretation The final change in Article 13 appears in Section 10, Miscellaneous In paragraph f, the parties addressed the issue of what would occur when an AMT working a split shift is required to work in excess of a certain number of overtime hours, or if an AMT at a gateway staffed with fewer than four AMTs is required to work excessive overtime. The parties agreed that where the triggers establish what overtime is excessive, there would be a meeting between the Company and the Union

to resolve the issue Failing agreement or resolution of the issue, the parties would submit the issue to the grievance procedure beginning at the third step level

The triggers that the parties agreed to are as follows. For employees working a split shift, the overtime work would be deemed excessive if it was in excess of four hours overtime at least sixty percent of the day's work in a 30-consecutive day period. That trigger did not change from the current agreement For an AMT at a gateway staffed with less than four AMTs, the overtime would be deemed excessive for purposes of this paragraph if the AMT is required to work in excess of six hours overtime at least 40 percent of the days worked in a 30-consecutive day period The 40 percent is a reduction from 60 in the current agreement.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR. WILDER During an off-the-record discussion. the parties agreed it is the parties' intent that the three hour gap referred to in Section 9.a and in Section 5 g 8 would be uncompensated

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER That concludes the Joint Interpretation of Article 13

ARTICLE 13

TONY COLEMAN. This is the joint interpretation on Article 13, Full Time Employee Overtime In looking at this Article one will see a lot of language has been rearranged from where it existed previously in the prior contract Movements were made to try to put items in more logical order There was no real intent to change the meaning of any language because we moved it from one section of the contract to another section.

In Section 1, regular overtime deals with time and-a-half and when the time and-a-half overtime rate would be applicable.

Under paragraph a. we've continued the same rule that all hours worked are in excess of 40 hours in a work week.

Under Section 1, b , we've deleted language about beginning the regular shift or advanced start time, to again have a rule that it doesn't matter whether it's the hours in excess of an employee's daily schedule as a result of an early call-in or staying late after his regular schedule has been completed

If you look at a work schedule or workday and if the employee has worked more hours than what his daily schedule is regardless of whether it's as a result of an early call-in or staying late, in those situations those additional hours would be at the time and-a-half rate.

With regard to Section 1, c., it continues to provide that all hours worked on the employee's regularly scheduled days off as long as the employee is working at least 90 percent of his regularly scheduled hours of that work week is still going to be applied as it has been in the past

The phrase "unless Section 2 or 4 below applies" has been deleted. It is not our intent, however, by deleting it that it would avow any kind of pyramiding. Just because it may still be at a double time rate as a result of Section 2 or it may be an overtime rate provided by Section 4, that doesn't mean that the time and-a-half has to be pyramided, because it's also covered by Section 2 on double time.

Section 2 deals with double time We've again deleted in paragraph a 1 . hours worked on a holiday That's been moved and dealt with in Article 32 on holidays in terms of how overtime is paid for holidays.

The new paragraph a.1. is a pickup of the prior contract language. Again, the concept of early report or working in excess of a shift has been deleted, and we've tried to simplify it by simply saying that if an employee has worked more than a continuous 12 hours, he will go into a double time rate except if you're an employee with a 3/13 schedule in which case after a continuous 13 hours of work you would go into a double time rate

Paragraph a 2 is the same language as in the prior contract and there's no intent to change how it's applied. Under paragraph a 3. we've added some language in terms of 60 hours in any work week starting from the first hour worked in a pay period That captures what the current practice is and no intent to change the current practice That goes all the way back to a settlement of the grievance that occurred several years ago Under Section 2. b , it provides that once an employee begins to receive a double time rate he will continue to be paid at that rate until he is relieved from duty and has received an eight-hour rest period prior to returning to duty

The eight-hour rest period you're going to see as we go through this Article is kind of interwoven throughout in terms of being a standard in terms of the determination of overtime rates.

The eight-hour rest period here doesn't indicate whether it's a paid or unpaid rest period. Typically, it will be an unpaid rest period, however, there is language back in Section 9 of this Article. Section 9, b specifically. where the employee has certain options after he has worked 16 hours in terms of returning to work.

Under certain circumstances, that eight-hour rest period under Article 13 Section 9, b some portion of it could actually be paid and still would allow the person to return back to work at straight time.

Under Section 3, reports of work outside of regular schedule, we've deleted some language because we've moved it back up into the time-and-a-half and double time provisions rather than setting it forth there. We've again tried to simplify The new language in paragraph b. provides that when an employee is called in to work on his days off for unscheduled overtime that he's guaranteed a minimum of three hours work or pay

If an employee is called to work outside of the regularly scheduled shift for unscheduled overtime and it's not contiguous to the regular scheduled shift, he shall be guaranteed a minimum of three hours of work or pay, and that's new as well

The "not contiguous to their regularly scheduled shift" is to make it clear that the employee has left the property and is being called back in, and that's when the "three hours work and/or pay guarantee" comes into play. It is not intended to ever come into play when an employee is held over at the end of his shift for overtime purposes

In paragraph d we simply deleted "or registers in as ordered." The intent of the paragraph is that the employee, after he has been called, has up to one hour to arrive at the work center.

Under Section 4, overtime and observed holidays, when an employee takes off on a holiday pursuant to Article 32, Section 5, such holiday shall be considered a day worked for purposes of calculating overtime under Sections 1 and 2 above provided the employee was compensated for such holiday.

The intent basically is if the employee doesn't work a holiday that would normally be a regularly scheduled day and he's compensated for that day, then those hours count for purposes of calculating overtime for later in the week

Sections 5, 6 and 7 deal with overtime procedures. Essentially we tried to split it up in terms of dealing with scheduled overtime and unscheduled overtime and then some rules that are applicable to both, and then some that are only applicable to one versus the other.

In Section 5, there were changes in Section 5. a and b. that are interrelated. Under Section 5. b , the Company's current practice is that overtime is awarded by work center and/or shift.

The result of that has been a practice that in Louisville, if you're on the day shift you have no ability and no right to volunteer for overtime on the night shift. We've eliminated that restriction on employees at the Union's request to give the employees greater overtime opportunities.

In return, as a part of that in Section 5, a., we've added new language saying that in awarding any full shift overtime, first preference will be given to employees with at least eight hours rest between the employee's scheduled punch-out to the scheduled start time of his next report.

The discussion we had in terms of how that would be applied is that the first preference in awarding overtime would be for an employee who would have at least eight hours between the end of his scheduled/overtime shift and his next scheduled/overtime report time

THE MEDIATOR: off the record

(Discussion off the record)

TONY COLEMAN The Parties wanted to get a clear example on the record of how Section 5, a was intended to be applied We talked off the record and tried to come up with an example that if an employee has a schedule that ends at midnight -- that's his punch-out time -- that in order to be given preference in terms of awarding full shift overtime, that full shift overtime could not start before 8:00 a.m , so that there's at least, on a scheduled basis, eight hours from when he's punching out to when the overtime is starting, and there is at least eight hours of scheduled time off between when the overtime shift ended and when he would come back to his next regularly scheduled shift.

So that's the intent The preference is that the overtime would go to those people who can meet those criteria first, and then if there's more than one individual who has volunteered for the overtime, and who could meet these preferences, then the overtime would be awarded to those individuals based on the amount of overtime roster hours and the equalization of overtime that we have generally We also discussed and are in agreement that the preferences based on a scheduled eight hours that there are probably going to be circumstances where the person is awarded the overtime because he does have the scheduled eight hours off, but then something happens and he's held over on his regularly scheduled shift, or it could happen on his regular shift or on the overtime schedule where he is held over and now the eight hours isn't there

That doesn't give the Company the right to go back in and take the overtime shift away from somebody. It would then, at that point, be applied as it is set forth in the contract in terms of the overtime rate continuing, because they haven't had an eight-hour period of time off

THE MEDIATOR Can we go off the record for one second?

(Discussion off the record)

TONY COLEMAN: One further clarification of the Parties' intent. The eight-hour preference -- eight hours off -- doesn't just apply to eight hours in terms of employee's regularly scheduled shift. It also applies if an employee has four days off coming up and he's been awarded one overtime shift, then in terms of the

preference for future or subsequent awards of overtime, you also look at that overtime shift to make sure that he's got at least eight hours off, and when that shift would end, then the next overtime -- full shift overtime would be awarded So the preference in terms of eight hours rest between scheduled punch-out to scheduled start time could also apply in the context of awarding more than one full shift overtime scenario

Going to Section 5, c., the prior contract language with some additions to it We say the eligible and qualified Those are new terms that we've added here. We're in agreement with the "qualified" term as defined in Article 26, that the eligible and qualified employee with the least amount of awarded overtime hours in the applicable work center. We deleted shift, again to make it clear that overtime can be awarded to an employee on a shift different than the one that he's regularly scheduled on. -- The eligible and qualified employee with the least amount of roster hours in the applicable work center who can complete all the hours of the overtime need will be awarded or given the opportunity. So the general rule is still that the eligible and qualified employee with the least amount of overtime hours who can work all of the hours is the one who gets the overtime

Section 5, c has to be read in conjunction with Section 5, a where the preference would be given to the person who can do that with eight hours rest before and after the overtime shift.

Then the last sentence is, this process will continue until available overtime needs within the work center is satisfied

Now, there is a new paragraph d that provides for the establishment of an overtime committee that will meet upon request of either Party to review overtime assignment procedures.

There were a couple of concerns on the Company's part in terms of implementing this eight hour rule for continuation of the overtime rates, the overtime rate only being cut off if the employee has an eight-hour rest period.

Then also there's a concern on the Company's part in terms of eliminating the shift limitation for awarding of the overtime. Obviously from the Company's perspective we want to make overtime equally available to employees, however, the Company was not interested in terms of substantially increasing its overtime costs

There are situations and scenarios where there could be abuse of the new overtime rules that have been established. The Union has obviously given assurances that is not going to happen, that employees are not going to selectively volunteer for the overtime in order to create a scenario where employees are never available with eight hours rest between regular shifts and the overtime shifts

To deal with the situation, we did not want to try to write into the contract real restrictive rules saying, well, it's going to disappear if this happens or it's going to change if this happens, but rather the mutual intent is that the employees are not going to abuse the overtime rules.

Another scenario that we talked about is somebody intentionally without supervisor's approval trying to stay over on their regular shift for one hour or stay over two minutes so the eight-hour rest period doesn't occur.

The way that we agreed to address the issue is for the committee to review any problems that do arise and to agree on appropriate action if necessary in the event that there is some abuse of the overtime rules

MIKE RADTKE: off the record for just a minute.

(Discussion off the record)

TONY COLEMAN: Just a further clarification of paragraph d and some of the issues that we talked about that could be handled and would be handled by the overtime committee

The Union brought up and the Company is in agreement that the Company isn't going to routinely cancel overtime just because it will be at a double time rate.

The Company does retain the right to decide when it needs overtime and to cancel those needs if there is a change in the operations that would no longer require the overtime to be worked

But the Parties are in agreement that if the Union feels that the Company is canceling overtime just to avoid paying double time rates, that is an issue that can be brought up and will be dealt with by the overtime committee just the same as employees staying on the clock for two minutes after their regularly scheduled time in order to try to get into an overtime rate

Paragraph e. deals with ineligibility rules. There's some of the rules within this Section that are carry-overs

from the old contract and some new ones Vacation the Parties are in agreement that an employee is ineligible for overtime for vacation, and we defined that the vacation period as beginning at the punch-out time of his last regularly scheduled work day through the punch-in time of his next regularly scheduled start time

Under paragraph e 2 , employees that are on option days, birthdays, holidays, eight-year vacation days or the other optional holidays, those individuals are ineligible for overtime. If it's a one-day deal then he would be ineligible for the scheduled hours for that individual day If it's two or more days that are tied together in terms of a time off, the vacation rule basically would apply that it's punch-out time to punch-in time on his next regularly scheduled shift.

Paragraph e.3 is leaves pursuant to Article 17 Again the intent is to not be eligible for overtime, and the same rule would apply that the period starts at his punch-out time, and he's ineligible until his punch-in time of his next regularly scheduled shift.

Paragraph e 4 , for purposes of voluntary overtime, an employee working a crew, we simply again deleted shift and added crew pursuant to Article 11, Section 4. b , shall be considered the last person eligible for overtime on the assigned crew We changed some language there and made a reference, but the intent is that would apply the same way as it has been.

TDY -- there was no real change in the language -- no real change in the language in terms of ineligibility for overtime

MR CHATBURN: off the record.

(Discussion off the record)

TONY COLEMAN In an off-the-record discussion we want to make sure and go back and clarify that it's clear under the vacation rule and the same rule would be applicable to leaves pursuant to Article 17 and the multiple option days or whatever under paragraph e.2., that the punch-out time that we're referring to is the actual punch-out time for that employee

An employee who is going on vacation is eligible for overtime until he actually punches out It is not necessarily his regularly scheduled punch-out time.

It may include job continuation or unscheduled overtime that comes up at the end of his shift. The ineligibility for overtime kicks in at the point in time that he actually punches out to go into his vacation.

Sections 5, f. and g. are carry-overs from the prior contract No real change. The list that is referenced in paragraph g has the word "master" deleted because we didn't really think it was applicable because there are lists by work center. It's not a master list for the whole system.

The TDY language that was in the prior contract -- paragraph g. of the prior contract has been moved to Section 10.

Paragraph h., some clarification in terms of if an employee is bypassed for an overtime opportunity. The current language says that employee would be offered the opportunity to work the same or greater number of hours and we deleted the "or greater." because it's our intent and the Parties are in agreement that the overtime that is offered to him should always be the same number as to what he was bypassed and not some greater number

We also added a sentence It is understood that this opportunity for missed overtime shall not be related to the overtime needs of the Company. What we meant by that is that the make-up of the overtime cannot take overtime away from somebody else, that this overtime is the make-up opportunity(ies) in addition to any regular scheduled overtime that might be needed at that gateway

Under paragraph i , that has remained the same as in the prior contract

Paragraph j , some new language, junior AMTs will be eligible for overtime in the same manner as other employees They do not have to go to the bottom of the list every year. They are only at the bottom the first time that they go onto the list

Scheduled overtime procedures -- Section 6 deals with scheduled overtime. Section 7 deals with unscheduled overtime. The distinction between the two really is just a matter of timing in terms of when the Company becomes aware that the overtime is needed I think it will become clear as we work through here In paragraph b we kept the sign-up sheet concept, and we added some language that it would be provided and made available. That is the same concept and practice that was currently in place. Under paragraph c.. the language is the same as the prior contract

In paragraph d. we deleted "and/or shift," because again the overtime will be on a work center basis rather than a shift basis We added language that the employee with the least amount of recorded overtime hours will be awarded the overtime in accordance with Section 5 provided the employee can complete the hours needed. That includes the concept of the eight hours off preference that we described and explained previously in Section 5 a.

In paragraph e., we simply deleted the shift limitation for the employees' benefits. So you're not limited to your shift

In paragraph f , if in the event that there's not enough eligible qualified employees from other applicable work centers to fill overtime needs, the least senior qualified employee on duty if possible can be forced to fill the balance

The intent there is that if the Company is in a force situation that the first choice is someone who is on duty, and you only then go to off-duty people if there is no one on duty who can possibly fill the overtime needs

Paragraph g is just some cleanup in terms of adding the sign-up list, the word sign-up in front of the word list.

In paragraph h.. we've had an issue under the past contract in terms of employees being awarded overtime and not showing up for the overtime, and how that's been dealt with After a lot of discussion we've come up with a new concept to try to deal with that issue.

It says that when an employee has an unexcused late or he is absent for his overtime shift, he will not be eligible for any volunteer overtime assignments for 21 days Any three lates and/or absences for an overtime shift make the employee ineligible for volunteer overtime for a period of three months.

It is the Parties' intent with this language to try to create some incentive for the employees to show up for overtime that's been awarded to them, that these will not be counted as occurrences under the absenteeism program but rather that there's a monetary penalty that will be incurred by the employee if they do not show up for the overtime that's been assigned to them

Paragraph i. is the same

In paragraph j , again, we just deleted the word "shift."

Paragraph k. is the same language as in the prior contract.

In paragraph l , the paragraph deals with the fact that no grievance will be paid as a result of an ineligible employee working overtime. We added, however, that when a member of management is notified of this violation of eligibility he will immediately instruct the employee to punch out and will be relieved of duty if operationally possible.

The situation was brought up by the Union that no grievance can be filed, but if the Company knows and has been informed that there has been a violation that the employee shall not be allowed to continue to work, and we've agreed with that with the caveat that it's got to be operationally possible If it's a small gateway where there's no ability to get coverage for that person, then that person can continue to complete his job.

Under paragraph m , overtime obtained while on a training assignment, TDY or field service will not be chargeable at the employee's bid gateway That's a continuation of the current practice.

Scheduled overtime will not be less than eight hours unless coverage is for a part time employee There's a guarantee and we had a lot of discussion that scheduled overtime has to be at least in eight-hour increments That encompasses the Company's right If there's a 10-hour shift or a 13-hour shift that's being covered, the Company does have a right in those circumstances to make the scheduled overtime eight hours instead of the 10 and the same would apply to a 13 hour shift

It eliminates, however, a practice that did occur under the prior Agreement that even for eight-hour shifts sometimes the Company would say, well, we only need four hours or five hours of overtime.

With this language the Company is always obligated to provide at least eight hours of scheduled overtime with the understanding that it does not have to provide 10 or 13 necessarily if the operation doesn't require it when we're covering for somebody who has got a 10-hour or a 13-hour shift.

Section 7 deals with unscheduled overtime procedures and is defined as any overtime need that was not known prior to the close of the volunteer list

Under Section 7, b., partial shift overtime is unscheduled overtime and is anything less than eight hours

In that situation the Company has the option to call employees in early or ask employees to stay late for overtime based on the current roster hours. Early call-in is for a minimum of one hour's pay However, only actual hours worked will be considered for purposes of overtime calculations That is a new benefit and guarantee for employees, that if they're called in early they are guaranteed to receive at least one hour's pay whether it's 10 minutes, 15 minutes or a half hour, however, in terms of calculating overtime, you only calculate the actual time worked on the early call-in period

Under paragraph c an employee under the prior contract was charged for the number of hours requested if he declined to work the unscheduled overtime We've changed that now to say that they will not be charged if they decline to work it.

Under paragraph d., unscheduled full shift overtime will be awarded by first returning to the volunteer sign-up list to offer to those people who were not previously offered the overtime. Then the second step is to poll the employees in the work center using the current roster of overtime hours In neither case will the employee be charged for refusal if they turn it down.

Under new paragraph e , in the event there is not enough eligible qualified employees from the work center to fill overtime needs using the volunteer list of employees, in that case the Company then can force the employees to fill the balance of the needed overtime

Under paragraph f., the old contract said the Union steward will verify roster positions We've added language, another represented member when no Union steward is on duty

On paragraph g. we added some language. anything other than a direct contact with the employee will be considered a no contact One of the examples that we talked about was if we contacted the employee's wife, that would not be considered direct contact Direct contact means that we have to actually have communications with the employee himself

Unscheduled overtime for absences will not be less than eight hours unless coverage is for a part time employee That is the same intent as we talked about earlier in 10 and 13-hour shifts. the Company guaranteeing that it will never be less than eight.

Job continuation pretty much carried over with the language from the prior contract We did clarify that dispatch of flights scheduled after an employee's regularly scheduled shift, cannot be considered job continuation

On the other hand. if a flight is scheduled to depart during the employee's shift and is delayed, that is the kind of thing that is included in job continuation

In job continuation cases, the Company may request overtime for a maximum of two hours. If overtime is needed beyond two hours, then he's charged for the total hours worked over the normally scheduled shift.

MIKE RADTKE. off the record

(Discussion off the record)

TONY COLEMAN· We've had some off-the-record discussion that we wanted to clarify. In Section 8, a 2 , we changed the language from saying "employees would complete the assigned job" and substituted in there "will complete the assigned task."

It's the Parties' intent that job continuation is to be measured by a logical break in what the person is doing. One of the examples that was used was a periodic check Management could not require an employee to stay over and complete a periodic check as a continuation of his assigned task

An assigned task is an immediate job that he's doing at the point in time that his regular shift ends, and once that immediate task is completed then the job continuation provision here would no longer be applicable in terms of employees continuing to work

Under paragraph d. there's some new language. The Company had the right to require an employee to complete a job once assigned to him provided it's not expected to last more than two hours and does not infringe on his right to ask for and be granted a leave of duty after 16 consecutive hours, just a clarification that the job continuation language has to be read in the context of the employee's right to request and take an eight-hour rest break after 16 continuous hours of duty.

The Company has no right in the job continuation language to infringe on that 16-hour limitation unless the employee is willing to continue to work over the 16 hours, however, once such an individual signs off the task or the job is complete, the employee's job continuation overtime is completed That's the final language that would change that

Under paragraph e. there's some new language. There is a one-hour minimum pay for job continuation when an employee is directed to remain at work to complete the task, however, only actual hours worked will be considered for purposes of overtime calculations.

This is a parallel to the one-hour guarantee that the Parties have agreed to in terms of early call-in, that if management directs you to stay beyond your regularly scheduled shift ending time, the employee is guaranteed to receive at least one hour's pay Again, that one hour's pay is pay only. It's actual hours worked. and we did want to make it clear in the meaning and intent that is only when there is a direct supervision/management instruction or direction to stay beyond the end of your regularly scheduled shift It is not the Parties' intent that if an employee waits at the time clock and punches out one minute beyond what his regularly scheduled punch-out time is that he's going to be entitled to the one-hour minimum pay that we've talked about here under Section 8.

Section 9 is the continuation of the concept of the 24-hour period. not working over 16 hours with the right to rest There's new language that says anytime an employee completes a duty period of 16 consecutive hours, he has a right to request and will be granted a rest period of eight hours.

Recognizing that field service sometimes requires traveling in order to work in a field service situation, the maximum continuous duty period can go up to 24 hours before the employee then has a right to ask for eight hours off.

Paragraph b spells out three options that an employee has if he's got up to that 16 hours and is working beyond 16 hours and now the eight hours off would encroach upon his next regularly scheduled shift The new language with three options are, one, that you can tell a supervisor that he's going to report as scheduled at his next regularly scheduled report time at the applicable rate The intent there is to gain time and-a-half or double time depending on how many hours he has.

Two, inform a supervisor that he would report to work after completing the full rest period So the employee has the option of saying, I want to take eight hours off. In such case the employee receives his missed hours of his daily guarantee at straight time and returns to his regular shift at straight time. For example, if an employee had worked 17 hours and is scheduled to report back to work in seven hours. he can take his full eight hours off and still be paid from his regularly scheduled start time so that none of his guarantee is interfered with

The third option is that the employee can request and, if approved by his immediate supervisor, be relieved from any work schedule on the day of return with pay guarantee and report the following day at his normal start time.

So of the three options, the one that is with supervisory approval is to skip the entire work schedule or portion remaining on the day of return and still receive his guarantee and simply wait and then report at his normal start time the next day. Paragraph c says. regardless of the election, the employee will be made whole for pension and benefits He will not receive an occurrence regarding his attendance, and all guaranteed hours will be considered work when calculating overtime.

Paragraph d , when an employee returns to duty status with less than eight hours rest, he will return at the rate of pay he was at when he last clocked out Previous duty hours will be used to calculate his applicable rate for hours worked thereafter For example, if an employee were to work ten hours and only have seven hours off and come back into his next regularly scheduled shift or called in for overtime, then he would come back in at a time and-a-half, and the clock would continue running for purposes of when his overtime rate would become effective and after 12 hours he would move to double time.

Section 10 deals with miscellaneous In paragraphs a., b., and c , there was no real change in terms of intent or how it should be applied.

Section 10, c does deal with a part timer's right to be awarded overtime As a general rule it will be continued that part timers have a right to overtime only after all of the procedures that were assigned to full timers had been exhausted

Under paragraph d., it is understood that all employees are entitled to work their regularly scheduled shifts, and no adjustments to regularly scheduled shifts will be permitted by the Company which would convert any overtime pay to straight time pay. That's to protect an arbitration award that was issued under the prior Agreement to make it clear that the Company cannot delay an employee's scheduled report time in order to get him his eight hours of rest and thereby avoid the application of the overtime rates.

Paragraph e., in gateways with 30 or fewer AMTs, an employee shall not be forced to work overtime for planned, scheduled work falling outside of the employee's regularly scheduled hours more than one time per calendar month The Union brought up discussions in the negotiations that some employees in the smaller gateways were being forced to work planned scheduled overtime every weekend

The Company has agreed with this language that kind of scenario should not occur, that if there is planned, scheduled overtime then the Company should be dealing with it on a planned basis rather than viewing it as unscheduled and requiring somebody to work every weekend That obviously does not exclude an employee from volunteering to handle that overtime if he wants to volunteer to do it.

In paragraph f , there was no change except at the very end where we deleted "System Board" and put in step 3 to reflect the changes that we made in the System Board Article

Paragraph g , contains changes in the references for the procedure for dealing with scenarios where employees are being required to work too much overtime, but the intent is essentially unchanged from the prior contract

Paragraphs h. and i deal with the lunch period during a holiday or on an overtime shift and trying to simplify the intent there.

If an employee is on holiday or overtime and does not take his lunch in the middle third of his shift but rather takes his lunch period at some point other than the middle third, then he's compensated for the half-hour lunch period that he does take, and it says at his applicable rate for that day If he's at a time and-a-half rate or double time rate, whatever rate he is at for that day is the rate for that lunch period that he gets paid at.

Under paragraph i , if the employee does not take a lunch or receive a lunch in accordance with Article 11 on the holiday or overtime, then at the end of his regularly scheduled shift for that day he's allowed to leave and is paid for a half hour, again, at the time and-a-half or double time rate depending on what his rate is for that day

In paragraph j , there was no change

Paragraph k , the Company will not use Article 16 as a subterfuge to avoid the use of overtime at the gateway We had a lot of discussion. It is the Parties' intent that the field service purpose is to return out-of-service aircraft to service, not for purposes of defeating or eliminating overtime opportunities for employees in that gateway That should be our intent under this new contract.

In paragraph l , at no time shall employee's scheduled bid shift start time be adjusted to eliminate the payment of any premium or overtime pay rate. That's the same concept as we just discussed under Section 10. d , it's a little redundant. but we wanted to make it clear that the Company does not have a right to change the employee's scheduled start time to eliminate overtime

In paragraph m , at gateways where inspectors are staffed but are not scheduled on a 24 by 7 basis, they shall be secondarily eligible to work as AMTs in any work center based solely on their overtime roster hours to give the inspectors the ability to work overtime as an AMT

Inspectors would also have a right to the overtime before the Company would look to a part time employee in terms of reading this paragraph in conjunction with the paragraph that deals with a part time employee's right to perform overtime.

Just a further clarification with regard to punching out beyond your regularly scheduled punch-out time and that resulting in not having eight hours off before your next regularly scheduled start time

Again, it's not the Parties' intent that an employee should intentionally delay his punch-out in order to try to get into an overtime rate for his next regularly scheduled shift. If there are circumstances beyond his control which precludes him from punching out at his regularly scheduled punch-out time, that may result in an overtime rate on his next shift. We talked about potential situations where there's not sufficient time clocks to allow employees to get punched out in a timely manner, and the Parties have agreed that if those scenarios occur, that's something that should be immediately brought to the Company's attention so that it can address that issue so that employees aren't standing in line punching out beyond their regularly scheduled start time just because of the unavailability of time clocks.

ARTICLE 14
FILLING OF VACANCIES

Section 1 - Permanent Vacancies

a A permanent new job for the purpose of this Article shall be one that has been in existence for a period of thirty (30) consecutive days unless otherwise mutually agreed to by the Company and the Union. There are two (2) types of permanent new jobs:

1 jobs created by the establishment of a new work center, and

2. jobs or vacancies that develop in previously staffed work centers

b. The employee awarded any vacancy shall be removed from the vacancy bidding system for a period of six (6) months beginning when the employee is awarded the bid During this time period the employee will only be considered for higher pay rate classifications, new work centers, or newly established classifications at any work center

c The Company reserves the right to determine appropriate work center staffing but agrees that all vacancies shall be filled in accordance with this Article and any other applicable Articles of this Agreement. Minimum staffing shall be established in Articles 21 and 22

d It is further understood and agreed that in filling all vacancies created as a result of, but not limited to, promotion, termination, resignation, retirement, death or bidding other work centers, the Company will immediately fill vacant positions and subsequent positions resulting from such vacancies in accordance with the methods prescribed within this Agreement. However, the Company may elect not to fill openings provided they have notified the Union prior to the Company receiving information of a vacancy occurring or about to occur stating that there exists an overstaffed condition at a specific work center as a result of documented loss of work and the Company has specified the exact shift and number of overstaffed employees at the work center in question. In addition, the Company may delay the filling of any vacancy as a result of termination if the terminated employee has filed a grievance, until the completion of the grievance procedure, however, the Company may utilize means of covering the vacancy within this Agreement (not including subcontracting) as necessary for a period of sixty (60) days after which the Company must utilize the provisions of Articles 13, 14, or 15 until the completion of the grievance procedure

e If an employee (the "incumbent") is or is anticipated to be on a disability leave of absence for a period greater than three (3) months, then the Company may, if it chooses, permanently fill the incumbent's position at a gateway as outlined in this paragraph

1 The Company shall post and award the position pursuant to Section 3.c.1 ,3 ,4. and 5 of this Article The posted bid will designate the position as a "contingent permanent" position. The position will be awarded to the most senior eligible bidder (the "bidder") The bidder thereafter shall not be allowed to bid to any other position at any gateway until the incumbent employee either returns from leave, is awarded another position at a different work center, or has his seniority broken pursuant to Article 3 If the incumbent's seniority is broken or he is awarded another position at a different work center, the bidder then shall be considered to hold the position on a regular permanent basis and may exercise his seniority for all purposes. If the incumbent returns from leave, and if as a result the Company decides to displace an employee from the work center, the employee selected for displacement shall be the employee most junior to the bidder who was hired into the work center after the bidder began the contingent permanent position or, if no such employee exists, the bidder The displaced employee's rights shall be those provided in Article 24, Section 1.g. 2 , 3 and 5 , except that he may not displace any employee from the work center where the contingent permanent position was held.

2 If no eligible employee bids the contingent permanent position, and if the Company chooses to fill the position via a new hire, then prior to acceptance, the new hire will be informed the position is a contingent permanent position. The new hire will have the same restrictions and rights as provided in paragraph 1 above.

Section 2 - Temporary Vacancies

a. Notwithstanding Article 15, temporary vacancies within a work center due to disability leaves not covered by Section 1 e above or leaves pursuant to Article 17, may be filled first (1st) by senior qualified volunteers from any other work center within that gateway or the Company may assign by qualification using reverse order of seniority Temporary assignment under this Section is any period of time exceeding thirty (30) consecutive days

If there are no qualified volunteers or assignments made, then by a posted bid which shall be designated as a temporary vacancy bid and paragraph c below shall apply

b It is understood that when a temporary vacancy occurs in the inspector's classification, it shall be offered.

1 first, to the senior reduced inspector in that gateway, then to

2. the senior qualified Aircraft Maintenance Technician on duty in that work center

c. An employee being temporarily transferred to such a vacancy under the provisions of this Article shall return to his former assignment at the termination of the temporary period

Section 3 - Filling of Vacancies

Permanent openings will be filled in seniority order by employees using the methods described below:

a. ANNUAL REALIGNMENT BID

1 The Annual Realignment Bid only extends to bidding within an employee's bid work center

2 No later than 12 01 a.m EST on September 24 of each year during the life of the Agreement, the Employer will post all work schedules with start times and days off in each classification in each work center for the subsequent year for bid by employees within that work center All employees will submit their bid prior to the closing date of October 8 If the Company does not receive a bid form from an employee, the Company will assign that employee to a shift The award of the bid will be posted prior to November 15

3 The Annual Realignment Bid will take effect the first (1st) Sunday of January the following year No overtime will be paid to any employee which is created by an employee changing his schedule as a result of the Annual Realignment Bid award The schedule shall be adjusted per Article 11, Sections 1, 2 and 3 to provide forty (40) hours of work for each full time seniority employee.

4 Work schedule start times will be no more than two (2) hours apart and no more than two (2) different start times will be incorporated into any work week, except as may be provided in Article 11

5 Employees eligible for an Annual Realignment Bid for a specific work center will include those who have received a Posted Bid or Standing Bid with an award date for that work center prior to October 8 In addition, they will be given at least five (5) days from the Posted Bid or Standing Bid award date to submit an Annual Realignment Bid for their newly awarded work center However, employees awarded a Posted Bid or Standing Bid after October 8 and on or before the first Sunday in December shall be allowed to exercise their seniority in preference of crew on the Annual Realignment Bid Employees affected by Article 24 shall also be afforded their rights to the Annual Realignment Bid.

6 In the bidding and posting of Annual Realignment Bids, the Company will take into consideration the super seniority rights of Union Officers and adjust the Annual Realignment Bid posting during Local 2727's election years Officers on full time Union leave shall bid but not occupy their bid position unless they return from leave. Officers who return from Union leave will immediately fill their bid position upon seven (7) days notice to the Company Any affected employee may exercise his rights under Article 24, Section 1, f.

b QUARTERLY SHIFT PREFERENCE BID

1. All employees subject to this Agreement will be given seniority preference in filling vacancies in their own classification within their work center for shifts and days off, in accordance with the procedure set forth below

a) After implementation of each Annual Realignment Bid, employees desiring another crew, shift, or days off change shall submit in writing a Quarterly Shift Preference Bid listing desired changes. Quarterly Shift Preference Bids expire after each Quarterly Bid.

b) Notification of the current openings for the Quarterly Shift Preference Bids will be posted at least thirty-five (35) days in advance of the first Sunday of each quarter An employee may withdraw or change his Quarterly Shift Preference Bid at any time up to twenty-eight (28) days prior to the first Sunday of each quarter The award dates will be seven (7) days prior to the start date of the bid, i e., the first Sunday of April, July, and October. No overtime will be paid to any employee which is created by an employee changing his schedule as a result of the Quarterly Shift Preference Bid An opening filled by a Posted Bid or a Standing Bid after the posting date of the current openings will remain a vacancy until the next Quarterly Shift preference Bid or the Annual Realignment Bid, whichever occurs first

c) Quarterly Shift Preference Bid moves within a work center will be limited to fifteen (15) openings. the original and fourteen (14) others The sixteenth (16th) and subsequent openings shall be filled by the Employer However, the Company reserves the right to exhaust all bids on file to fill these vacancies

d) When there is no Quarterly Shift Preference Bid on file, such vacancies shall be filled in accordance with Section 1 of this Article.

e) For the purposes of the Quarterly Shift Preference Bid, openings held by non-seniority employees will be considered as vacancies under this Section unless such employees filled the vacancies created from the previous Quarterly Shift Preference or Annual Realignment Bid.

f) An opening filled by a Posted Bid or Standing Bid award will be considered a vacancy under this Section until the bid close date of the Quarterly Shift Preference Bid following the award.

c. POSTED BIDS

1. The Company will make every reasonable effort to notify the Union in advance of bidding any new vacancies

2 Permanent openings in new work centers or new classification(s) at a work center will be filled in seniority order using the Posted Bid.

3 The opening must be posted and remain posted for bidding in all locations for a period of three hundred thirty-six (336) hours from the time clock stamp of the posting At the end of those three hundred thirty-six (336) hours, the bid is closed and all openings created as a result of the Posted Bid shall be awarded immediately, posted, and notification given to the successful bidder(s) within seventy-two (72) hours by personal contact

4 Each employee may submit or retract a Posted Bid via the Company's computer system known as IMPACTS or any such successor system any time prior to the closing stated in paragraph 3 above

5 All bids will be recorded by GMT time and date. and will be available for review by all employees by utilizing the Company's computer system known as IMPACTS or any successor system All bids and bid award notifications shall include:

a) scheduled working days to include start times;

b) supervisor's name for point of contact, and

c) scheduled report date at the new work center

d STANDING BID

1. Standing Bids apply to any existing work center vacancy. excluding those covered by Posted Bids.

2 Each employee may submit, change, or delete a Standing Bid at anytime and it will remain on file until withdrawn by the employee. Bids will list the specific locations in priority order that each employee would like to exercise his seniority to fill a future vacancy.

3. Any employee who files a Standing Bid will be responsible for its status This requirement shall apply to employees on vacation or other leave status as well as to those currently on duty at the time the opening is announced

4 Employees refusing a bid will not be allowed to bid for six (6) months. except for a new or high-

er pay rate classification. Once Hangar Support personnel notify an employee of a bid award, the employee shall have up to twenty-four (24) hours thereafter to decline the award. An award may only be declined by notifying Hangar Support at the Toll Free number, 1-866-396-8070, or if this number becomes unavailable, at another number provided solely for this purpose, and communicated to employees as the parties shall jointly determine. If an award is not declined within twenty-four (24) hours, it shall be considered accepted A bid may be accepted or declined at any point in the twenty-four (24) hour period; however, once an employee accepts or declines a bid, his decision is final and the Company will thereafter proceed in the bid process

5 Employees may only refuse one (1) bid per year, beginning on the date of refusal

6. Each employee may submit or retract a Standing Bid via the Company's computer system known as IMPACTS or any such successor system any time

7 All bids will be recorded by GMT time and date, and will be available for review by all employees by utilizing the Company's computer system known as IMPACTS or any successor system This system will display how many employees are bidding for a position or location, their identities and their seniority numbers

e. The initial bid and subsequent bid award notifications shall include.

1 scheduled working days to include start times,

2 supervisor's name for point of contact, and

3 scheduled report date at the new work center

(The above information could be subject to change due to the Quarterly Shift Preference Bids.)

f Employees awarded a bid will be responsible for contacting their supervisor at their new work center for additional information or instructions. Company time and equipment may be used for this purpose

g. Successful bidders will assume duties in awarded work centers on a date set forth by the Company which will be no less than fourteen (14) days and no more than thirty (30) days after posting of the award If Company requirements preclude an individual from assuming duties in the awarded position within this time period, the Company, if necessary, may dispatch a TDY employee to serve such extension in the new assignment

h The Company will make information regarding standing bid awards available to employees in each gateway concerning vacancies awarded the prior two (2) months

i For Posted Bids and Standing Bids, each employee bid (including seniority number), and bid award information shall be available for inspection on the IMPACTS system or any successor system by employees for two (2) months beginning at the time the bid is posted

Section 4 Unbid Full Time AMT Vacancies

a When a full time AMT opening is not bid by an eligible and licensed full time AMT, LST, AMC, FST, or Inspector employee, the position will be awarded to the senior eligible and qualified Local 2727 represented employee who has bid that position on a cumulative six (6) to one (1) ratio basis [i e , six (6) Local 2727 represented employees to every one (1) outside hire]. For purposes of this Section only, seniority shall be classified as length of continuous service in the mechanics and related employees craft or class

b Utility and Tech Pubs employees who possess or acquire an A&P airmen's certificate and want to be upgraded to a position as an Aircraft Maintenance Technician, shall submit a bid to the Company in accordance with Article 14, Section 3, d. Part-time AMT employees who want to hold a full-time AMT position shall submit a bid in accordance with Article 14, section 3, d

c Utility and Tech Pubs employees bidding AMT classification vacancies shall be required to have successfully passed an AMT Examination prior to the vacancy award date, if they desire to fill a vacancy. Such examination by the Company may include a written component, an oral component, and practical skills test An employee may request and be granted a Union appointed observer during the examination. An employee may take the examination upon written notification to the Company. Testing will be completed within two (2) weeks of the written notification. Pay for Utility and Tech Pubs employees who upgrade shall be in accordance with Article 36.

d. A Utility or Tech Pubs employee who is awarded an AMT bid will be subject to a one (1) year probationary period If he fails his probation, he will be reassigned to the Utility or Tech Pubs classification, as applicable, without loss of Utility or Tech Pubs seniority in lieu of termination. Upon failing probation, he will lose any AMT seniority.

e Utility and Tech Pubs employees who upgrade to the AMT classification shall not be eligible for TDY, Field Service, or Charters or bid other work centers during their probationary period In addition, gateway assignments shall be limited to those gateways with more than fifty (50) AMTs The Company may at its sole discretion waive the fifty (50) AMT restriction on a case by case basis.

f. Moves will be paid in accordance with Article 18

g Non-seniority employees may submit bids and the Company will give consideration to such non-seniority employees for unbid vacancies.

Section 5 - Tech Pubs Vacancies.

Employees who wish to transfer to Technical Publications may bid for any vacancies in that classification in accordance with Article 14 Section 3, d Such employees will be awarded vacancies on a cumulative two (2) for one (1) ratio basis as compared to hiring from any other source These employees will be required to pass a test developed by the Company to demonstrate that they meet the standards currently required of new hire Technical Publications employees. Testing will be completed within two (2) weeks of written notification to the Company An employee may request and be granted a Union appointed observer during the examination The most senior employee who has passed the examination prior to the award date will be awarded the vacancy. Any employee failing the examination will not be eligible to test again for six (6) months Test results will remain valid for two (2) years An employee who has bid into a Technical Publications position will only be returned to his prior classification if after one (1) month and before three (3) months in the position there is documented evidence showing he is incapable of performing in the Technical Publications position An employee awarded a Technical Publications position will be restricted from bidding another classification for twelve (12) months

ARTICLE 14

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MR WILDER. This is a joint interpretation of Article 14, Filling of Vacancies. The document being interpreted is a TOK entered into by the parties on March 11, 2008 The first change made by the parties appears in Section 1.e of the TOK. There, the parties dealt with the problem that employees have been reluctant to fill temporary vacancies created by disability leaves with the result that the Company has been less successful in filling those positions on a temporary basis than it would like. What the parties attempted to do in negotiations is to create a more stable position that would be desirable to the existing work force while respecting the rights of disabled incumbent employees If an incumbent employee is or is anticipated to be on disability leave of absence for a period greater than three months, the Company may, if it chooses, permanently fill the incumbent's position at a gateway, according to the rules set forth in paragraph e.

First of all, the Company will post and award the position pursuant to Section 3 c 1. 3. 4 and 5 of this article. The posted bid will designate the position as a "contingent permanent" position. That contingent position will be awarded to the most senior eligible bidder. Now, the bidder will occupy that position on a permanent basis subject to several contingencies that are described in the paragraph. The contingencies are quite plain on their face, and it suffices to say in this interpretation, that they turn on whether the disabled employee returns to a job within the period specified in the contract. If the disabled employee does not return, or if the disabled employee's seniority is otherwise broken, then the position of the successful bidder will become permanent If, on the other hand, the disabled employee does return to the gateway within the time specified in his disability leave, then the junior most employee at the gateway hired after the contingent permanent position was created will be displaced If there is no such junior employee, then the successful bidder who was in the contingent position will be displaced In either event, the displaced employee's rights shall be those provided in Article 24, except that the displaced employee may not displace any other employee at the gateway at which the contingent permanent position was created. What that means is that the bidder for the contingent permanent position may not displace a junior employee if that employee was hired before the contingent permanent position was created

Now, if no eligible employee bids for the contingent permanent position, and if the Company chooses to fill the position via a new hire, then prior to acceptance, the new hire will be told the position is subject to the contingency of the disabled employee returning to work The new hire will have the same restrictions and rights as provided in paragraph e.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR. WILDER During the off-the-record discussion, the parties wanted it emphasized that seniority will not rule the displacement rights of bidders for contingent permanent positions once the disabled employee returns to the gateway, understanding that this arrangement is an exception to the traditional seniority rule.

MR. HOSKINS. Can I go on the record and just note we've used the word "disabled employee" as shorthand for an employee on disability leave, and obviously –

MR WILDER Sure

MR. HOSKINS· — not every employee who is on disability leave is disabled as that word might mean under the ADA

MR WILDER. Do you want me to go ahead and put that in the record?

MR. HOSKINS. We just did

MR. WILDER. Fine The parties also made a minor change in Section 2 relating to temporary vacancies. There, they added the language in paragraph a."not covered by Section 1 e above " There are two reasons why a disability leave might not be covered by Section 1 e First of all, the leave might be for less than three months, or secondly, the Company may not choose to create a contingent permanent position as provided in Section 1 e

The next change the parties made appears in Section 3 relating to filling the vacancies. In paragraph 3.a.2 relating to the annual alignment bid, the parties moved forward the dates at which work schedules and start times and days off in each classification would be posted for bid by employees in the work center for the sub-

sequent year. Currently, the posting is to be accomplished by October 1. Under the new agreement, it will be accomplished on September 24th. Today, employees must submit their bid prior to the closing date of October 15th. Under the new agreement the closing date will be October 8th A similar change was made by the parties in paragraph 5 of Section 3 a The date provided in that section was moved forward from October 15th to October 8th throughout. And then, the current language, and I quote, "However, employees awarded a posted bid or standing bid after October 15 and before December 15" was changed to read, and I quote, "after October 8 and on or before the first Sunday in December, shall be allowed to exercise their seniority in preference of crew on the Annual Realignment Bid" The purpose of these changes is to provide more time for the bid posting process and to improve its administration The next change made by the parties appears in Section 3 b.1 a to which the parties added the sentence, "Quarterly Shift Preference bids expire after each Quarterly Bid."

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR. WILDER. The purpose of the change was to require employees to think about their selection of preferences at each quarterly preference bid rather than to have an initial bid last throughout the year. The parties changed Section 3 b 1.b) by adding language to make clear that notification of current openings for the quarterly shift preference bids will be posted at least 35 days in advance of the first Sunday of each quarter.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER' During the discussion, it was pointed out that the amount of time that employees were given to bid their quarterly preference bid did not change from the current agreement. The purpose of the changes referred to was to enable employees to know what the bids were for a longer time before they had to submit their bid choices, but the actual amount of bidding time did not change The parties made one other substantive change in subparagraph b of Section b 1, "An opening filled by a posted bid or a standing bid after the posting date of the current opening will remain a vacancy until the next quarterly bid preference bid or the annual realignment bid, whichever occurs first" The purpose of the change was to ensure that bidding opportunities would not be lost when an opening is filled by another method of bidding described in Section 3 after the Annual Realignment Bid and between Quarterly Shift Preference Bids.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER The next change made by the parties was in paragraph d of Section 3 b 1 relating to a standing bid The parties added language to subparagraph four to establish a system by which employees, after being notified of a bid award, will have 24 hours within which to decline it, if that is their choice. If not declined within 24 hours, the award will be considered accepted and the bid process will continue In the past, there has been some controversy about whether that time limitation was met, whether there was suitable notice and similar questions. What the parties have done here is to provide that an employee may decline an award only by calling a toll free number, which will be set forth in the ratified agreement, and stipulate there is no other way to decline. The clarity thus provided should improve employee bidding and enable bids to be processed more promptly.

Another change was made in subparagraph 7, paragraph d. There, the parties agreed that the Company's computer system, either IMPACTS or any successor system, will display how many employees are bidding for a position, their location, their identity, and their seniority numbers. They believe that this change will enable a more informed bidding process by employees and will introduce substantial transparency into the process that will improve administration of the collective bargaining agreement.

The parties spent considerable time in bargaining over Section 4, which relates to the filling of full-time AMT vacancies The section was completely revamped The parties decided to adopt a bidding system under which awards would be governed entirely by the seniority process This is reflected clearly in the changes to paragraph a, Section 4. If a full-time AMT opening is not bid by an eligible and licensed full-time AMT. LST, AMC, FST, or inspector employee, the position will be awarded to the senior eligible and qualified Local 2727 represented employee. So craft seniority (i e for purposes of this section, craft seniority should be classified as length of continuous service in the mechanic and related craft and class) is going to govern

the bidding and award of full-time AMT positions by individuals who are not currently occupying positions requiring licenses.

Now, these positions will be filled on a cumulative six to one ratio basis, that is to say, six Local 2727 represented employees will be selected for every three selected from outside the craft or class. So the great bulk of opportunities for advancement within the AMT ranks will be offered first to current Local 2727 represented employees. For purposes of this section, craft seniority, as defined above, controls

MR. HOSKINS: Can we go off the record?

MR. WILDER. Yeah

(WHEREUPON AN OFF THE RECORD DISCUSSION TOOK PLACE.)

MR WILDER: In paragraph b of Section 4, utility and tech pub employees who possess or acquire an AMT license and want to be upgraded to an AMT position may submit a bid in accordance with Article 14, Section 3.d Likewise, part-time AMT employees who want to hold a full-time AMT position shall submit a bid in accordance with Article 14 All three groups will bid strictly by seniority Utility and Tech Pub Employees still must be licensed to participate.

The parties eliminated the current Section 5 relating to utility workers bidding aircraft maintenance technician vacancies, and included its extensively revised provisions as paragraphs c through e of Section 4 We eliminated entirely paragraph a of old Section 5 New paragraph c of Section 4 is paragraph b of the current agreement We've expanded that paragraph to include tech pub employees as well as utility employees who wish to bid into the AMT classification, making clear that each is required to successfully pass an AMT examination prior to the vacancy award, as prescribed by the current book. We have eliminated the last sentence of old Section 5.b because the language is no longer necessary in view of the revamped Section 4.a. Likewise, the current Section 5 c has been considerably changed by eliminating the first sentence of that section as unnecessary. The parties also added the phrase, "and Tech Pub employees" to the last sentence of that paragraph That sentence is now included as the last sentence of new paragraph c of Section 4

In new paragraph d of Section 4, which was adapted from the old paragraph d of Section 5. the parties have added references to Tech Pub employees. The words "as applicable" were added after the reference to Utility or Tech Pubs classification " Those changes are grammatical and designed to conform old paragraph 5 d to the revamped Section 4. A reference to Tech Pubs employees was added to paragraph e, which was the old paragraph e of Section 5 and now becomes new paragraph e of Section 4 The parties added the following sentence to that paragraph, "The Company may, at its sole discretion, waive the 50 AMT restriction on a case-by-case basis " Paragraphs f and g of new Section 4 contain language drawn from other provisions of the collective bargaining agreement that were changed and then included within the new Section 4 And, finally, reflecting the revamping of Section, we've changed the title of that section to Unbid Full-Time AMT vacancies.

The parties have added a new Section 5 relating to how tech pub vacancies will be filled Those vacancies will be filled in accordance with Article 14, Section 3.d on a cumulative two-for-one ratio basis, that is, two Local 2727 represented employees to one employee from another source. The new language describes that successful applicants would be required to pass a test developed by the Company to meet the standards currently required of new hire Technical Publications employees The idea here was that the qualification criteria imposed on current UPS employees within the craft would be no greater than current qualification criteria for new hire employees. As a safeguard for applicants, an employee may request and be granted a Union appointed observer during the examination The most senior employee who has passed the examination prior to the award date will be awarded the vacancy. That modifies the seniority principle slightly, in that the employee who passes the test by the time of the award may not be the most senior employee who bid the vacancy because the most senior employee had not passed the test Otherwise, traditional seniority principles should govern

(WHEREUPON AN OFF THE RECORD DISCUSSION TOOK PLACE.)

MR. WILDER: Section 5 also contains protections for employees failing the examination. An employee failing the examination will be eligible to be tested again after six months The test results will remain valid

for two years. An employee who has successfully bid into a Technical Publications position will only be returned to his prior classification if, after one month and before three months, there is documented evidence showing that he is incapable of performing it An employee awarded a Technical Publications position will be restricted from bidding on another position for 12 months That concludes the joint interpretation of Article 14.

ARTICLE 14

TONY COLEMAN This is the joint interpretation on Article 14. Filling of Vacancies In Section 1. a., there was no changes, maintained the same definition of permanent new job

Under Section 1. b . we added some additional language at the end of the paragraph The paragraph states that once an employee is awarded a vacancy. he cannot be awarded another one for six months beginning from when the bid is awarded. The prior contract had one exclusion. which is that during these periods. employees will only be considered for higher classifications We added to that that during that time period. an employee could also be considered for new work centers or newly established classifications at any work center

Under paragraph c , there was an additional sentence added at the end of the paragraph indicating that any minimum staffing rules that are established by the Parties would be in Articles 21 and 22 and that anybody looking for minimum staffing requirements should be referred to those Articles

Under paragraph d . we added entirely new language. The intent was to try to capture and clarify a System Board decision and settlement that the Parties entered into during the predecessor contract. The paragraph in general deals with the Company's obligation to backfill vacancies that are created as a result of an employee resigning from work. being terminated, retiring, et cetera

The intent of the paragraph is that the Company is obligated to backfill those vacancies unless the Company has provided to the Union notice that the Company has excess staffing with regard to that particular work center as a result of documented loss of work. That notice to the Union is required to specify the exact shift and number of overstaffed employees at that work center in question, and the Company is obligated to provide that notice to the Union prior to it receiving any information that the vacancy is about to occur, and the example that we used at the table in talking about that was if we were informed a month ahead of time that an employee was getting ready to retire or planning on retiring or if the Company received information that it was going to terminate an employee for dishonesty or for some other reason. that at that point in time, we couldn't then send the Union a letter indicating that we were overstaffed in the gateway and thereby avoid filling the vacancy that ultimately is created.

We did add some additional language at the end of the paragraph that did not exist under that prior System Board decision that will allow the Company to delay filling a vacancy that's created as a result of termination of an employee if that employee has filed a grievance. and we could in that situation delay permanently filling that vacancy until completion of the grievance procedure The intent and thought was that if an employee has filed a grievance. it may not necessarily be in anybody's best interest to permanently fill the vacancy. not knowing what might happen to that grievance through the grievance procedure

We did agree and it is our intent and understanding that during that period, there is basically 60 days that we can cover the vacancy within the gateway We cannot go use a subcontractor. that would not be an option. but then after 60 days. the Company is obligated to utilize the provisions of either Article 13, 14. or 15 until the grievance procedure is exhausted. and obviously Article 13. 14. or 15 are dealing with either temporary vacancy. overtime. or TDY'ing somebody to that gateway until the grievance procedure is concluded

Section 2 on temporary vacancies continues in this agreement to allow the Company to fill vacancies on a temporary basis. In Section 2. a , we did qualify the language somewhat to say that posting and filling of temporary vacancies would be limited to employees who are out on a disability leave or other leaves pursuant to Article 17, and we also changed the language to say that the temporary vacancy provision would only be utilized if the vacancy is going to exceed 30 consecutive days. and when it says 30 consecutive days, our intent there is a 30-calendar-day period where the employee who normally holds that vacancy is not available to work.

A new sentence was added to this Section to clarify that if there are no volunteers or assignments. then the Posted Bid process will be utilized.

Under Section 2. b . there was simply a substitution of AMT. aircraft maintenance technician, for mechanic, and otherwise the rest of the Section stayed the same, and there was no discussion as to the intent being anything different than what it was under the prior agreement

Under Section 3. "Filling of Vacancies," under a 2 . there was deletion with regard to the bidding and post-

ing of annual realignment bids In consideration of the super seniority rights, we simply felt that that was not in the appropriate place in the contract. so we moved that to a Section later in the Article

Under 3 there was no change. Under 4 ...

MIKE RADTKE. Under Section 3. "Filling of Vacancies," the introductory sentence. the Parties agreed to drop seniority describing employees, because further on in the Article there will be a method whereby non-seniority employees can fill vacancies

TONY COLEMAN· I would agree. We deleted the word "seniority" in the opening preamble to the Section, and we deal specifically with probationary employees in a Section below in terms of what their rights are

Under Section 3, a 4., we added "except as may be provided in Article 11." The paragraph deals with work schedules with start times -- that start times won't be more than two hours apart and will not have more than two different start times incorporated in any work week, that is the general rule, and any exceptions to that would be provided in the Article 11.

With regard to paragraph 5. that paragraph generally deals with the annual realignment bid and the dates, who's eligible for bidding in the annual realignment bid. and under the prior contract, it had simply specified that those who have received a posted bid or a standing bid prior to October 15th would be eligible to bid in the annual realignment bid We added at the end of that paragraph a. recognition that employees who are affected by Article 24. that they also have a right to bid as a part of the annual realignment bid and felt that that clarification was necessary simply because somebody who's displaced from a gateway into another gateway may not necessarily be a posted or standing bid as the prior language reflected We also, consistent with other articles in the contract, in paragraph 5 struck the word "shift" and simply have used the word "crew."

MIKE RADTKE· Could you pause there

TONY COLEMAN· Under paragraph 6, as I said earlier. the first sentence was simply a move of that language in terms of bidding and posting of annual realignment bids. taking into consideration the Local 2727's election There was no intent to change how that worked from prior contracts Under that paragraph we did add some new language that officers on a full time Union leave shall bid as a part of the annual realignment bid but not occupy their bid position unless they return from leave. In the event that happens. the paragraph indicates that the employee should provide seven days notice, and any employee who might be affected as a result of somebody on Union leave coming back into active employment would then have the rights under Article 24, Section 1, f., and actually it would be 1 f and g that we talked about earlier in Article 24 in terms of a displaced employee, his rights to bid and bump

Section 3, b. deals with quarterly shift preference bids. Under b.1., there was no change from the current contract

Under b.1 b). we clarified that the notification on the quarterly preference bids would also include information regarding the current openings that are available as a part of that quarterly preference bid. We also specified the award dates. that it would be at least seven days prior to the start date of the bid in that paragraph b.

In paragraph e , we inserted the words "or annual realignment" bid foi the purposes of specifying that when openings are held by nonseniority employees, it would be considered as vacancies unless such employees filled the vacancy created from the previous quarterly shift preference or annual realignment so that it made it clear that the nonseniority employees, if they filled those vacancies as a result of a previous quarterly or annual realignment. then they would not be subject as being treated as vacancies

Under "Posted Bids," which is paragraph c , we added some new language as a result of discussions with the Union that the Company would make every reasonable effort to notify the Union in advance of bidding any new vacancies

MIKE RADTKE. Let me correct that It's actually a move in the language. It used to be in paragraph 3 It has now been moved to paragraph 1 It's the same language that existed in the current collective bargaining agreement

TONY COLEMAN: The Company would agree with that, and the intent in terms of how that language would be applied would be the same as it was under the current contract We just moved it for purposes of clarity and felt that it fit better under c 1 than c.3.

Under c.3., we again just did some clarification. substituted the word "given" for "sent" in terms of notification to the successful bidder. By using the word "given," the intent there is to make sure that the employee actually receives the notification. not that the Company only has an obligation to send it to him, but he actually receives it And we also inserted the words "by personal contact" under c 3

There was also a change in that language to say that posted bids will also be posted in addition to being given to the successful bidder within 72 hours. Why don't we go off the record

(Discussion off the record)

TONY COLEMAN. Let's go back on the record We have had some off-the-record discussion with regard to c 3. and what our intent was there, and with regard to posted bids, it is the Parties' intent and understanding that those will still be physically posted in the gateways for 336 hours and starts at the time clock stamp of the posting We went on to add that the awards would also be posted. It is the Parties' intent and understanding that the award itself can actually be posted in IMPACTS rather than a physical document being posted at the gateways

Paragraphs 4 and 5 go further in terms of the intent of trying to get away from paper as a part of the posted bid process. Paragraph 4 is new language allowing employees to submit or retract a posted bid via the IMPACTS system or any successor system that might go into effect during the life of the agreement and that those submissions and retractions obviously have to be prior to the closing date that's determined by paragraph 3 above.

Paragraph 5 is also a new paragraph under "Posted Bids." and it again is related to IMPACTS and that all bids will be recorded by Greenwich mean time and date and will be available for review by all employees by utilizing the IMPACTS system.

There is also some additional language in Section 3, i., that's also related to posted bids and IMPACTS Reading them together, Section 3, i , goes further and says that the information on posted bids will actually remain in IMPACTS and available for review and inspection by employees for two months beginning at the time the bid is first closed, so that's kind of a continuation of paragraph 5 Somebody wanting to get a full flavor for use of IMPACTS and posted bids should review both Sections.

Under "Posted Bids." there's also some new language saying that the bids and bid award notifications will include the scheduled working days to include start times, supervisors' names for point of contact, and scheduled report date at the new work center.

Under "Standing Bid," which have been retained as part of the procedure for filling vacancies under the contract. in paragraph d.2., we removed the restrictions that had existed under the prior agreement with regard to when an employee could go in and submit the standing bids It previously provided that it was only the first 14 days of January, April, July, and October Now an employee under this new agreement is going to be able to go in at any time and submit, change, or delete his standing bid priority preferences

We had a clarification in the second sentence of paragraph d 2 , to indicate that the bids will list the specific locations in priority order. The words "priority order" were new to this contract.

Subparagraph 3 of the old contract was deleted because it's covered by the prior language that we just discussed. In paragraph 3, we just did some cleanup language in terms of striking out "monitoring the status" and simply reflect that the employee is responsible for the status of the standing bid

At the end of paragraph 3. there was a sentence "Once an employee has submitted a standing bid, he will be required to accept a bid that is awarded " That sentence was deleted, and in place of that, we created a new paragraph that indicates an employee has a right to refuse an award on a standing bid. If he does so, he will not be allowed to bid for another vacancy for six months except if it's a new or higher classification If the employee is going to exercise the right to refuse a bid that he's been awarded under the standing bid, he must notify the Company of the refusal within 24 hours, and the 24 hours starts running at the point in time that he's notified that he's been awarded that vacancy as a result of his standing bid And just in terms of intent there, I would suggest that from a procedural standpoint, the employee, if he notifies his supervisor of his intent to reject the bid, that is sufficient in terms of notification to the Company.

In agreeing that employees could turn down a standing bid, we did discuss and agree that is a right that can only be exercised one time each year, and that year will start running on the date of the refusal, so that once he turns it down, he does not have the right to turn down another bid award for a period of one year

We added two new paragraphs, 6 and 7, under the standing bids Again, it's an indication of the Parties' agreement to utilize the IMPACTS system for purposes of submitting and retracting standing bids, and the two paragraphs simply indicate that IMPACTS will be used for that and will be used to record and keep track of the standing bids by the employees.

As we said earlier with regard to the posted bids, under paragraph i., there will also be at least a two-month record of any awards on the standing bid procedure that will remain available for inspection in the IMPACTS system. In the case of a standing bid, the two months starts running at the time that it is awarded and the employee is notified that he has been awarded the vacancy

Paragraph e., there was no change.

Paragraph f says employees awarded a bid will be responsible for contacting their supervisor for additional information and instructions Company time and equipment may be used for this purpose The word "Company" was deleted there, but just grammatical It still would be obviously a reference to Company equipment.

Under paragraph h , that paragraph was deleted because it's already taken care of in the seniority Article. We felt it was redundant

In paragraph h., simply that the Company will make information regarding standing bid awards available to AMTs in each gateway for the prior two months

And then paragraph i. actually is the methodology by which we're going to do that, which, again, is in the IMPACTS system

Section 4 deals with part time upgrades and unbid vacancies. Let's go off the record

(Discussion off the record)

TONY COLEMAN Section 4, there was a deletion of the sentence that had provided that part time seniority employees may submit a standing bid It was not the Parties' intent by deleting that language that part timers would no longer have a right to do standing bids, but rather, in discussing the language, standing bids made no distinction between use by full time or part time, and it is obviously still the Parties' intent that part timers can use the standing bid procedure just the same as a full time employee can.

MIKE RADTKE: Off the record

(Discussion off the record)

TONY COLEMAN: The new language had provided that when a full time opening is not bid by a full time employee, the position would be awarded to the senior part time employee that has bid that opening It changed the ratio from four-to-one to a five-to-one ratio part time upgrades to outside hires Under that sentence, the other intent that we wanted to put on the record is that sentence obviously would apply to both the standing bid process and the posted bid process

We added at the end of that sentence a change in the contract and most certainly a change in the intent in terms of how it's been applied in the past Under the prior agreement, part time employees who were moving into a full time position were not eligible for paid moves under any conditions Based on discussions with the Union, the Company has agreed that part timers who now are able to obtain a full time position through the bid process will have those moves paid for provided it would be a paid move for a full time employee under Article 18 s criteria.

With regard to paragraph b , the prior agreement had provided that in the event no seniority part time employee has a bid on file, consideration will be given to nonseniority employees. We've changed the language around. There is no intent to change its meaning Probationary employees, which is what nonseniority is making reference to, are eligible to be considered for awarding of a bid, but there is no obligation on the Company's part to award such bids to probationary employees.

Under Section 5, dealing with utility workers bidding AMT positions, substantial change in this language as compared to what existed under the previous agreement In paragraph a , the Parties' intent is that a utility worker who possesses or acquires an A&P certificate, if they want to be considered as an AMT, they simply need to put into the system a standing bid. They are obligated to utilize the same procedure as an AMT would use in the IMPACTS system, and there's a reference there to Article 14 Section 3, d., in terms of how he would do it.

Under paragraph b., all of the old language was deleted, and in its place the Parties came up with new lan-

guage that basically expresses our intent that a utility person who wants to become an AMT will have to pass an examination. There's language saying that the examination may include a written component, oral component, and practical skills test. If the employee requests, he can have a Union-appointed observer present during the examination In order to be allowed to take the examination, there has to be a written notification to the Company that they're desirous of doing so, and once the Company has been notified, the Company will provide the examinations within 2 weeks, and at that point, to the extent vacancies come up and are eligible to be filled by utility employees as described later in this Section, the utility employees in that pool would then be awarded those vacancies in seniority order

The Parties have added a sentence requiring that testing be completed within two (2) weeks of notification

Paragraph c provides that the utility employees will be upgraded on a two-for-one basis as compared to hiring from any other source and that pay for utility employees would be in accordance with Article 36 The intent there with regard to the two-for-one ratio, it's going to be based upon the vacancies in the gateways where they're eligible, because under a later Section it provides that utility employees upgrading to AMTs will be limited to those gateways with more than 50 AMTs, and I believe the intent there was that you would look to those gateways and the number of vacancies in those gateways for purposes of the two-for-one ratio, and it's also our intent that it's not on a monthly or annual basis To try to make sure that there's no confusion and resolve disputes with regard to this, it's basically on a two-for-one ratio based on when utility employees become eligible to bid to the vacancy

So for example, in a given year you may not have any utility employees who have passed the examination, but then let's say in a 30-day period three different utility employees pass the examination and are now eligible for upgrade. The Company may have hired 30 employees in the first six months of the year, but you look at the two-for-one ratio and apply it from the point in time that the utility person is there and eligible to be upgraded, so once three people go into the pool, the Company can only hire one outside person for every two utility persons who are upgraded, so that of the next three hires, two of those would have to be utility people -- or the next three openings, two of them would have to be utility people upgraded, and then you would still have one utility in the pool, so in the next three hires, one of them obviously would have to be a utility person.

With regard to paragraph d., we've provided that utility workers who are upgraded to an AMT position would be subject to a one-year probationary period. It's our intent that probationary period would be comparable to that which a new hire aircraft maintenance technician would have in terms of the Company having a right to judge that employee's performance as an AMT and make a decision whether the Company wants to keep him as an AMT.

A new sentence was added to clarify that if a utility employee fails to qualify as an AMT, he will lose any AMT seniority.

There is a dramatic difference with regard to what happens if the Company -- or this upgraded utility person is not working out versus a person hired off the street In the case of the utility person, if the Company decides that it's just not working out and the Company does not want to continue him as an AMT, the Company maintains the right to reassign him back to the utility classification without loss of seniority

Under paragraph e., we've continued the prohibition that existed under the prior contract for junior AMTs to say that utility employees that are upgraded --

MIKE RADTKE Off the record

TONY COLEMAN Sure

(Discussion off the record)

TONY COLEMAN Based on some off-the-record discussion, we're going to try to put into the record what our intent is with regard to the language in paragraph d dealing with utility workers who upgraded are subject to a one-year probationary period

That probationary period, based on discussions that we've had, will be judged by the same criteria that exists in Article 22 for junior AMTs, in terms of failing the test or failing more than four tests or otherwise fails to demonstrate the ability to learn and perform the mechanic trade. It will be those kind of criteria and those reasons that somebody would be disqualified and sent back to the utility classification

With regard to the utility employee who has been upgraded to AMT, to the extent that he engages in conduct that is subject to discipline, the Parties are in agreement that under this language, it's our intent that would be handled as a disciplinary matter under Articles 6, 7, or 8 rather than anything to do with the probationary period we have here. The purpose for this probationary period is for him to demonstrate his ability to learn and perform as a mechanic

With regard to paragraph e . we continued the language that was in the prior agreement for junior mechanics that there is a limitation in terms of them being able to bid on TDY, field service, or charters or to bid to other work centers during their probationary period

There's a sentence at the end of paragraph e. that actually has application back up to the initial paragraph in this Section, because it provides that gateway assignments shall be limited to those gateways with more than 50 AMTs It's our intent that gateway assignments is a reference to actually vacancies that they may bid for purposes of moving up from a utility employee to an AMT position, that they would only be eligible to bid to vacancies that exist in gateways with more than 50 AMTs. This prohibition ends upon completion of the evaluation period

ARTICLE 15
FULL TIME AMT/FST TDY

Section 1 - General

a. As a result of planned activities, such as but not limited to training, vacation, new openings, temporary openings, sick/injury leave, and other leaves per Article 17, the following procedure for providing such TDY is set forth This in no way alters the field service procedure and is intended to be administered separately

b Gateways will be divided into six (6) regions· Northeast. Southeast, North Central, South Central, Southwest, and Pacific unless mutually agreed otherwise. The Company will maintain a posting of all regional primary and secondary TDY gateway coverage at all TDY gateways There will not be fewer than two TDY gateways per region.

c TDY coverage will be from gateways with ten (10) or more AMTs on the seniority list Staffing levels at the time of designation will be the minimum staffing of ten (10) for day to day operations and TDY staffing will be in addition to such minimum The Company will post the operational min/max for each crew at or before the annual realignment bid The number of employees available for TDY is limited to fifteen percent (15%) system-wide above minimum staffing, except during May, June, July and August the limit is sixteen percent (16%) system wide above minimum staffing Minimum staffing will be subject to change with flight schedule or operational changes The Union will be notified in writing if a minimum change should occur at a TDY gateway The notification will include the reason for the change In the event of such schedule/operational change resulting in the reduction in minimum staffing, that gateway may continue to operate as a TDY gateway for a maximum of six (6) months

d Availability for the purpose of TDY will be established by predetermined gateway / crew minimum staffing levels. Representatives from the Local Executive Board will meet annually (or whenever TDY staffing levels are changed) with the Aircraft Maintenance Management and gateway Stewards or gateway AMTs to review and agree on TDY staffing positions/groupings for all TDY gateways. Gateways with one hundred (100) or more AMTs will have no more than four (4) TDY groups for such gateways, to determine availability.

e. TDY assignments will not be made from a gateway/crew where staffing levels are at or below its operational minimum, without exception.

f. Upon ratification, no represented employee of Local 2727 will be laid off or displaced due to the change of manning requirements for the purpose of TDY at the present TDY gateways Any staffing overage will be reduced through normal attrition

g TDY bids will be posted in all non-depleted TDY gateways within the region.

h. AMTs may be sent from one primary or secondary TDY gateway to another primary or secondary gateway.

Section 2 - Assignments

a. TDY assignments will be based on seniority and qualifications according to the procedures prescribed by this Article All full-time AMTs in the work center where a TDY bid is posted will be eligible to bid for the assignment

b AMTs on TDY will be expected to remain on their assignment until it is complete. AMTs on TDY will have the opportunity to return to their home gateway once every two (2) weeks on their days off according to the TDY assignments The Company will provide a jumpseat if available or positive space airline transportation AMTs will not be compensated for travel time when exercising the option to return home once every two (2) weeks

c. In the case of new openings requiring a temporary assignment, the length of such assignment shall not exceed thirty (30) days TDY assignments lasting more than thirty (30) days will be reposted for bid If no one bids the reposted TDY assignment, the AMT on the TDY assignment will have the option to return to his home gateway or continue on TDY, provided his crew is not depleted.

d. Multiple week TDY assignments of up to thirty (30) days will be awarded to the senior volunteer provided the award does not deplete his work group If such depletion occurs during a portion of the assignment, the senior volunteer will be awarded that portion of the assignment which consists of two (2) or more consecutive weeks and does not result in work group depletion If any part of the assignment cannot be awarded in segments of two (2) or more consecutive weeks due to gateway/crew depletion. the assignment will be divided as necessary and awarded to the successful bidder(s) respecting depletion.

e Once an AMT is assigned to a gateway, he will report directly to that gateway maintenance supervisor until the assignment is completed.

Section 3 - Depletions and Minimums

a. Only an employee's absence of two (2) days or more will count toward depletion of groups

b. If a permanent opening occurs within a group and it is not filled within thirty (30) days, or an employee's disability extends thirty (30) days or more, that group or gateway minimum will be reduced accordingly

Section 4 - Bids and Awards

a. GENERAL GUIDELINES AND NORMAL TDY

1 All normal TDY bids will be posted for at least seven (7) days and awarded no less than fourteen (14) days prior to scheduled departure for that assignment

2. Successful bidders or assigned employees will assume the schedule of the vacancy.

3 TDY bids will be awarded to the senior qualified available volunteer from a TDY crew at the primary gateway and, if none, then at the secondary gateway

a If there is not a successful volunteer from a TDY crew, the senior qualified volunteer from the work center at the primary gateway, not considering depletion of the volunteer's crew. will be awarded the bid. The same procedure will be followed at the secondary gateway to obtain a volunteer. if necessary Once a volunteer is obtained. the Company will then force the least senior AMT at the volunteer's work center. who is assigned to a non-depleted TDY crew, to cover the volunteer's schedule The forced employee may be assigned a transition schedule, if necessary, to assume the volunteer's schedule

b. If the TDY posting has no bidders, the Company will force the least senior qualified AMT from the work center at the primary gateway, who is assigned to a non-depleted TDY crew Within seventy-two (72) hours after being notified of his force, the forced AMT may obtain another qualified AMT within the gateway willing to cover the TDY assignment. The forced AMT will assume the schedule of the AMT covering the TDY unless the covering AMT is from a non-depleted crew. in which case the forced AMT will work his regular schedule. The forced employee may be assigned a transition schedule. if necessary. to assume the volunteer's schedule

4 Employees will not be awarded multiple TDY assignments within a one (1) week period.

5 If no TDY gateway in the region has a successful bidder. the forced assignment will be from the non-depleted TDY gateway with preference to the primary gateway.

6 If the TDY gateways in the region are depleted. the Company reserves the right to bid the TDY in another non-depleted region in accordance with the above procedures.

7 No AMT will be forced on normal TDY with less than a fourteen (14) day notice. Such notice will be given to the eligible employee while on duty.

8. Employees will be responsible for determining and maintaining their individual eligibility (other than due to depletion) to work any TDY assignment on which they bid

9. An employee on a TDY assignment shall have the same rights to work holidays possessed by employees at the TDY gateway

10 All TDY bids will clearly show the hours of the shift and the days to be worked.

b EXCEPTION TDY

1. For exceptions, that is, when circumstances outside the control of the Company give rise to a TDY need, which cannot be fulfilled under the guidelines for Normal TDY prescribed above, the following procedure will be observed
   a) The Company will post the bid for a minimum of 24 hours in all non-depleted TDY gateways within the region.
   b) After the minimum 24 hour posting, the TDY assignment will be pursuant to section 4 a3
   c) If seven (7) days notice of the TDY is not available, then the selection process that is contained in Article 16, will be used to assign the TDY when needed. Selection will be made from a TDY gateway and the employee will not be rotated on the FS list
   d) If the regional TDY gateways are depleted, the Company reserves the right to bid the TDY in another non-depleted region in accordance with this Section.

c EMERGENCY TDY

1 When circumstances outside the control of the Company give rise to an emergency TDY need and a 24 hour posting is precluded, for example, an employee reports ill just prior to his start time, the following procedure will be observed·
   a) The selection procedures contained in Article 16, will be used and the employee will not be rotated on the FS list
   b) The field service AMT may be required to complete the remaining work week of the vacancy, when necessary.
   c) If the TDY will be longer, normal TDY or exceptional TDY procedures in this Section, as applicable, will be used.
   d) All categories of TDY bids will be time clock punched for posting

d WAIVER OF NOTICE

For the purposes of exceptional or emergency TDY assignments, the seven (7) day advance notice is waived only by injury, illness, funeral leave, jury duty or option days requested and approved with less than fourteen (14) days notice

Section 5 - Normal TDY Involuntary Assignment

a No AMT with a prior approved day off, extended weekend, leave of absence, or the AMT who requested and was approved a crew trade during the TDY assignment will be forced TDY or to cover a shift for a TDY volunteer

b Forced TDYs will be for a maximum of two (2) consecutive weeks away from the employee's home gateway After two (2) consecutive weeks away from the employee's home gateway, the employee will be assigned a minimum of one (1) complete work week at his home gateway before he is again eligible for forced TDY In such cases, the Company will select the next eligible least senior AMT, if necessary

Section 6 - Expenses

a Where transportation and lodging are not provided by the Employer, reasonable and actual expenses will be allowed for each employee, to include individual rooms and rental cars

b The Company will reimburse employees for reasonable and actual cost of cleaning uniforms when the TDY lasts for a scheduled five (5) day work week For meals and laundry, an employee shall be allowed two dollars ($2 00) per hour for all time spent away from his gateway within the forty-eight (48) contiguous United States as allowed and in accordance with the IRS code When it becomes necessary for an employee to travel to destinations outside the contiguous United States, he shall be reimbursed for meals and laundry at no less than the highest applicable per diem rate for each geographical location found in any bargaining unit's Agreement with the Company. Per diem rates outside the contiguous United States shall remain in effect until the employee first arrives back at a gateway in the contiguous United States. Each January, the Company will determine the appropriate per diem rate for the year and notify the Union

c. An employee will be given an advance by the Employer to cover expenses while away from the employee's home gateway The advance will be all per diem for all planned hours away from the home gate-

way for the TDY Taxes deducted from the advance check shall be at the lowest rate allowed by law Advance per diem checks, transportation vouchers, prepaid or direct billed accommodation reservations and confirmation, itinerary and direction maps will be provided to the AMT a minimum of ten (10) days prior to departure unless Section 4, b I c) or Section 4, c above applies. In reference to Article 4, I., newly hired employees will be given their per diem check by the third working day for employees attending training at SDF and fourth day for training at any other location

d. All expenses incurred by the employee on behalf of the Employer shall be reimbursed by the Employer as soon as possible but no later than seven (7) working days following the Employer's receipt of the expense form

e Travel arrangements, hotel accommodations (which will be of a comparable quality to that provided the Company's crewmembers), and expense advances will be handled through the Area Manager in compliance with this Article Where reasonably available, hotel accommodations shall typically include an in room refrigerator and microwave

f Employees on TDY assignment will be permitted one (1) personal telephone call per day of not more than four (4) minutes duration over the Company's system

g To the extent an employee on TDY has actual and reasonable meal and personal laundry expenses which exceed the two dollar ($2 00) per hour per diem he may submit the receipts for reimbursement at the conclusion of the TDY assignment The expenses will be reimbursed up to the total difference of twenty-five cents ($0 25) per hour.

Section 7 - Travel

a All time spent waiting, traveling to and from the TDY gateway will be paid at the applicable rate. In addition to time spent traveling, an employee will be paid one (1) hour prior to scheduled departure time as preparatory time and one (1) hour upon arrival at final destination Flight arrangements will be to the TDY assignment gateway airport or the nearest commercial passenger airport.

b Employees on TDY assignment during peak shall be scheduled and provided positive space transportation to arrive at their home gateway no later than midnight, December 24

c An employee traveling on a TDY assignment will have the option of arriving/departing from the commercial passenger airport that is closest to his home, provided the cost of the ticket is no more than the cost of the ticket from/to the employee's home gateway The employee will be paid actual travel time plus contractual preparatory/destination time, but no more than if he traveled from/to his home gateway Airlines not in UPS' travel program will not be considered Employees must designate their preference on the TDY bid or inform the Company at the time of a force

d Employees who have a documented fear of flying shall notify the Company in writing prior to a TDY assignment These employees will not thereafter be eligible for a TDY assignment in which flying is required. If an employee with a medical inability to fly is selected for a TDY assignment, he shall be excused from the assignment; however, within one week of a request he shall be obligated to provide a statement from a physician documenting the medical inability to fly.

e. Employees departing from Louisville on TDY assignments may park in a secured lot at the Company's Global Operation Center or elsewhere as determined by the Company The Company will make its best efforts to resolve problems with parking arrangements at other TDY gateways as necessary.

Section 8 - Miscellaneous

a The provisions of Articles 11 and 13, will apply to an AMT returning from TDY to his home gateway who completed a duty period of sixteen (16) hours

b In situations where an employee has an emergency while on TDY, the provisions of Article 16, Section 6, c will apply.

c A TDY assignment of less than forty (40) hours may require a transitional schedule made up of any combination of hours to equal forty (40) hours in accordance with Article 11, Section 1, a , including travel time However, AMTs on TDY assignments for part time vacancies will receive the forty (40) hour guarantee which may include travel time.

d. Employees will not be allowed to combine their bid shifts with TDY assignments to exceed the planned forty (40) hour guarantee.

e. For purposes of voluntary overtime. an employee working in transition as a result of returning from TDY shall be considered the last person on the assigned shift for purposes of rotational overtime For purposes of assigned overtime. the employee's overall seniority will be recognized

f Part time AMTs and AMTs with less than three (3) months classification seniority will not be eligible for TDY Junior AMTs will not be eligible for TDY.

g. AMTs on TDY may be allowed up to a one (1) hour meal period with management approval

h If coverage is needed at a gateway, with four (4) or more AMTs, the Company may offer the work according to overtime procedures. first to full time AMTs and then to part time AMTs. if applicable. If the work is not accepted on a volunteer basis, the Company may assign the work in reverse order of seniority, beginning with the junior part time AMT. where applicable In gateways with less than four (4) AMTs. the Company will use a TDY AMT rather than assign when work is not accepted on a volunteer basis.

Section 9 - Rest Periods

The entitled rest periods will be in accordance with Article 13. Section 9.

Section 10 - Rental Cars and Personal Vehicles

a Employees on TDY will receive a rental car while on TDY assignments for use in accordance with Grievance settlement 2005-0651

b Employees having a particular need for requesting the use of a personal vehicle during TDY assignments. may do so with the approval of their immediate manager/TDY coordinator and will be compensated as specified in Article 4. c. The Company will not be held liable for damages to a personal vehicle.

c Employees who drive themselves from their home gateway to a TDY gateway shall be allowed to return home upon completion of the TDY schedule.

Section 11 – FST TDY

The TDY provisions of this Article will apply to FST's once Local 2727 represented FST's are staffed at UPS locations outside of SDF.

ARTICLE 15

* * * * * * * * * * * *

MR WILDER. This is the parties' joint interpretation of Article 15 relating to full-time AMT and, FST. TDY The document being interpreted is the TOK signed by the parties on January 29. 2009 The first change made by the parties in Article 15 appears in the title of the article itself Notice that we have added the term FST to the TDY provisions The reason for that is that in Section 11 of the TOK, the parties have provided that the TDY provisions of this article will apply to FSTs once Local 2727 represented FSTs are staffed at UPS locations outside of SDF.

The first change to Section 1 of Article 15 was made in paragraph b Although, for TDY purposes, there still will be six regions The parties have redesignated the central region as north central and added a south central region.

The reference to the northwest region in the current agreement has been omitted. The next change appears in paragraph c of Section 1 The parties are in agreement that the Company will post the operational min/max for each crew at or before the annual realignment bid The parties left the 15 percent system-wide ceiling on the number of employees available for TDY, but they introduced flexibility into the process by providing that the ceiling would be 16 percent system-wide during April. May, June, July and August

Section 2.a was very significantly changed in that the parties made clear that all full-time AMTs in the work center where a TDY bid is posted will be eligible to bid for the assignment We also added the words, "according to the procedures prescribed by this article" at the end of the first sentence in Section 2 a In paragraph b, the parties eliminated the reference to "relief" in the second sentence as inapt, replacing that word with the initials "TDY."

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

The parties made substantial changes to Section 4 of Article 15 relating to bids and awards of TDY assignments In paragraph a 1 of that section. they enlarged the period for awarding TDY bids from a minimum of seven days to no less than 14 days prior to the scheduled departure for the assignment. The existing language in paragraph a 3 of Section 4 was deleted in favor of a extensive revision. Under the revision, TDY bids will be awarded to the senior qualified available volunteers from a TDY crew at the primary gateway, and, if none, then at the secondary gateway So TDY bids will first be awarded to volunteers from a TDY crew at the primary gateway: if none, they then will be awarded to volunteers from a TDY crew at the secondary gateway. The parties went further to deal with the situation where there was not a successful volunteer from the TDY crew. In that event the senior qualified volunteer from the work center at the primary gateway, not considering depletion of the volunteer's crew, will be awarded the bid The same procedure will be followed at the secondary gateway to obtain a volunteer, if necessary Then once a volunteer is obtained at either the primary or the secondary gateway, the Company will then force the least senior AMT at the volunteer's work center who is assigned to a non-depleted TDY crew to cover the volunteer's schedule. The parties agree that the forced employee may be assigned a transition schedule, if need be, to assume the volunteer's schedule The parties provided for a further contingency in subparagraph b There, they indicated that if the TDY posting has no bidders, the Company will force the least senior qualified AMT from the work center at the primary gateway who is assigned to a non-depleted TDY crew Within 72 hours thereafter, the forced employee may obtain another qualified AMT within the gateway to cover the TDY assignment The forced AMT will assume the schedule of the AMT covering the TDY unless the covering AMT is from a nondepleted crew Again, the forced employee may be assigned a transition schedule, if necessary, to assume the volunteer's schedule This revamped section is designed to perpetuate the parties' intention to extend to all qualified AMTs of the gateway the opportunity to bid on TDY assignments according to the preferences which are outlined in Section 1 Off the record

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER· Back on the record During the off-the-record discussion, the parties noted that the revamped Section 4 reflects extended discussion and determination by them to refer to work center or gate-

way as appropriate The rules correctly specify in Section 4 the appropriate use of the word work center working –

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR. WILDER· During the off-the-record conversation, the company believed that it would be more useful to indicate that the parties agreed to changes in Section 4 in part to expand the opportunities for the performance of TDY assignments by qualified technicians The next change the parties made is contained in paragraph 7 of Section 4.a In that provision, they extended the notice afforded to an AMT force in a normal TDY assignment to 14 days. That's an increase in notice from seven to 14 days In paragraph a 8 of Section 4, the parties agreed that employees will be responsible for determining and maintaining their individual eligibility, other than due to depletion, to work any TDY assignment on which they bid Off the record

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR. WILDER Back on the record Examples of the situations affecting individual eligibility would be the employee's vacation, the employee's protected weekend, training assignments, and shift trades. The employee will be responsible for keeping track of how those events or situations would affect his individual eligibility for a TDY assignment on which he has bid In paragraph 9, the parties adopted new language indicating that an employee on a TDY assignment would have the same rights to work holidays possessed by employees at the TDY gateway.

In paragraph 10, the parties provided new language to indicate that all TDY bids would clearly show the hours of the shift and the days to be worked This language was added for the convenience of AMTs bidding on TDY assignments so they would know precisely the assignment they are volunteering to fill ahead of time.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE.)

MR WILDER During the off-the-record discussion, the company advised that all TDY bid forms will make clear that holidays may be worked at the TDY gateway if, in fact, there will be work during the holiday schedule at the gateway

(WHEREUPON AN OFF THE RECORD DISCUSSION TOOK PLACE.)

MR WILDER· The employee rights set forth in paragraph 9 of Section 4 a are subject to the qualification that holiday work might not be available at the TDY gateway That advice will be reflected on all TDY bid forms in the future

MR HOSKINS Can I put something on the record as well? When you read in paragraph 10, that all TDY bids will clearly show the hours of the shift and the days to be worked, that paragraph has to be read in light of paragraph 9 So that if a TDY bid shows you working on a holiday, that's not a guarantee that the successful TDY bidder will, in fact, work that holiday Whether he does or doesn't will depend on the TDY gateway's holiday schedule And he's in the same position under paragraph 9 as the employees at a where the TDY assignment is going to take place

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR. WILDER. Back on the record. The next change the parties made to Article 15 occurred in paragraph b of Section 4 relating to exception TDY They changed the trigger for application of exception TDY from the current provisions, which refer to a TDY need not permitting a notice posting period of seven days to a TDY need caused by circumstances outside the control of the company, "which cannot be fulfilled under the guidelines for normal TDY described above" Now, for an exception TDY, the company will post a bid for a minimum of 24 hours at all nondepleted TDY gateways, as is presently the process. After that minimum 24 hour posting, the TDY assignment will be made pursuant to new Section .a.3. If seven days notice of the TDY cannot be given to affected employees, then the selection process that is contained in Article 16 relating to field service assignment will be used to assign the TDY. Immediate selection will be made from the TDY gateway, and the employee will not be rotated on the field service list

There were only two changes made to paragraph c relating to emergency TDY We added the word selection to subparagraph a) of paragraph c 1. We also changed the designation of the last paragraph from e to d

to comport with the lettering of that paragraph. In paragraph f, relating to waiver of notice, we changed the word "notification" to "notice" solely for clarity, and we did not intend a substantive change in doing so.

Section 5, relating to normal TDY and involuntary assignment was changed considerably by omitting the unnecessary current paragraphs a and b of that section. The current paragraphs c and d of Section 5 become new paragraphs a and b of the new Article 15, Section 5.

In paragraph a, we have added to the circumstances under which an AMT will not be forced on TDY, the extended weekend, which was agreed to for the first time by the parties. We also added the language "or to cover a shift" for a TDY volunteer. So now, an AMT will not be forced on TDY, or required to cover a shift left uncovered by a TDY volunteer, if that would interfere with a prior approved day off or extended weekend, leave of absence, or an approved crew trade

Pararagraph b was changed by making clear that forced TDY will be a maximum of two consecutive weeks away from an employee's home gateway After two consecutive weeks away from his home gateway, the employee will be assigned a minimum of one complete work week at his home gateway before he is again eligible for a forced TDY.

There were several changes made by the parties in Section 6 relating to expenses. In paragraph b of that section, the parties added a final sentence to read as follows. "Each January, the Company will determine the appropriate per diem rate for the year and notify the Union " That process is to be continued so it occurs at the same time the annual per diem rate is determined for crew members under the IPA agreement with the Company. If that time changes under the IPA Agreement then it will also change under this agreement

In paragraph c of Section 6, the parties decided that per diem checks and information and documents required for the TDY will be furnished to the AMT ten days prior to his departure instead of the seven days that is currently provided by that provision.

In paragraph e of Section 6, the parties agreed that, where reasonably available, hotel accommodations should typically include an in-room refrigerator and microwave. They understood in their discussions leading to agreement on this provision that there may be occasions in which the regular hotel accommodations cannot include an in-room refrigerator and microwave because either of those appliances might be broken or not available in a particular room at the hotel What they intend is that the Company will book arrangements at hotels that typically make available those appliances in individual rooms

In Section 7 relating to travel, the parties agreed to change paragraph a by adding the finally sentence, and I quote, "Flight arrangements will be to the TDY assignment gateway airport or the nearest commercial passenger airport." In paragraph b, the parties agreed to add the word "schedule" to the existing language so that employees on TDY assignment during peak shall be scheduled and provided transportation to arrive at their home gateway no later than midnight December 24th.

MR. HOSKINS Do you mind if we pause for a second?

MR. WILDER· Yeah, let's go off.

(WHEREUPON AN OFF THE RECORD
DISCUSSION TOOK PLACE)

MR WILDER The parties have adopted entirely new language relating to travel on TDY assignment This new paragraph c concerns travel to and from the AMT's home gateway to the TDY assignment The parties made clear that the TDY employee will have the option of arriving and departing from the commercial passenger airport closest to his home, provided the cost of his ticket is no more than the cost of a ticket from or to the employee's home gateway. The employee will be paid actual travel time plus contractual preparatory destination time, but no more than if he traveled from or to his home gateway. They also agreed that travel on airlines not in UPS' travel program will not be eligible for consideration

The final sentence in the new language reads as, "Employees must designate their preference in the TDY bid or inform the company at the time of a force." The "preference" referred to there is the preference of arriving and departing from the commercial passenger airport the closest to the employee's home or traveling to or from the airport at the employee's home gateway.

In paragraph e, the parties addressed the situation in which employees have a fear of flying and decided they will not be sent on TDY assignment. There is a set procedure in the new language set forth in paragraph e.

(WHEREUPON AN OFF THE RECORD

DISCUSSION TOOK PLACE)

MR WILDER: Employees who have a documented fear of flying shall notify the company in writing prior to a TDY assignment Those employees will not thereafter be eligible for a TDY assignment for which flying is required. The final two sentences of paragraph d deal with a related. but different situation They concern employees who are medically unable to fly. If an employee with a medical inability to fly is selected for a TDY assignment, he shall be excused from the assignment. Within one week of a request by the Company, if made, he will be obligated to provide a statement from a physician documenting the medical inability to fly It's understood by the parties that the medical inability to fly may be temporary or permanent, depending upon the physical evaluation and the nature of the inability. Off the record

(WHEREUPON AN OFF THE RECORD

DISCUSSION TOOK PLACE)

MR WILDER. Back on. The parties adopted new language in paragraph e of Section 7 The language makes clear that employees departing Louisville on TDY assignment may park in a secured lot at the Company's Louisville operation center or elsewhere as determined by the Company. The purpose of the provision is so that the employee's vehicles will be protected and secured during the pendency of a TDY assignment that may last as long as two weeks at a time. At other gateways, consistent with the treatment of other crafts, the Company will make its best efforts at parking arrangements.

The last change in Article 15 is in paragraph a of Section 10 relating to rental cars and personal vehicles. The parties have added the language in accordance with grievance settlement 2005-0651 to paragraph a. in order to make clear that the rental car provided for use by employees on TDY assignment will be governed by an addendum already agreed to by the parties The joint interpretation of Article 15 is now concluded.

ARTICLE 15

TONY COLEMAN. This is the joint interpretation on Article 15. Full Time AMT TDY The Parties have agreed it will be titled "Full Time AMT TDY." TDY is a shorthand meaning temporary duty

First, for anyone reading through this Article in the new contract versus the prior should be aware of the fact that there were substantial realignment of paragraphs within the Article where they were moved from one Section to another just because we felt that they fit more appropriately in different sections and that if you are looking at the two contracts side by side, simply because a paragraph does not appear where it did in the prior contract doesn't mean that it's not addressed elsewhere within the new Article 15.

Under Section 1. which has been retitled to "General," paragraph a had a sentence added at the end of it. After much discussion between the Parties, there was an agreement that mechanics who are on temporary duty will receive a two-dollar-per-hour premium added to their regular rate for all time spent preparing, waiting, traveling, and working the TDY assignment In providing the two-dollar-per-hour premium for each of those hours on TDY, it was the Parties' intent to try to make TDY more attractive to employees and they believe that this will help achieve that purpose and hopefully result in reduced forcing

Under Section 1. b., there is new language in the contract. It captures what the practice has been in terms of gateways being divided into six regions and the Company maintaining a primary and secondary TDY gateway within each of those six regions and a contractual obligation to have not less than two TDY gateways per region for a total of 12 TDY gateways throughout the system.

Under paragraph c., there was a change here as there has been throughout the Article and we will not mention it every time, where the Parties' intent is to change mechanics to AMTs.

In the middle of the paragraph, as a protection for employees, the Parties have agreed to insert language saying that the number of employees available for TDY is limited to 15 percent systemwide above the minimum staffing that exists for each of the crews and gateways within the system.

Under paragraph d , the language was changed to give the Union more involvement in terms of the minimum staffing It creates an obligation on the Company's part to meet with the Local Executive Board annually or whenever TDY staffing levels have changed, and additional language was added whereas the prior contract said that we'll simply review it with the Local Executive Board. we've added that not only would we review it, but there will have to be an agreement with the Union on the TDY staffing positions and groupings for all the TDY gateways We also added language saying that gateways with 100 or more AMTs will have no more than four TDY groups for each of those gateways

In paragraph e., we added at the end of the sentence "without exception" to make it clear that TDY assignments will not be made from gateways or crews where staffing levels are at or below operational minimums

MIKE RADTKE Off the record there, Tony

TONY COLEMAN. Sure.

(Discussion off the record)

TONY COLEMAN· With regard to paragraph e , there was one other change that we wanted to clarify for the record as a result of our discussions It says, "TDY assignments will not be made from a gateway/crew " As a result of the language in paragraph d that allows grouping of crews for purposes of the minimum staffing, the Parties wanted to make sure that the record is clear that a grouping under paragraph d may actually be more than one crew. It's not necessarily just one crew in terms of looking at whether minimum staffing levels have been met.

Under paragraph f , there was just a legal clarification by substituting "represented employee" for "member "

In paragraph g , some new language saying that TDY bids will be posted in all nondepleted TDY gateways within the region, and under h , additional language that would allow TDY from one primary or secondary TDY gateway to another primary or secondary TDY gateway for all of the same purposes that TDY exists from TDY gateways to non-TDY gateways

JOE DARMENTO: Off the record.

(Discussion off the record)

MIKE RADTKE: And a further item on paragraph h , the Parties agree that it would be a violation of the contract to attempt to use TDY within that gateway

TONY COLEMAN: Yes, the Company is in agreement that the TDY procedure is not contemplated and cannot be applied within a gateway, and the only other comment with regard to paragraph h. is that it is the Parties' intent when the Company is TDY'ing from one TDY gateway to another, that all of the procedures and restrictions that exist within the Article apply to those TDYs just the same as when you TDY from a TDY gateway to a non-TDY gateway

Section 2 deals with assignments The first paragraph, "TDY assignments will be based on seniority and qualifications," is a carryover from the prior contract. We have agreed within this Article that the terminology "qualifications" will be defined in Article 26 and that will be the controlling definition for the use of the word "qualifications" throughout this Article

In paragraph c., there was an addition to the last sentence that "provided his crew is not depleted." The sentence deals with an employee on a TDY assignment, generally provides that if the TDY will exceed 30 days, the employee will have the option to return to his home or continue on TDY If his crew is depleted, the Parties' intent is that he will not have the option to continue on TDY. He would have to return home

Under paragraph d., it deals with multiple week TDY assignments, and we've added some language saying that if any part of the assignment cannot be awarded in segments of two or more consecutive weeks due to gateway/crew depletion -- and there "crew" again would be defined to actually include the groupings that we've talked about in paragraph d above -- the assignment will be divided as necessary and awarded to the successful bidder. The provision is to deal with the problem of group depletion within a multi-week assignment and the result obviously is that you'd have to divide the assignment even further in order to be able to obtain the employees for TDY and still avoid the gateway crew depletion

In paragraph e , there is simply a change to use the terminology AMT

A number of paragraphs were stricken out of the old Section 2, but most of them do appear somewhere else in the contract

Under Section 3, "Depletions and Minimums," some new language saying that only an employee's absence of two days or more will count toward depletion of groups. I don't know that there's a confusion with regard to that It is a change from how we count absences toward depletion of groups under the current contract

Under paragraph b., we added some language that if a permanent opening occurs within a group and is not filled within 30 days, we've added "or an employee's disability extends 30 days or more, that group or gateway minimum will be reduced accordingly " Obviously the intent there is that when somebody goes off on disability, if that then goes beyond 30 days, the Company would count that toward the reduction in the gateway minimums

MIKE RADTKE. As an example of that, if a group had ten AMTs, and the minimum staffing in that group was eight AMTs, and one person in that ten-AMT group went on disability, they would only have one person available for TDY. After 30 days of disability, the minimum staffing would go from eight to seven, and they would once again have two slots available for TDY.

TONY COLEMAN Go off the record

(Discussion off the record)

TONY COLEMAN The Company agrees with the example that the Union has provided as to how that clause would work. Under Section 4, there was a substantial revamping of TDY and how it will work In a big picture, the Parties have agreed to create three categories of TDY, normal TDY, exception TDY, and emergency TDY, and it's the Parties' intent that through this Section we will define each of those categories of TDY and provide the procedure for employees being assigned or bidding those three different categories of TDY

Normal TDY would essentially be defined by using the language in paragraph a.1. as that TDY which the Company is aware of and knows about in time to be able to post it for at least seven days and then award it between seven and 14 days prior to the scheduled departure for that assignment. If the TDY has occurred and allows the Company to meet those time limits, then it would be normal TDY The procedure under paragraph a. would be followed.

Paragraph 2, there was some change in the terminology, but the intent is the same. Successful bidders for the TDY will assume the schedule of the vacancy, and the vacancy obviously is the assignment at the gateway where he's covering for the employee who is not there

Under paragraph 3, the senior qualified available employee -- and "employee." as we've discussed previously, is meant to refer to AMT -- will be awarded the bid, with preference to the primary gateway. By saying "preference to the primary gateway," the intent is that to the extent the staffing levels at the primary TDY gateways allow, that is where the bid should go first and those employees who have first option with regard to the TDY assignments.

Paragraph 4, a carryover with no change.

Paragraph 5 provides that if no TDY gateway in the region has a successful bidder. the forced assignment will be from the nondepleted TDY gateway, again with preference to the primary gateway, which means that the forcing procedure would first be utilized within the primary gateway, and then only if no one is available would you go to the secondary TDY gateway in that region

Paragraph 6 recognizes that within a TDY region. the gateways may be depleted, and in that situation, the Company has the right to go to any TDY gateway at another nondepleted region and would go through the same procedure or process. Paragraph 7 is kind of the opposite of paragraph 1 in terms of no AMT will be forced on normal TDY with less than a seven-day notice, so if you're down to a point where employees cannot be given at least a seven-days notice in terms of either bidding it or forcing it, then it's not treated as general and normal TDY anymore Paragraph 7 also provides that the notice of the TDY assignment must be given to the eligible employee while he's on duty.

MIKE RADTKE. Off the record.

(Discussion off the record)

TONY COLEMAN As a result of a tremendous amount of off-the-record discussion. the Parties want to go back and clarify a couple things.

Under a.2.. we had some discussion regarding, "Successful bidders assigned will assume the schedule of the vacancy" One, there's an intent on the Parties' part that "assuming the schedule of the vacancy" doesn't mean that some portion of the initial day or the last day of the schedule cannot also include travel time The example that we used is if the schedule that the person is going into. for example, is three thirteens where the last shift ends at 11 p m and there's a flight at 10.30 p m , the Company may release him, the employee, from his duties at the gateway where he's covering the vacancy to go catch that flight so that he's headed back toward his home gateway on that flight before the 11 o'clock p m shift time actually ends. and the same thing could happen on the front end. Obviously the employee is always going to have at least the 40 hours plus whatever travel time is involved in terms of getting to and from the vacancies that he's covering

We also ended up in the context of this Section talking and having a lot of discussion about the transitional schedules that the Company has been building to transition the employees into and out of the vacancy that they're covering on the TDY. and there's a mutual understanding that in creating those transitional schedules. it's the Company's intent to ensure that the employee is always -- building a schedule so that the employee has a 40-hour work week or close as possible to the 40-hour work week in each work week that the days off that the employee enjoys under his normal schedule, that he'll be provided a similar number of days off in each work week. and that to the fullest extent possible, the Company will try to build those transitional schedules so that the employee actually enjoys the same days off within a work week that he normally enjoys within his work week..

(Discussion off the record)

MIKE RADTKE. The Union agrees that transitional schedules under normal TDY procedures would allow the Company to build schedules when a TDY schedule crosses a work week to ensure that the employee has 40 hours. The Company may have to give additional days off from the normal work week of the home gateway or add hours in the normal work week of the home gateway in order to accomplish that, but in any regard, the transitional schedule will ensure a 40-hour work week in any week the employee is in the service of the Company.

TONY COLEMAN The other discussion the Parties have had under a.2 with regard to the change to the gateway relief assignment to vacancy is to make it clear that the assignment that the person is going to is the shift and schedule that the employee had who is now absent from work and being covered For example, if the absent employee's normal shift starts at eight a.m.. the Company does not have a right to move people around within the gateway and have this person come in for TDY and have them start at a scheduled 11

o'clock a m start time. He's got to cover at the eight a m start time

MIKE RADTKE: And furthermore, the Union would like to assert that in its previous statement about transitional schedules, that doesn't prohibit the Company from ensuring the 40-hour guarantee in the work week by using the work or pay rule under the current collective bargaining agreement Such an example may be that the employee will only be short a half hour or an hour or a period of time which the Company wants to just ensure the 40-hour guarantee.

MS MOTLEY And also to that same transition week, we mentioned that it crosses into different pay periods, but if it is a normal TDY and it's less than 40 hours. it could be a transition week also. the example given, three option days in the same pay period, giving 14 days notice where you have time to post it where it's less than 40 hours.

MIKE RADTKE. Off the record

(Discussion off the record)

TONY COLEMAN: Going back on the record, picking up with paragraph a 7 in terms of no AMT will be forced on normal TDY with less than seven days notice, the Parties are in agreement that once the normal TDY has been posted, if there is no one who has bid that, that the Company will have the period of time from 14 days down to seven to assign that TDY to the junior qualified employee during that period, and there is an obligation under the new language in paragraph 7 that such notice of the forced TDY assignment will be given to the eligible employee while on duty

Going to exception TDY. the way the Parties have structured the Article, exception TDY is that where there is not sufficient time to post it for seven days, but it is TDY. that the Company still has at least seven days -- an ability to give at least seven days notice to the employee of the TDY. and when that TDY in that category arises -- and there is language saying that TDY in that circumstance is when the absences occur due to circumstances outside the control of the Company -- the Company's obligation is first to post the TDY for a minimum of 24 hours in all nondepleted TDY gateways within a region. and after the 24-hour posting. it would be awarded to the successful bidder First you'd look to the primary TDY gateway in that region and award it to that person first. and then only after that go to the secondary TDY gateway.

In paragraph c., if neither of the regional TDY gateways has a successful bidder, the Company would then go to a forced situation, again. to the nondepleted gateways with preference to the primary gateway

Now, in paragraph d. it says if the seven days notification period is not available -- and implicit in that. no one has volunteered for the exception TDY -- then the selection process that's contained in Article 16 concerning field service would be utilized. Recognizing that this is a TDY situation rather than field service. the Parties have agreed that the employee is not rotated on the emergency field service list as a result of a TDY assignment that may be given to him pursuant to paragraph b 1 d

Paragraph e says that if the regional TDY gateways are depleted. the Company reserves the right to bid the TDY in another nondepleted region The intent of the Parties would be that bidding process under paragraph e would take place after the posting within the TDY gateways within the region. If the TDY gateways within the region are depleted. then you go outside the region. That would take place before you'd utilize the processes in paragraph d by going to the field service procedures or before you go to the force procedure Let's go off the record here

(Discussion off the record)

TONY COLEMAN: Some off-the-record discussion with regard to paragraph e The Parties' intent and understanding is that paragraph e. reserves the right for the Company to go to another nondepleted region in order to post the exception TDY First, it would only do that if the TDY coverage in the region is depleted. Once it goes to another region and posts the TDY coverage, if no one bids it, then any forced assignment to TDY would be in that region in which it was posted.

MIKE RADTKE Furthermore, the Union would like to add that the Parties are in agreement that the intent of the minimum 24-hour posting is to have the longest exposure possible to as many employees coming on duty, and when it gets down to the time which the Company has to depart somebody and no volunteers are available, the course of the Company's process is to then use emergency field service. which often is four hours or less and people who are on the property at the time go. so it is not that there will be only a 24-hour posting, the Parties agree, but rather that it's a minimum 24-hours posting For example, the

Company may get a six-day notification, and they would leave the posting up for four or five days maybe and expose it to as many potential volunteers on different crews.

TONY COLEMAN The Company is in agreement with that statement.

Going to emergency TDY, which is the third and last category, emergency TDY would be defined as those absences which occur which need to be covered by TDY where even a 24-hour minimum posting time is not possible, and in that case the Parties have agreed that we would go to the procedures contained in Article 16 for emergency field service. Under those procedures, we again agreed, because this is more of a TDY than emergency field service, that the employee would not be rotated on the field service list The employee who goes out on an emergency TDY under this procedure may be required to complete the remaining work week of the vacancy if the employee who has become absent at the last minute continues in terms of his absence.

In paragraph c., if the TDY will be longer than the rest of that work week, the Company's obligation is to fall back and utilize the normal TDY or exception TDY procedures that are laid out in this Article in order that that field service person doesn't have an obligation to continue to work that TDY assignment.

Under paragraph d , we came up with some additional language that says that for purposes of exceptional or emergency TDY, the seven day advance notification is waived only by injury, illness, funeral leave, jury duty, or option days requested with less than 14 days notice. Why don't we go off the record a second

(Discussion off the record)

TONY COLEMAN. The Parties had some off-the-record discussion and agree that the change about option days requested with less than 14 days notice is if it's obviously more than 14 days notice, then it should be treated as normal TDY and would be covered by the normal TDY procedures.

MIKE RADTKE· Actually 14 days or more.

TONY COLEMAN· Right If it's absences by employees, the intent is absences by employees that come under the 14 or less, then you'd end up with the exception and emergency TDY procedures.

MIKE RADTKE. Let's go off the record

(Discussion off the record)

TONY COLEMAN. In terms of saying option days requested with less than 14 days notice, the Parties' intent is that the option days have been requested and approved so that there's at least 14 days notice. If it's requested and/or approved with less than 14 days notice, then you'd be into the exception and emergency TDY coverage procedures.

Paragraph e is some new language saying that all categories of TDY bids will be time clock punched for posting We agreed that's the procedure that will be followed Section 5 goes into normal TDY involuntary assignments There is some change in the language in paragraph a., but the intent is still to allow the forced employee to find a senior person to volunteer to take the TDY if he can do so.

MIKE RADTKE· Off the record

(Discussion off the record)

TONY COLEMAN. On paragraph b., again some new language to say if a TDY posting has no bidders, the Company will force the least senior eligible AMT from a nondepleted group, while on duty, and again, the intent is that the person who has been forced will be somebody who is on duty Within 48 hours after being notified of his force, the forced AMT may seek and find another eligible volunteer AMT for purposes of covering the assignment

Paragraph c , new language, "No AMT with a prior approved day off, leave of absence, or the AMT who requested and was approved a crew trade during the TDY assignment will be forced TDY" The Company has agreed that those employees will not be eligible for the forcing process.

MIKE RADTKE. And the Union would like to clarify that the AMT who requested and was approved a crew trade, the intent there is that the employee who initiated the crew trade.

TONY COLEMAN The Company would agree, because the employee who has accepted the trade would actually be there and available for the TDY assignment.

Under paragraph d.. some new language, "Forced TDYs will be for a maximum of two consecutive weeks at a time," and the Company has the obligation of selecting the next eligible least senior AMT to cover the additional TDY assignment if necessary.

Under Section 6 and expenses, we've clarified the first paragraph to make it clear that employees on TDY

are eligible for individual rooms and rental cars

Under paragraph b., just a clarification of the language. but we've continued the protection that the per diem rate would be the highest applicable per diem rate for each geographical location found in any bargaining unit agreement with the Company

Under paragraph c , we've added some additional language just clarifying that the advance that the employees is given will be for all per diem for all planned hours away from the home gateway and that the Company would only deduct taxes from that advance check at the lowest rate that the law allows it to do so We also agreed that accommodations would be prepaid or direct billed and that direction maps would be provided to the AMT a minimum of seven days prior to his departure There is an "unless" clause which is simply a reference back to the emergency or exception TDY where the Company would not have the ability to do it seven days in advance but would still provide the direction maps

We also included language here which really deals with new hire employees We've included it here because Article 4 provides that new hire employees will be given per diem in accordance with Article 15 and simply says that they will be given their per diem check on the third workday for the employees attending training at SDF and the fourth day for employees who attend training outside of SDF

In paragraph g.. in an attempt to provide additional protection to employees who are on TDY in terms of the two-dollars-per-hour per diem. if for some reason it does not cover actual and reasonable meal and personal laundry expenses. we've established the procedure for the employee. to the extent that his. again. actual and reasonable meal and personal laundry expenses exceed the two-dollar-per-hour per diem, he has the right to turn in to the Company the receipts for his reimbursements at the conclusion of the TDY assignment. and to the extent that his expenses exceeded the established per diem. the Company would provide an additional reimbursement up to the total difference of 25 cents per hour It does provide that the employee is obligated to turn those in at the conclusion of the TDY assignment. which is a reasonable period of time in terms of his return back to his gateway

MIKE RADTKE. Off the record.

(Discussion off the record)

TONY COLEMAN. Under Section 7. "Travel," we inserted the words "all time spent" -- we inserted the word "waiting " The Parties' intent there was that was waiting to travel, and an example that was used at the table is if your shift ends while you're on a TDY assignment at four p m and your flight is not until nine. that all of that time is not included. It's the time that you are spending at the airport in the event of delays of the aircraft or waiting for the aircraft. It does not include when the stopover ends up to be overnight because the last flight was canceled or the airline or the employee fails to make any necessary connecting flight

In the second sentence of that paragraph, we had struck the words "up to" and instead made it just an automatic paid one hour prior to scheduled departure time as preparatory time and one hour upon arrival at final destination, so again. comparable to the change that we made in the training Article, that it's one hour and it's just an automatic one-hour payment there for departure and arrival.

Under Section 8, "Miscellaneous," we've changed the language to say that the provisions of Article 11 and 13 will apply to an AMT returning to his home gateway who completed a duty period of 16 hours We have agreed that what happens to those employees at that point in time is something that will be covered in Articles 11 and 13 rather than in Article 15

With regard to paragraph c . we changed it to say a TDY assignment of less than 40 hours can require a transitional schedule that the Company will prepare The Company will incorporate the prior discussions we had in terms of the Company's commitments with regard to those transitional schedules

We added a sentence at the end of that paragraph saying that AMTs on TDY assignments for part time vacancies will receive the 40-hour guarantee. which may include travel time. There is a commitment on the Company's part that even if you're doing a TDY to cover a part timer. you most certainly are not going to lose the 40-hour guarantee that you had.

Under paragraph f. under "Miscellaneous," again. some change in the language to specify part time AMTs and AMTs with less than three months classification seniority It had said probationary earlier. and that most certainly would be inclusive of probationaries, but also would include anybody else who comes into the AMT classification and has less than three months classification seniority The prohibition against junior mechan-

ics performing TDY is carried over in that paragraph. We've also agreed that based on the Union's position that there are times when an employee goes on TDY at a new gateway where he may not be familiar with the location of restaurants. and because he's away from his home gateway, may not bring his meal with him or be able to bring a meal with him, that it may take more than a half hour for that person to obtain a meal, that with management approval, that the half-hour lunch break can be extended to a one-hour lunch break, and the Company will not unreasonably deny that in those situations where the AMT has a legitimate reason and need for more than the half-hour lunch break

Under paragraph h., we've inserted into the contract something that was a part of a side letter of agreement under the prior contract that if it's a gateway with more than four AMTs, the Company does have and retains the option of utilizing overtime to cover for the absent employee rather than the TDY procedure. However. if it's a gateway that has less than four AMTs, the Company's ability to utilize overtime rather than TDY is only if it's on a volunteer basis If there is no volunteer for the overtime and there's smaller gateways with less than four AMTs, then the Company actually is obligated to utilize the TDY procedure.

Under Section 9. "Rest Periods," the Parties have agreed --

JOE DARMENTO: Wait.

(Discussion off the record)

TONY COLEMAN: As a result of an off-the-record discussion, we do have one further clarification. In paragraph a.2., in terms of general and normal TDY where it says, "Successful bidders or assigned employees will assume the schedule of the vacancy," the Parties are in agreement that it would be contrary to our intent to have a person TDY'd to cover the vacancy for a full time person's schedule for that week and then include in that a scheduled assignment to also cover for a part timer who might be missing that week This also would be contrary to the Parties' intent that if any part timer was going to be absent on a Monday and a person is going in to do TDY coverage for a full timer who is a Tuesday through Saturday. to have that person go in a day early and cover the absence of the part timer on the first day The Parties are in agreement and understand that a TDY assignment is for the purposes of covering the scheduled shift for one person who is absent during that work week do not have any intent to preclude the application of normal overtime rules that might be applicable in the event of overtime work coming up within that gateway in terms of the TDY person who is there either volunteering to do the overtime or being assigned to do it if they're the junior person

With regard to Section 9 on rest periods, the Parties have essentially struck most of the Section and have agreed that the rest periods for TDY assignments will be addressed in Article 13 and that's where a person should turn to to review that language

Article 15, Section 10, "Rental Cars and Personal Vehicles," language saying employees on TDY will receive a rental car for use while on the TDY assignment, and paragraph c., employees who drive themselves, using a rental or personal vehicle, from their home gateway to a TDY gateway shall be allowed to return home upon completion of the TDY, the discussion was that it's an employee's choice as to whether he wants to return home upon completing the TDY or not. That was the discussion.

There was also paragraph b, a clarification where the previous contract stated the Company will not be liable for the use of a personal vehicle Based on discussions, we agreed that what we really intended was that the Company will not be held liable for damages to a personal vehicle while the employee is using it on a TDY assignment. If he, for example. happens to have an accident while he's driving around the city, that would not be something that is the Company's liability

JOE DARMENTO: Off the record.

(Discussion off the record)

TONY COLEMAN. The Parties have had an off-the-record discussion in terms of the rental car that the employee has while he's on TDY. The Parties are in agreement that the rental car during periods of time off is there and available for him for reasonable and customary uses.

ARTICLE 16
FIELD SERVICE

Section 1 - General

a Field service will be used to dispatch employees from their home gateway to any location for the purpose of restoring aircraft to service pursuant to Articles 1, 21 and 22.

b Employees on field service shall follow the starting time schedule developed for the field service work and will maintain at least the same guaranteed number of hours for each scheduled day of their bid work center schedule.

c Employees on field service will work as directed in any of the Employer's locations

Section 2 - Selection

a The Company agrees to post and maintain a perpetual field service volunteer list in each work center by classification (AMT, FST, QC and LST) and shift (days/nights). Employees may sign the field service volunteer list during the first fourteen (14) days of January, April, July, and October only New volunteers signing will enter at the bottom of the list. An employee changing lists will be dovetailed by his last date of field service, seniority being tie-breaker Once contacted and offered field service, the employee will be rotated to the bottom of the list with offer date noted by his name. If an employee wishes to remove his name from the list, he may do so with time-stamped twenty-four (24) hours notice given to his supervisor.

b. When selection is initiated with less than four (4) hours prior to scheduled departure, selection will be from those qualified (see Article 26 for definition) in the following order from a work center chosen by the Company

1. On a list, on duty at selection time, on straight time,
2 On a list, on duty at selection time, on overtime,
3. Not on a list, on duty at selection time, qualified volunteer,
4. Force, on duty at selection time, junior qualified on a list,
5 Force, on duty at selection time, junior qualified not on a list.
6. For QC only, if no Inspector is on duty, an RII qualified Aircraft Maintenance Technician will be chosen by steps 1 through 5 above.

c When selection is initiated with four (4) hours or more available prior to scheduled departure it will be done in the following manner from a work center chosen by the Company· Combine both field service lists by dates without regard to duty status, select next qualified employee in rotation, using seniority for breaking ties.

d When the Company cannot obtain the number of qualified volunteers needed from paragraph c above, selection will be from off duty qualified employees not on the list, by seniority, then paragraph b 4 , then 5. above will be used

e Employees who have a documented fear of flying shall notify the Company in writing prior to assignment These employees will not thereafter be eligible for field service in which flying on an aircraft is required. If an employee with a medical inability to fly is selected for a forced field service event, he shall be excused from the force, however, upon request, he shall be obligated to provide, within one (1) week of the force, a statement from a physician documenting the medical inability to fly.

f. When the Company determines field service work cannot be performed by only one (1) employee, the Employer shall dispatch at least two (2) employees for the field service In emergency situations, employees may be required to work with outside service employees until additional field service volunteers arrive, if time permits.

Section 3 - Compensation

All compensation shall be in accordance with Articles 11 and 13, with the following inclusions

a Employees who report for field service work on their day off shall be guaranteed a minimum of eight

(8) hours work or pay at the overtime rate

b All time in excess of the employee's regular scheduled shift spent working, traveling and/or waiting to travel in connection with field service will be paid at the applicable overtime rate

Section 4 - Expenses

a. Employees will be permitted one (1) personal telephone call of not more than four (4) minutes duration over the Company system or long distance each twenty-four (24) hour period

b Where transportation and lodging are not provided by the Employer, reasonable and actual expenses will be allowed for each employee to include individual rooms and rental cars

c. An employee will be given an advance by the Employer to cover the employee's expenses while away from the employee's gateway.

d. The Company will reimburse employees for the reasonable and actual cost of cleaning uniforms when the field service lasts for a minimum of two (2) days. For meals and laundry, an employee shall be allowed two dollars ($2 00) per hour for all time spent away from his gateway within the forty-eight (48) contiguous United States as allowed by and in accordance with the IRS code. All per diem rates will be paid as indicated above, however, no per diem rate will be less than the highest applicable per diem rate for each geographical location found in any bargaining unit's Agreement with the Company Per diem rates outside the contiguous United States shall remain in effect until the employee first arrives back at a gateway in the contiguous United States Each January, the Company will determine the appropriate per diem rate for the year and notify the Union

e All expenses incurred by the employee on behalf of the Employer shall be reimbursed by the Employer as soon as possible but not later than seven (7) working days following the Employer's receipt of the expense form

f To the extent an employee on field service has actual and reasonable meal and personal laundry expenses which exceed the two dollar ($2 00) per hour per diem he may submit the receipts for reimbursement at the conclusion of the field service assignment. The expenses will be reimbursed up to the total difference of twenty-five cents ($0.25) per hour

Section 5 - Rest Periods

Anytime an employee involved in field service completes a duty period of sixteen (16) consecutive hours at the field service location or a maximum continuous duty period of twenty-four (24) hours regardless of location. he may request and will be granted a rest period of eight (8) hours. Alternatively. the Company may relieve an employee for up to an eight (8) hour rest period from overtime assignment. i e . unrelated to his regular shift hours

Section 6 - Miscellaneous

a If necessary. Local 2727 gateway AMTs will be required to assist the field service crew.

b No employee(s) shall be permitted to travel to or from a field service assignment on a single engine aircraft or one with only one pilot.

c In situations where an employee has an emergency while on field service the Company shall be required to provide expedient transportation and arrangements thereof to return the employee to his home gateway. The Company will allow the appropriate amount of phone calls over the Company's system pertaining to the situation.

d. Employees called for field service after completing their regular shift assignment or on a regular day off will in all possible cases be given three (3) hours or more notice before departure time.

e Part time AMTs and AMTs with less than three (3) months classification seniority will not be eligible for field service. Junior AMTs will not be eligible for field service.

f Employees may not volunteer or be assigned field service with a departure time that is within seventy-two (72) hours of the punch out time of their last scheduled day prior to the start of their scheduled vacation/option week. If an employee is on field service and desires to return to his home gateway to begin his vacation at the scheduled time, then the employee must provide the Company notice at least twen-

ty-four (24) hours prior to the start of the vacation. If timely notice is provided, the Company will return the employee to his home gateway by the start of his scheduled vacation

g An employee shall be released from field service and allowed to return to his home gateway upon completion of the required work, under the following conditions:

1. If the employee is driving back from the field service, the employee must be able to return to his home gateway before the expiration of eighteen (18) continuous hours from the employee's last punch in at the field service location. Upon return to his home gateway, the employee will complete a full rest period before returning to work, except that an employee may make the elections listed in Article 13, Section 9 b.1 .2., or 3 if the Company has not called overtime for the employee's scheduled shift and, if applicable, the gateway is below established minimum staffing levels for TDY purposes.

2 If the employee is flying back from field service, he will be allowed to return via the first available flight if it is a jumpseat, and if not, then the most economical flight (jumpseat or commercial) scheduled to depart no later than three (3) hours after the first available flight Upon return to his home gateway, the employee will complete a full rest period before returning to work, except that an employee may make the elections listed in Article 13, Section 9.b 1.,2 , or 3 if the Company has not called overtime for the employee's scheduled shift and, if applicable, the gateway is below established minimum staffing levels for TDY purposes.

ARTICLE 16

* * * * * * * * * * * *

MR WILDER: This is a Joint Interpretation of Article 16, Field Service. As in the other articles we have interpreted during this round, this discussion will center only on the changes that were made during this round of bargaining.

The first change made by the parties was to add the words "at least" to Section 1 b Those words were added to better describe the parties' intent to provide a minimum guarantee of daily work hours for field service employees by reference to their bid work center schedules

The Union was concerned that the language of current Section 1.b might be construed as a cap or a ceiling on the work hours available on field service. The parties agreed that adding the words "at least" would be a descriptive change consistent with the nature of field service, that is, to restore the aircraft to service and enable mechanics to return to their home gateway. The second change –

MR COLEMAN: Can I jump in there just for a minute, Roland, with that one?

MR. WILDER. Yeah

MR COLEMAN. I mean, the example that I understood was if you had an eight hour shift on your home gateway and you went on field service, you're guaranteed at least eight hours.

This language, the change was to say that doesn't mean you couldn't work nine hours or ten hours if the work was there and you needed to do it. Is that the essence of the agreement?

MR. WILDER The work is as assigned by the Company at the field service gateway There's no question about that

MR COLEMAN: No, but I'm just saying the essence of what was agreed to there is — if you're eight hour guaranteed on your home shift, if you go do field service, you're guaranteed at least eight hours, but you could work nine hours or ten hours.

MR. WILDER: Right Correct.

MR COMBINE What caused that was some field service events, because management would say we can't let you work 13 hours, you're on a ten hour crew, or we can't let you work 13, because it says you'll maintain the same hours you had This is to say that you'll have at least that, it could be more, yes.

MR. COLEMAN: We're in agreement.

MR. WILDER: The second change was made in Section 2 a The perpetual field service volunteer list which was provided for in the 2002 agreement in each work center will, under this agreement, be maintained by classification as well as by shift. No other change was intended in how employees volunteer or are selected for field service

MR COLEMAN Can I maybe add to that one. Roland? My understanding is the parenthesis after that is kind of an i.e., that is?

MR WILDER: Yes.

MR COLEMAN When it says "by classification" the four classifications would be AMTs, FSTs, QCs, and LSTs. The other classifications, like utility, if they're not named, they wouldn't have a field service?

MR. WILDER. That's correct. The idea is to provide separate components of each at each work center The term QC, quality control, was sort of stuck into the language of the current agreement, so we thought — the parties thought that that should be set forth as a classification like the three others specifically listed

MR. COLEMAN And I'm assuming my side as well? QC means inspectors?

MR WILDER: Yes.

MR COLEMAN: Okay

MR. WILDER. That's made clear by .b.6

MR. COLEMAN. Sure.

MR. WILDER The next change occurred in Section 2.e of Article 16. There, the parties added a sentence to deal with temporary inabilities to fly They agreed that employees would be excused from forced field service events for the duration of the inability, and there is a proviso to that addition, upon request, an excused employee must provide a physician statement documenting the inability within one week of the force.

The parties did speak during negotiations over what would be a suitable documentation. They agreed on two basic points.

One, the documentation would describe the inability to fly, and two, it would be something more than simply a doctor's note saying that the employee was at his office on a certain date

In other words, the documentation should give the parties some idea of the nature of the inability and potentially how long the inability would last Beyond that, they didn't come up with any agreement of how the documentation would look

MR COLEMAN: Roland, if I could just clarify there You say nature of the inability to fly I'm assuming the underlying intent here is that the employee would provide something from a medical doctor as to the reason why he could not be able to fly, which is nature of the inability

I think what we're really looking for is that there's a legitimate reason that a doctor is willing to certify that kept him from flying

MR. WILDER Yeah I think that is our understanding, and I thought I said something very similar to that

MR. COLEMAN Yeah You used the word nature

MR. WILDER All right.

MR. COLEMAN Okay

MR WILDER: The next change occurred in Section 4 d The parties agreed that in January of each year, the Company will determine the appropriate per diem rate applicable to field service assignments for the year and would notify the Union of that rate

During the table of discussion, it was disclosed that when the Company determined the per diem rate for the pilots and notified the IPA of the rate for the year, and the parties' intent was that the issue be handled in the same way for the mechanics and related craft or class.

MR COLEMAN: And there again, can I add a note to that, Roland? I am familiar with that language in the pilot agreement, and that's something that was new to the pilot agreement in 2006, that we will do an annual adjustment based on the formula that we've got in there Can I maybe suggest as a further intent, if that changes in a future pilot agreement, that the intent would be here that we continue to track what we do with the pilots?

MR. WILDER. In terms of the time that the determination is made when the Union is notified, I think that certainly would be fine.

MR COLEMAN. It is January right now, but that contract comes open next year It could change to some other time in the year.

MR WILDER I think the idea was that it would be a consistent process because the mechanic's right is derivative from that of other bargaining units in that provision of our agreement

MR COLEMAN. Right.

MR. WILDER. Section 6.g is an entirely new addition to Article 16. In that provision, the parties made an effort, successful we believe, to balance the employee's interest in finishing up their work restoring the aircraft to service and returning to their home gateways as quickly as possible with the Company's interest in not having to pay premium time to travel between the field service location and the home gateway

The new language is an effort to balance those interests What we did was provide that an employee would be released from field service and allowed to return to his home gateway upon completion of the required work under the rules that are described in subparagraphs one and two of paragraph g

First of all, if the employee is driving from the field service location to his home gateway, he must be able to return to the home gateway before the expiration of 18 continuous hours from the employee's last punch in at the field service location

The 18 hours was the subject of considerable negotiation and represent the parties' compromise on that point. Now, once the employee returns to his home gateway, the employee must — yes?

MR COLEMAN: Well, before you move to the second part, can I maybe state the obvious to make sure the record is clear? If he cannot do it within 18 hours of the start of his field service, he can't do his work and drive back to the gateway, the converse of that would be that he would go into rest and receive at least the eight hour rest period there in that location?

MR WILDER: That is the intent

MR. COLEMAN: Good I'm sorry.

MR WILDER. Now, that is a good clarification, but the idea is that if it doesn't fit within this exception, then it falls within the general rule, which you've just stated

MR COLEMAN. Okay.

MR. WILDER I'm going to finish one before I get to two As I indicated, the employee upon return to his home gateway, will complete a full rest period before returning to work except that he or she might make the elections listed in Article 13. Section 9 b 1, 2. or 3. or if — and there are two conditions.

If the Company has not called overtime for the employee's scheduled shift and if the gateway is below established minimum levels for TDY purposes, assuming that it is a TDY gateway

MR. COLEMAN: Roland, if I could maybe make sure I understand g 1? I kind of looked at it the — the way I looked at it was you could exercise the options in 9 b 1, 2. or 3 if the Company hadn't called somebody already in to work your shift at an overtime rate, and if we were below established minimum staffing levels, if it's a TDY gateway?

MR WILDER. That's correct That's right.

MR COLEMAN: So if both of those were — if we hadn't called anybody in for overtime and we were below minimums, then you could exercise — you have the ability to exercise those options.

MR. WILDER: That's correct

MR COLEMAN. Well, exercise9 b 1, 2, or 3. Okay. I think we're on the same page.

MR. WILDER Let's move to paragraph two If the employee is flying back to his home gateway from field service, he would be allowed to return on the first available flight if the flight is a jump seat on UPS aircraft, if not, then the employee's entitled to take the most economical flight. either a jump seat or a commercial flight that leaves within three hours after the first available flight on a UPS aircraft

Now, upon return to his home gateway, the employee will complete a full rest period of eight hours before returning to work with the exception previously noted in paragraph one. that is, the employee may make the elections listed in Article 13. Section 9 b 1. 2, or 3 if the Company has not called overtime on his scheduled shift and. if applicable, the gateway is below established minimum staffing levels for TDY purposes Now, the term "if applicable" assumes that the gateway is a TDY gateway.

MR COLEMAN. A couple of clarifications, Roland One. at some point in there. you said the employee electing to take a commercial or a jump seat The Company still makes the decisions. you know. is it going to be a jump seat. is it going to be a commercial? I mean. we've got the three hour rule that's in here, but really, it's the Company that makes that decision as to whether it's going to be a commercial or a jump seat

MR. WILDER: Yeah. I think the choice is made by what is the most economical and if within that three hour window, for example, there were a commercial flight leaving 60 minutes after the first flight and a jump seat two hours later, then the employee would take the second jump seat even though the commercial flight left earlier

MR COLEMAN. Right. because the first available flight, if it is a jump seat.

MR. WILDER: That's correct.

MR COLEMAN. The other thing —

MR COMBINE. Could we go off the record for a second?

MR. WILDER Yeah

(WHEREUPON AN OFF-THE-RECORD
DISCUSSION WAS HAD.)

MR WILDER. During the off-the-record conversation, the situation was dealt with in which an AMT would finish his or her work at the field location, but the first available flight would not be for another seven hours, the way the situation would be dealt with is that the AMT would clock out at the field service location when his or her work is finished, return to the hotel, and be instructed to return one hour in advance of the first available flight

In the example considered by the parties, the mechanic would return six hours from the time he or she clocked out at which time the AMT would go back on the clock at the applicable rate and the remainder of Section 6 g would apply

MR COLEMAN And applicable rate means overtime rate, obviously?

MR COMBINE. Whatever that is, yeah.

MR COLEMAN. The Company agrees with that example kind of baked into it. I guess, in terms of the off-the-record discussion, that that same scenario would work and be applicable anytime that the flight is more than one hour from when you punched out That's part and parcel of the understanding

I mean, you used seven hours. but that same scenario would work and be applicable if the flight was more than one hour — first available flight was more than one hour after you punch out?

MR WILDER. I think that's accurate

MR COLEMAN· Okay We're in agreement.

MR WILDER That concludes the Joint Interpretation of Article 16

ARTICLE 16

TONY COLEMAN This is the joint interpretation on Article 16, Field Service. First the Parties would like to state for the record that, again, like Article 15, there were a number of paragraphs that were simply moved around in the Article to try to make it flow better, and just because something does not appear in the same place that it appeared in the prior agreement doesn't mean that it's necessarily stricken or that there was an intent to change the meaning of the paragraph by moving it, but rather was moved because it logically fit in a better place within the Article

Under Section 1. a., there's a new paragraph, "Field service will be used to dispatch employees from their home gateway to any location for the purposes of restoring aircraft to service," and it says pursuant to Articles 1, 21, and 22 The Parties' intent there is that Articles 1, 21, and 22 would be controlling with regard to the obligation to utilize field service in terms of restoring aircraft and when field service should occur.

Under Section 1. b., there was a deletion "from their home schedule to" and replaced with "each scheduled day of their bid work center schedule," clarification to make it clear that the reference that we're intending to make with home schedule was a reference back to the scheduled dates and hours that they had in their original home work schedule.

MIKE RADTKE. Off the record

(Discussion off the record)

TONY COLEMAN In Section 2, "Selection," in the first sentence the Company has agreed to add the word "post," which obviously includes now an obligation to post and maintain the posting of the field service volunteer list We've also added the word "perpetual" to make it clear that it's our intent that the field service list will just go on forever. We've also changed "gateway" to "work center," which again will be defined in Article 26, and we have defined shift in that first sentence by adding a parens after it saying "days/nights"

MIKE RADTKE. Furthermore, the Union would like to state that the concept of the perpetual field service volunteer list means it wouldn't be zeroed each January, that it will just be a continuing list that people would be added and removed from

TONY COLEMAN. Correct We added some new language in the middle of the paragraph which is basically procedural in terms of how we deal with new employees signing up on the list, that they will go to the bottom of the list. An employee changing lists will be dovetailed by his last date of field service, seniority being the tie-breaker if two people have the same last date of field service. Once contacted and offered field service, the employee is then rotated to the bottom of the list with the offer date noted by his name. The intent there obviously is if you're offered the field service and decline, you would still be rotated to the bottom of the list

We also added some additional language in terms of the employee wanting to remove his name He can do so with a time-stamped 24 hours notice, and he would give that notice to his supervisor

Within Section 2, there were several paragraphs that were deleted in terms of rules for selection of employees to go on field service. We have replaced that with new language in 2.b., and thereafter, and in a big picture sense, the procedure for field service now is two different procedures, depending on whether the field service assignment is with less than four hours notice or four or more hours notice.

If it's with less than four hours notice and the four hours is back from the scheduled departure time for the field service assignment, then the selection priority is spelled out in paragraph b.1 through 6.

There was a change again that in terms of going through the steps one through six, it can be from a work center chosen by the Company, and again, work center will be as defined in 26, but that gives the Company the discretion to go to whichever work center it decides to do so Once you go to the work center, your first choice for the field service assignment would be an employee who is on the field service list who's on duty at the selection time, on straight time or at a straight time rate The second choice would be somebody who is on the field service list who's on duty working and is on overtime at the point in time that the selection is made The third option or third priority would be someone who is not on the field service list who is on duty who is a qualified volunteer, and there's an agreement that the word "qualified" again would be as we defined it in Article 26.

MIKE RADTKE. And furthermore, the qualified volunteer would be regardless of what rate of pay they're

on at the time.

TONY COLEMAN That's true. At that point, it doesn't matter whether it's straight time or overtime at that point

The fourth choice would be a force assignment, on duty at selection time, junior qualified person on the field service list The fifth choice would be to force somebody who is on duty who is junior qualified who's not on this field service list, and again, both in four and five, there is no distinction between whether you're on straight time or overtime

MIKE RADTKE And it's the intent of the Parties that if there is any tie-breaking, it would be by seniority, and if there is any qualified volunteers under paragraph 3, that the senior qualified volunteer would be the first to go

TONY COLEMAN Okay. So under paragraph 3 when it says qualified volunteer, if there's more than one volunteer, it would be the senior person who would have the opportunity to take the field service assignment The final paragraph b is really for QC only, and it provides that if an inspector is on duty whether that inspector is at straight time or overtime, then he would be the person chosen. Otherwise, it would be an RII qualified AMT, and you'd go back through steps one through five in terms of selection of that person to go out on the field service assignment

Paragraph c. deals with when a selection is initiated with four hours or more notice available.

JOE DARMENTO. Let's go off the record for a minute, Tony

(Discussion off the record)

TONY COLEMAN Paragraph c is the selection process when there is four or more hours notice available prior to the scheduled departure time, in which case it would be done in the following manner You combine both field service lists -- and both is a reference to the day and night list -- without regard to duty status in terms of overtime or straight time or whether you're on duty or off duty, and you simply select the next qualified employee in rotation, using seniority for breaking ties

Now, under paragraph d., it provides that when the Company cannot obtain the number of qualified volunteers needed from paragraph c above, then the selection will be from off duty qualified employees not on the list, by seniority, and if you cannot obtain sufficient qualified volunteers at that point, then you go to the force language that we have back in b 4 and 5 in terms of force, on duty at selection time, junior qualified who is on the list, and then in 5. force, on duty at selection time, junior qualified not on a list

MIKE RADTKE. Off the record

(Discussion off the record)

TONY COLEMAN· We've had off-the-record discussions with regard to Paragraphs c. and d. and the process Under paragraph c , as I said, the intent is when it's four or more hours, that you combine the night and day shifts list, and you combine them without regard to whether the person is on duty or off duty and select the next qualified employee in rotation It's the Parties' intent under that paragraph that if it's a field service that requires an inspector, you'd also combine the inspector's night and day shift list and give them the opportunity to volunteer to take that field service the same as you would for an AMT, would then drop down to paragraph d. If the Company cannot obtain the number of qualified volunteers needed for paragraph c above, then you'd first select from those people who are off duty who are qualified employees who are not on the field service list, and then only if you cannot find them would you then go to the forcing language under b 4. and 5. in terms of forcing, on duty at selection time, on a list and not on a list

With regard to inspectors, it's the Parties' intent that once you go through the volunteer list on the inspectors, if none of them volunteered for field service, then you would go to volunteer AMTs who are RII qualified prior to forcing inspectors

Going to paragraph e , there was an issue raised by the Union with regard to some employees who may have a legitimate fear of flying or develop a fear of flying in terms of not wanting to go on field service assignments for that reason As a result, in discussions we crafted some language to basically allow that person to notify the Company in writing prior to the assignment that they have a fear of flying and thereby not be eligible for field service assignments.

It is the Company's and Union's intent that once a person provides that notice to the Company, that they will not thereafter be eligible for field service in which flying on an aircraft is required That obviously would

not preclude them completely from field service assignments if the transportation does not involve flying

In terms of the documented, it's the Parties' intent that it obviously is legitimate One example of a documentation of the fear of flying obviously would be something from a doctor indicating that the person had that particular issue, not precluding other types of documentation if something else could be used

MIKE RADTKE: Off the record

(Discussion off the record)

TONY COLEMAN: As a result of some off-the-record discussion, we also agree that the language that we've crafted here in field service would be applicable to employees who for either voluntary or forced TDY assignments, that if they have a documented fear of flying and notify the Company, that they would not be eligible for TDY assignments involving flying and thereafter, once they gave the notice to the Company, would not be given TDY assignments involving flying

Under paragraph f., we changed the last sentence of that paragraph so that it now reads, "In emergency situations, employees may be required to work with outside service employees until additional field service volunteers arrive, if time permits." It's a clarification of the prior language. Employees can still be required to work with a vendor If additional employees are needed and time permits, the Company will get the additional employees there, but if time doesn't permit, 2727 represented employees could be required to work with the outside service employees.

Under Section 3, "Compensation," again, like in the TDY Article, is a reference to Articles 11 and 13 and an agreement that compensation issues would be dealt with in that Article.

MIKE RADTKE. Off the record.

(Discussion off the record)

TONY COLEMAN: With regard to Section 3, b., the language is the same as it was in the prior agreement We did strike out at the end of the paragraph "unless otherwise provided for in this Article." That was deleted because the Parties realized there was really no exception provided to this language anywhere else in the Article, so we struck it

In terms of the working, traveling and/or waiting to travel, the Parties' intent there is that language would have the same application with regard to field service as it does in the TDY Article that we've already discussed.

MIKE RADTKE: Off the record

(Discussion off the record)

TONY COLEMAN. The Parties also wanted to clarify with regard to Section 3, a, the language didn't change, but some discussions during negotiations that when it says, "Employees who report for field service work on their day off shall be guaranteed a minimum of eight hours work or pay," that if an employee goes on a field service assignment on a Monday that's a day off, he obviously is guaranteed a minimum of eight hours If that field service carries over into a Tuesday that is also a scheduled day off, that would be a new eight-hour minimum guarantee for that second day, and if you carry over into a third day that's a normally scheduled day off, the same guarantee would apply for each day.

Under Section 4, "Expenses," the same clarification in 4.b that we had in the TDY Article that the transportation and lodging would be individual rooms and individual rental cars for the employees on those field service assignments.

Under Section 4, d there was a clarification in terms of the two-dollar-per-hour per diem, that was for meals and personal laundry, as we specified by adding "laundry." There was deletion of a sentence in the middle of the paragraph, no intent to change the application of the language. It still provides protection to the employee that no per diem rate will be less than the highest applicable per diem rate for each geographical location that might be found in other collective bargaining agreements with the Company

Some new language in paragraph f. that parallels that which we included in Article 15 on the TDY, and the intent is that it would apply in the same way in terms of providing a protection for employees to the extent that their actual and reasonable meal and personal laundry expenses exceeded the two-dollar-per-hour per diem. On rest periods --

MIKE RADTKE: Pause there. Off the record.

(Discussion off the record)

TONY COLEMAN With regard to Section 5 on rest periods, in paragraph a we've changed the language some to say that any time an employee involved in field service has a duty period of 16 consecutive hours at the field service location, he's entitled to an eight-hour rest period We've also added that if he has a continuous duty period of 24 hours regardless of location, and the intent there is looking at the traveling time plus the time that the employee may have worked on his shift at his home gateway, that adding all that together, if it's more than 24 hours continuous, he may request and will be granted as an absolute right, a rest period of eight hours

We struck from the end of that sentence "of noncompensated time" It's the Parties' intent whether that time is compensated or not will be something that is controlled by Articles 11 and 13 and that would be the governing rules in terms of whether it's compensated or not

We struck the rest of that Section that was in the current agreement The only additional new language was the sentence saying that "Alternatively, the Company may relieve an employee for up to an eight-hour rest period from overtime assignment, i e , unrelated to his regular shift hours" to make it clear that even though the employee may not request, the Company does have a right at any point during the overtime assignment to require the employee to take an eight-hour rest period Again, whether that rest period is compensated or uncompensated is something that will be determined by the provisions in Article 11 and 13. The "i.e., unrelated to his regular shift hours" is based on the Parties' discussion and commitment from the Company's standpoint that if the employee has returned back to his home gateway and the eight-hour rest period would interfere with his regular shift start time, his regular shift that next day back at his home gateway, that the Company could not tell the employee that's a situation or those are circumstances that he has to take an eight-hour rest period from the overtime assignment.

MIKE RADTKE Off the record

(Discussion off the record)

TONY COLEMAN. We had some off-the-record discussion with regard to the application of this sentence in terms of how it would relate back to Section 1, b , and the Parties are in agreement that even during the field service assignment, the employee will maintain the same guaranteed number of hours for each scheduled day of their bid work center. The Company doesn't have the ability or right under this language to require an eight-hour rest period during that set period of time It is when the employee is beyond those set periods of time and into an overtime situation that the Company then has a right to require the eight-hour rest period.

Under Section 6, "Miscellaneous," paragraph b., the Parties agree to change "No employee shall be required" to "No employee shall be permitted" to make it clear that it's not even the employee's choice whether he wants to travel on a single-engine aircraft or one with only one pilot, that is prohibited in all circumstances and cannot be waived by the employee to accept such transportation.

Under Section 6, e., we added the language here the same way that we did in the TDY Article to say "part time AMTs and AMTs with less than three months classification seniority." That obviously would be inclusive of probationary people. That may also include other employees who bid into the AMT classification and not have three months classification seniority Junior mechanics are still not eligible for field service

Under paragraph f., the Union raised an issue with regard to the Company having the ability to have an employee out on field service and have that field service interfere with his scheduled vacation. We drafted a provision that has a couple of different restrictions in it to hopefully avoid any potential for that happening First, if the field service assignment departure is within 72 hours of the punchout time of their last scheduled day prior to the start of their scheduled vacation, the employee would not be eligible to either volunteer or to be assigned, forced by the Company, to take that field service assignment. He in effect would no longer be the junior person in that situation, in a forced situation.

If the employee has started a field service assignment prior to that 72 hours and wishes to return home to start his vacation, the Company has agreed that if the employee provides at least 24 hours notice prior to the start of vacation, the Company will return him to his home gateway by the start of the scheduled vacation, and no provisos or exceptions to that If the notice is given, the Company has the obligation to return him at the start of vacation. The Parties are in agreement in terms of that is intended to be the punchout time of the last scheduled day prior to going into vacation That is when the vacation starts and that's when the 24-hour notice has to be given prior to that last scheduled day punchout time

ARTICLE 17
LEAVE OF ABSENCE

Section 1 - Application of Law

It is understood by the Company and the Union that any leaves that are not defined in this Article and Article 5 but that are covered by Federal, State, or local law will be applied appropriately.

Section 2 - Personal

a Any employee desiring a personal leave of absence from employment shall secure written permission from both the Union and the Employer on a mutually agreed upon form, prior to commencement of such leave. The maximum leave of absence shall be for ninety (90) days and may be extended for like periods with no loss of seniority.

b. During the period of absence the employee shall not engage in gainful employment Failure to comply with this provision shall result in the complete loss of seniority.

c. For one thirty (30) day personal leave in a twelve (12) month period, the Employer agrees to continue health and welfare payments for a period of thirty (30) days from when the leave commences. For all other periods of leave, the employee must make suitable arrangements for the continuation of health and welfare payments before the leave may be approved by either the Local Union or the Employer.

d. It is understood that in accordance with the current Pension Plan Agreement, employees on such leave are not eligible for pension contributions

Section 3 - Military

a. Employees enlisting in, entering, or being activated into the military or naval service of the United States, pursuant to the provisions of the Military Selective Service Act of 1967, as amended and the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), shall be granted all rights and privileges provided by such Acts.

b Time spent on leave of absence for training or active duty in the military reserves or National Guard, will be considered time worked for purposes of pension plans, vacation/option eligibility and payment, holidays, seniority, and overtime in accordance with the applicable provisions of this Agreement Health insurance coverage will be provided for the first thirty (30) days and thereafter in accordance with USERRA

c The Employer, at its discretion, may make additional payments or award additional benefits to employees on leave for service in the uniformed services in excess of those outlined in this Agreement

Section 4 - Funeral

a The purpose of the funeral leave benefit is to allow employees relief from their daily hourly guarantee for up to three (3) days to attend the funeral of a family member Under no circumstances can the funeral leave benefit exceed the employee's weekly forty (40) hour guarantee

b. Funeral leave may always be taken on the day of the funeral Either or both of the two (2) days immediately preceding the funeral day may be taken as funeral leave provided the day(s) of leave is/are a scheduled work day(s) for the employee.

c The day following the funeral may also be taken as funeral leave if the employee is required to travel 300 miles or more, as established by the AAA mileage charts, from the location of the funeral to the employee's home. In order to qualify for this additional leave, the day following the funeral must be a regular scheduled work day for the employee

d. There is no minimum funeral leave benefit.

e Members of the employee's family means spouse, child, legally adopted child, step child, parent, step parent, brother, sister, grandparent, grandchild, mother-in-law and father-in-law

f. Probationary employees with ninety (90) days or less employment will be granted the same time off without pay as outlined above

g. Compensation will only be paid for scheduled work days actually taken off in accordance with a., b., and c. of this Section.

h. The employee will be compensated at the employee's straight time hourly rate times the number of scheduled hours for each day lost from work

i Part time employees will be entitled to the same benefits as above, paid at four (4) times the employee's hourly rate

j An employee shall be allowed one day off to attend the funeral of a sister-in-law or brother-in-law Reimbursement for this day shall be the same as outlined above, excluding the additional travel day.

k. The Company shall give consideration to requests for additional time off without pay as circumstances warrant

l When on TDY or field service assignment at the time of notification of the death of a family member, the employee shall be provided positive space jumpseat privilege in a priority immediately above subload for the purpose of returning to his home gateway or to the city of burial from the assignment If no jumpseat is available, a commercial ticket will be provided for transportation to the employee's home gateway.

m. In the event that a death of a member of the employee's family immediately precedes the employee's scheduled vacation, resulting in the funeral occurring during said vacation, the employee shall have the option of rescheduling the vacation to a later available period within that calendar year in accordance with Article 33

Section 5 - Jury Duty

a When a seniority employee is called for jury duty service, the employee shall be excused from his regular duties on the days the employee is required to appear in court. For any regular scheduled work day in which time off for jury service is granted, the full time employee shall be paid his guarantee and part time employees shall receive four (4) hours pay at his straight time hourly rate less any amount received as a jury duty fee. The employee shall be required to turn over to the Employer adequate proof of his jury duty service and compensation in order to receive the compensation as provided above

b. An employee on jury duty who is scheduled to work the day shift shall be required to report to work if at the time he is released from jury duty there is more than six (6) hours of his regular scheduled work shift remaining (for an employee on a thirteen (13) hour shift, there must be eight (8) or more hours of his scheduled shift remaining) In such event, the employee shall have two (2) hours from the time of release from jury duty to report to work the remainder of his regular scheduled shift Day shift for purposes of this paragraph shall be any work shift which begins between 7 00 am and 11 59 am

c Employees regularly scheduled to report to work at any time other than between 7·00 a m and 11 59 a m. will not be required to work on that day unless the employee is released from jury duty more than six (6) hours prior to the beginning of his shift and/or such shift would be completed at least ten (10) hours prior to the report time for jury duty the next day An Employee who is released from jury duty on Friday shall not be required to report to work on that day if less than eight (8) hours have elapsed from the time of his release until the beginning of his regular scheduled shift

d. In the event an employee returns to work after being released from jury duty and works beyond his regular scheduled work day, such hours worked shall be compensated at the applicable overtime rate of pay.

e Time spent on jury duty service will be considered time worked for purposes of Employer contributions to health and welfare, pension plans, vacation/option eligibility and payment, holidays, seniority, and overtime in accordance with the applicable provisions of this Agreement.

Section 6 - Maternity/Paternity

a It is understood that an unpaid maternity leave shall be granted with no loss of seniority for such period of time as her doctor shall determine that she is physically unable to return to her normal duties and maternity leave must comply with applicable State laws

b It is further understood that an unpaid paternity leave for an employee whose spouse is pregnant shall

be granted leave with no loss of seniority for each pregnancy for a period not to exceed two (2) week's time to commence from the date of birth or the day the spouse is released from the hospital subject to the employee's choice

c. Any leave granted pursuant to this Section will be with health and welfare benefits paid by the Employer for a period of up to two (2) weeks and in accordance with the Company health and welfare plan for leaves under Section 6. a., as applicable

d. Notwithstanding paragraphs a . b . and c. above, any employee who qualifies for the Family Medical Leave Act (FMLA) coverage shall be granted all rights and privileges by that Act. Consistent with the FMLA, the Company may credit accrued vacation and option weeks toward the twelve (12) weeks of the FMLA leave. excluding one (1) week

e It is further agreed that the Company will not substitute unpaid time off in lieu of paid disability leaves for those employees who are covered by the UPS Health and Welfare Package (Plan 524) in accordance with this Agreement

Section 7 - Substance Abuse Treatment

a. Any employee shall be permitted to take a leave of absence for the purpose of undergoing treatment through an approved program for alcoholism or substance abuse. The leave of absence must be requested prior to the commission of any act subject to disciplinary action or prior to an employee's notification of any FAA required drug/alcohol test However, employees who test positive as a result of random or reasonable suspicion testing shall be afforded the opportunity for one-time rehabilitation. Leaves of absence under this paragraph shall be granted on a one-time basis only Employees shall receive their benefits pursuant to the UPS Health and Welfare Package (Plan 524) while on such leave

b. If any employee requests such leave for rehabilitation treatment through a program other than the UPS Employee Assistance Program, such leave shall be for a maximum of sixty (60) calendar days. While on such leave, the employee shall receive all of the benefits provided by this Agreement, including the continued accrual of seniority and the applicable benefits of the UPS Health and Welfare Package (Plan 524)

c. If the employee requests such leave for rehabilitation treatment through the UPS Employee Assistance Program, such leave shall be for a maximum of one hundred twenty (120) calendar days. While on such leave, the employee shall receive all of the benefits provided by this Agreement, including the continued accrual of seniority and the applicable benefits of the UPS Health and Welfare Package (Plan 524)

d. If in a safety sensitive position. the employee must, in the sole opinion of the Company's Medical Review Officer (MRO). successfully complete drug rehabilitation treatment and be released by the FAA prior to returning to his position

e Employees taking a leave of absence under this Section, unrelated to the workplace or FAA mandated drug/alcohol regulations, shall be required to sign a return to work agreement on a form mutually agreed to by the Parties. However. the Company may require a return to work substance abuse test.

f. Employees taking a leave of absence under this Section related to FAA mandated drug/alcohol regulations will not be required to submit to any return to work policy containing any stipulations beyond that which is required pursuant to FAR 121 except the mutually agreed upon return to work agreement referenced in paragraph e. above

Section 8 - Court Subpoena

a Time spent in compliance with a court ordered subpoena as a witness will be without pay but with no loss of seniority In the event an employee is subpoenaed to testify as a fact witness in Court concerning a criminal action in which neither he. nor a relative is a party. he shall be reimbursed for all lost time

b In the event an employee is subpoenaed to testify in Court concerning an accident involving UPS equipment, or as a result of a subpoena issued by the Company, he shall be reimbursed for all time lost and expenses incurred

Section 9 – Union

a An employee under the jurisdiction of this Agreement accepting full time employment with the Union as a representative of the employees covered by this Agreement shall be granted a leave of absence by the Company for the period of such employment. An employee on leave of absence for this purpose shall retain and accrue seniority within his work classification and shall be permitted to participate in Company benefit programs as outlined and in accordance with Article 5, Section 10, f with internal cost reimbursement to be mutually agreed upon by the Company and the Union, such reimbursement formula to be not more than past practice.

b. An employee under the jurisdiction of this Agreement accepting full time employment with the International Union or any other Teamster affiliate Union, shall be granted a leave of absence during the period of such employment. An employee on a leave of absence for this purpose shall retain and accrue seniority within his work classification but will not be entitled to any other benefits or pay provided by this Agreement Upon notification to the Company of his return, the employee shall have the first right of refusal to a vacancy in any classification in which he holds seniority at the gateway from which he left Further, he shall be entitled to bid any open vacancies.

ARTICLE 17

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MR. COLEMAN: This is a joint interpretation for Article 17. The first change that the parties made in Article 17 was in Section 4.b The previous language that had been in the contract said that the employee had up to three days of funeral leave to be taken from the time of notification of the death through the date of the funeral

We tried to clarify that to make it clearer that for funeral leave, the day of the funeral is always a part of those three days that you can take two days immediately preceding the day of the funeral. It really moves the trigger for the three days from the date of notification to the date of the funeral itself We've also agreed to continue the interpretation that funeral leave is only available to the extent that the eligible funeral leave days fall on scheduled work days.

So an example that we came up with assumes the funeral was on a Wednesday — if you had an employee who has a Monday through Friday schedule and the funeral is on Wednesday, then he would be entitled to take off Monday, Tuesday, and Wednesday since the funeral is on Wednesday, and Monday, Tuesday preceding that are scheduled work days, and that's on the assumption that the funeral and the employee are in Louisville and the funeral's in Louisville for this example

If the funeral happened to be on a Tuesday, and I'm on a Monday, Tuesday, Wednesday, Thursday, Friday schedule, I'd have the day Tuesday off for the funeral and the day Monday off in that scenario, because that's the only workday that I have immediately preceding the funeral.

I used the Louisville gateway residence as an example because we also clarified some language in the next paragraph in 4 c about a fourth day being allowed And the old contract

had said that you've got a fourth day for travel purposes if it was more than 350 miles from your gateway, and we changed that at the Union's request from 350 down to 300 now in terms of the trigger for the fourth day.

So you would get a fourth day to be taken after the funeral if you needed to travel at least 300 miles or more, and again, I'll come back to my example. If I'm a Louisville employee and I have somebody die in my family, and the funeral is on Wednesday, I could have Monday, Tuesday off, because that precedes the funeral, Wednesday is the funeral, and now, in that scenario, if I'm in Dallas, the person's funeral is in Dallas and I live in Louisville, then I could also have Thursday off as a travel day, is how that fourth day of travel would come into play

The next change is in 5 c Again, at the Union's request to deal with jury duty on Friday, the discussion was that sometimes on a Friday if you report to jury duty, that sometimes those days end early like at 3 00, 4:00.

They don't typically keep you there until late in the day And if I'm a Next Day Air employee, I could actually on that Friday be required to report to work at 10 00 or 10 30, and if I got released from jury duty earlier in the day, I could actually do jury duty during the day and then have to report to work that night.

And this was intended to avoid that scenario where the employee is released from jury duty on a Friday They're not required to come into work that day if they've been performing jury duty at the courthouse unless they have at least eight hours off between the time that they get released from the jury duty that they're serving until the beginning of the start of their shift

And I think the only other change in 17 was a correction from an error that was in the 2001 contract where in Section 9.a. it had made a reference to Article 5, Section 10.e. and that should have been 10.f instead of 10 e, so we corrected that typographical error. That concludes Article 17

ARTICLE 17

TONY COLEMAN: This is the joint interpretation on Article 17, Leave of Absence. Under Section 1, "Application of Law," there was no changes in that Section

Under Section 2 on personal leaves, we added an additional phrase in that sentence "on a mutually agreed upon form, prior to commencement of such leave." The discussions and understanding there is that UPS and Local 2727 will develop a mutually agreed upon form to be used for personal leaves The intent is by having a form and ensuring that the Union and the Company sign off on it before the leave commences, that both the Union and the Company are aware of employees' request for leaves and the fact that they have been granted

Under Section 3, "Military," paragraph a stayed the same

Paragraph b was deleted, and we've come up with a new paragraph b It tracks the predecessor provision to some extent, but we've added to it in terms of providing that time on military leave will be considered as time worked for purposes of pension, vacation/option eligibility and payment, holidays, seniority, and overtime in accordance with the applicable provisions of the agreement The intent there is that the employee would continue to receive his pension payments during the period of time he was on military leave based on a 40-hour guarantee of whatever formula we end up with in the pension Article, that would be counted as time worked for purposes of accruing vacation and option weeks, and also that those would be paid out to the employee just the same as if he were not off on military leave, that he would also continue to receive holidays that would occur during the period of the military leave, and the reference to overtime is simply that when he returns to work, if there is some question with regard to being over 40 hours in the work week, being over I guess even a certain period within a day, that whatever time he's spent on military leave would not be held against him in terms of application of the overtime rules in those circumstances.

There's also a sentence in that paragraph, "Health insurance coverage will be provided for the first 30 days and thereafter in accordance with USERRA " Federal law dictates how health insurance is to be provided to individuals who are on military leave, and the intent there is the contractual incorporation of what is required under USERRA

With regard to paragraph c., that is no new language to this agreement It simply recognizes and gives the Company the ability and discretion to make additional payments or award additional benefits to employees on leave for service, and the Company in fact did take additional steps with regard to pay in the Desert Storm situation, and this paragraph would simply recognize the Company's right to do that in those situations.

With regard to Section 4 on funeral leave, the only change is in paragraph e. The word "dependent" was deleted from in front of "stepchild," so now stepchildren are covered for purposes of funeral leave, and stepparents were added as somebody who is also now covered for purposes of an employee taking a funeral leave

Under jury duty, the only change in the language at all was in paragraph e Where it states that time spent on jury duty service will be considered time worked, we added option week eligibility and payment. Otherwise it stayed the same

On Section 6, "Maternity/Paternity Leave," paragraphs a . b , and c stayed the same, and we've added two new paragraphs, d and e , and the intent is to incorporate the Family and Medical Leave Act, because both in the maternity situation and paternity, employees who qualify for FMLA coverage actually have rights greater than what is provided in a., b., and c. The intent of the Parties in terms of adding the paragraphs d and e is for those employees who are covered by the FMLA, they obviously would have the greater rights The intent is a , b., and c basically is a floor in terms of an employee being able to take off for maternity/paternity leave, and obviously if an employee has rights to FMLA, those would trump the paragraphs a., b , and c and they would have the greater rights that are provided under d and e.

Paragraph d basically says that any employee who qualifies for FMLA coverage is granted all rights and privileges by that act. We have incorporated a sentence that reflects what the Company's practice has been under the Family and Medical Leave Act, which is that, consistent with the FMLA, the Company may credit accrued vacation and option weeks toward the 12 weeks of FMLA leave, excluding one week. The intent there is that if an employee is going into an unpaid status with regard to a maternity or paternity leave, that to the extent they have any accrued vacation or option weeks, those would be paid out to the employee at that time except for the one week, and we had a lot of discussion with regard to that being consistent with the

FMLA and the Company having the right to do that under the Family and Medical Leave Act

With regard to paragraph e., a concern that was raised by the Union. In the context of this Section, employees who take off on maternity leave, to the extent that their doctor is notifying the Company, providing the Company documentation that the employee is not able to perform her work as a result of the maternity, under Article 30 on health insurance, STD or LTD, as applicable, would kick in once the employee reached the stage where she was not able to continue working, and agreement on the Company's part that in that circumstance where the employee is receiving STD or LTD benefits, the Company would not require that employee to take any accrued vacation/option weeks if in fact the employee is receiving disability payment during the period of the leave

JOE DARMENTO. Off the record one second

(Discussion off the record)

TONY COLEMAN Just a further clarification as a result of off-the-record discussions The Parties are in agreement paragraph e. speaks only to the STD/LTD, but in off-the-record discussion, we also are in agreement that to the extent that the employee is receiving the short-term disability benefits provided by the Company for those people who don't participate in LTD, that they would be treated the same under paragraph e. as the person who is actually receiving disability benefits

Going to Section 7, there was a substantial amount of discussion with regard to this paragraph and the substance abuse treatment leaves of absence. Some of the language didn't change from the prior contract, but we had a lot of discussion with regard to its applicability and felt that it would be beneficial to perhaps include some interpretation in this document

The sentence "The leave of absence must be requested prior to the commission of any act subject to disciplinary action" was a phrase that the Parties spent a substantial amount of time talking about One of the examples that were used was if an employee commits an act of dishonesty, that the employee's right to request a leave of absence at that point would not exist, and the simple fact that the employee might claim that he actually had drug problems or alcohol problems, he would not have the ability to access or take a leave of absence for purposes of rehab if in fact he's engaged in conduct that would subject him to termination under Article 8 of the contract

Another example that was used was if an employee has absenteeism problems and goes all the way through the process and is at the point where he's being subject to termination, that he could not at that point avoid the termination by requesting a leave of absence for purposes of going through rehab on a premise or argument that his absence was as a result of a drug or alcohol problem.

The previous contract had an "and." and subsequent to that it said "and prior to an employee's notification of any FAA required drug/ alcohol test." We changed the "and" to an "or" because we agreed that the two phrases were really completely separate thoughts, which is that you cannot request a leave of absence for rehab after committing some act that's subject to discipline, and you cannot request a leave of absence for purposes of rehab once you've been notified that you are subject to an FAA required drug or alcohol test

We had discussions to the effect that under the Federal Aviation Regulations, once an employee is notified that he's required to go take a test, the regulations do not permit that employee to not take the test because he wants to go into rehab. He's got to go ahead and take the test, and as we say in the next sentence, he may have the ability to request rehabilitation if, as a result of a random or reasonable suspicion testing, it's positive and he then has the ability on a one-time basis to request to go through rehabilitation under this paragraph.

The language here clarifies that it's not just a positive random test result that would give the employee the opportunity for one-time rehab. It is also a reasonable suspicion or reasonable cause testing that would also give the employee the ability to go through the one-time rehab. and it is random or reasonable cause or suspicion testing for either alcohol or drugs to give the employee the opportunity

The next sentence was clarified a little bit. The meaning was still the same, which is that leaves of absence under this paragraph shall be granted on a one-time basis only. The intent obviously by the Parties, a carryover from the previous contract, is that an employee only has the opportunity to take an approved leave of absence and go through a Company paid rehabilitation on a one-time basis

We added a new sentence at the end, "Employees shall receive their benefits pursuant to the UPS Health and Welfare Package (Plan 524) while on such leave," to make it clear that to the extent the employee is in

rehabilitation, unable to work, that the benefits described in Article 30 will be available to that employee

With regard to paragraph b , there was a clarification of the language there It had previously said, "While on such leave, the employee shall not receive any of the benefits provided by this agreement," and we've clarified that, one, that it most certainly would include the continued accrual of seniority and the applicable benefits of the UPS package In terms of the word "benefits" in that paragraph, it's the Company's intent that would include such things as language that we have in other articles that if you're on a leave of absence, the first 30 days you get any paid holidays. Any bidding rights that you might have in terms of vacation, shift preferences, open vacancies, would continue during the period of time that you were off on this leave There's also language in Article 31 that says somebody off on a leave of absence for illness or injury would get four weeks worth of pension contributions Looking back at this, trying to clarify the intent and what we meant there, those were the things that we came up with that would be included by saying receive all the benefits of the collective bargaining agreement while off on a rehab leave of absence

And the same thing would be true with regard to paragraph c. in the changed language there in terms of receive all the benefits provided by this agreement

JOE DARMENTO Off the record for a minute

(Discussion off the record)

TONY COLEMAN· On Section 8, there were two new sentences added to that paragraph The first sentence was added as a result of a request by the Union that if an employee is a disinterested member of the public and witnesses a crime and is subpoenaed to court to testify as to what he saw in a criminal trial on prosecuting the defendant in that case, the Company agreed that it would reimburse that employee for any time that he lost The intent there obviously is that he would receive his paycheck just as he would normally receive it without any lost time.

We did talk about and agree that there were some reasonable restrictions that should be in place here One is that clearly the employee himself cannot be the defendant who is in the case and may have actually saw himself do something and claim that he's entitled to be covered The intent is that he would not be covered if he is in fact the defendant

And we also added if he's a relative to the party, that he would not be a defendant The intent here again is to try to capture in words the concept that if you're performing a civic duty by going and testifying in a criminal case as a disinterested third party to the crime, that you would not lose any money as a result of that

We did use the terminology "testify as a fact witness," and the specific discussion that we had there was if you get called in as a character witness by a neighbor or somebody that you work with, that those are not the kind of things that you're simply performing a civic duty. and that's what we were trying to capture with the language that we used in Section 8 a

Section 8.b. actually is new language to this Article It provides that if an employee is subpoenaed to testify in court concerning an accident involving UPS equipment or as a result of a subpoena issued by the Company, he is reimbursed for all time lost and expenses incurred As said, it's new language to this Article There is prior contract language in Article 29. Section 10 that covered the same kind of concepts and was simply incorporated as part of that language into this Article.

Under Section 9 on Union, there was no changes to paragraph a.

In paragraph b.. we did expand the language to allow a leave of absence for purposes of not only full time employment with the international Union, but also any other Teamster affiliated Union -- or Teamster affiliate Union.

The last sentence was an addition to the previous contract It specifies that once that full time employment is over. whether it's with the International or another Teamster affiliate Union, how that person would then return to work, and what we've specified is that once he notifies the Company that he is ready to return, the employee would have first right of refusal to any vacancy in his classification in which he holds seniority at the gateway from which he left, and that in addition. he would have the right to use his seniority to bid any open vacancy that might exist in the system.

There was not any intent there with regard to bidding open vacancies that his seniority rights would be any greater than anybody else in the system who might be bidding those vacancies

We added two paragraphs to this Section to settle an area of disagreement between the Parties First, the

Parties have agreed to develop a mutually agreed upon form for employees to sign when they return to work from a leave of absence for drug or alcohol rehabilitation (Language was drafted to outline procedural differences for employees returning to work from a leave of absence unrelated to FAA Drug/Alcohol versus one which is governed by FAA/DOT As a result the agreed upon return to work form will be different in some respect.) In addition, the employee may be required to submit a clean specimen per DOT standards before returning to work

ARTICLE 18
MOVING EXPENSES

Section 1 - Unpaid Moves

Employees transferring from one (1) gateway to another as a result of exercising their seniority, including employees displaced as a result of other employees exercising their seniority, except as set forth elsewhere in this Article, shall be considered for purposes of this Article as having transferred at their own request. Employees so transferred from one (1) gateway to another on a voluntary basis shall bear their own expenses The forty (40) hour guarantee shall not apply to such employees.

Section 2 - Paid Moves

a Employees following work as the result of the closing or partial closing of a work center, employees exercising their seniority to the first work center in the layoff procedure as a result of a reduction of force at the original work center. including the first employee displaced out of his gateway as a result of another employee exercising his seniority, employees exercising their right to recall to the gateway from which they were laid off, if such recall occurs within three (3) years of the layoff, and employees successfully bidding for initial openings at new work centers outside the Louisville or Ontario gateways. shall have the move paid in accordance with this Article A work center shall be defined as "new" for a period of six (6) months, for the purpose of this Article Employees displaced from their gateway and who qualify for a paid move as outlined above will be granted one (1) paid day off as a "relocation day" for use in locating a new place to live A relocation day will be scheduled and agreed upon, taking into account the needs of the operation, by the employee and his immediate supervisor at least seven (7) days in advance Employees shall be paid at eight (8) hours (four (4) hours for part time employees) times the employee's regular hourly rate in effect on the date taken

b For purposes of Section 2, a. of this Article, if the Employer moves an operating work center more than seventy-five (75) miles, full time employees who are forced to move to avoid layoff will be considered as being transferred at the Employer's request, provided, however, that the employee's mileage commuting to the new work center from his residence must increase by at least thirty (30) miles. If there is a dispute as to the mileage involved, the Company and the Union will mutually agree upon a satisfactory method of measurement

c. If an employee is transferred at the Employer's request from one (1) work center to another, such move must be completed within twelve (12) months from the date of notice and the employee shall be entitled to the following reimbursement upon presentation of reasonable documentation

1. Actual moving expenses for normal household effects including normal insurance and normal packing charges up to a maximum of eighteen thousand (18.000) pounds plus the cost associated with the transportation of two (2) personally owned automobiles or motorcycles Not included are expenses of transportation associated with pets, animals, live plants, boats, motor homes or campers, heavy shop or hobby equipment, or any other unusual items not considered normal household effects. The reimbursement for the movement of a mobile home and contents shall be equivalent to the poundage reimbursement up to the eighteen thousand (18.000) pound maximum. The Employer reserves the right to select the company designated to move the household effects and automobiles of the employee including the right to use its own transportation system

2 If the employee elects to drive any of up to three (3) personally owned automobiles, the employee shall be reimbursed for each such automobile up to the maximum of three (3) at the current rate per I R S standards. It is understood that a recreational vehicle driven between locations can be considered as one (1) of the three (3) automobiles

3 Employees shall be allowed one hundred forty dollars ($140.00) per day for both the employee and spouse (one hundred ten dollars ($110 00) for single employees) plus twenty-five dollars ($25.00) per day for each dependent child during the period of en route travel. The period of en

route travel shall be from the day after the household effects are loaded and continue until the day after the household effects arrive or until the end of the sixth day, whichever comes first

4. For moves to or from the Anchorage gateway, en route travel shall be extended up to the end of the fourteenth (14th) day Upon request. the Company agrees to provide a one way ticket for the employee and dependents. in lieu of the reimbursement in paragraph c.2. above. from the airport closest to the employee's home to the destination city for moves to or from the Anchorage gateway
5. If an Act of God occurs that prevents delivery of the household goods by the contracted date, the Company will pay for storage of such goods for a period not to exceed thirty (30) days provided there has not been a breach of contract by the mover, employee. or another party that would otherwise be responsible for storage

Section 3 - Guarantee

During all Company paid moves, the forty (40) hour guarantee as outlined in Article 11 will apply

Section 4 - Travel Time

a For the purpose of determining necessary travel time to the new work center. the Employer will allow one (1) travel day for each three hundred fifty (350) miles or fraction thereof when driving a vehicle for both paid and unpaid moves. The employee will be expected to be available to report to work at the new work center within a reasonable period of time after completion of allowed travel. not to exceed forty-eight (48) hours, unless the employee is otherwise scheduled off.

b Employees being moved pursuant to this Article will receive at least seven (7) days notice of their start date and schedule in the new work center

c Upon written notification submitted in advance to the employee's immediate supervisor, an employee may elect to use existing DAT option time to provide compensation for what would otherwise be unpaid travel time granted in paragraph 4 a above. An employee will also be allowed to use existing DAT option time after completion of travel before reporting for duty by prior agreement with his immediate supervisor at the new gateway, taking into account the needs of the operation.

d. If under this Section an employee would be allowed a full work week of otherwise unpaid travel time, then the employee may elect to use an available full week of vacation or option time to provide compensation for such week

Section 5 - Special Moves

a Moves under the provisions of Section 2 above which are not completed within the contiguous United States (excluding Alaska). involving any gateway location stated in the preamble of the Agreement outside the contiguous United States shall have the following apply·

1. If the moving company needs to pack the household goods on a regularly scheduled work day. the employee shall be allowed that day off with pay.
2. If the moving company needs to load the household goods on a regularly scheduled work day. the employee shall be allowed that day off with pay
3 The Company agrees to provide a one way ticket for the employee and dependents, from the airport closest to the employee's home to the destination city
4 .The Company shall allow the employee one day off with pay for the purpose of travel, if that day is a regularly scheduled work day
5 The Company shall reimburse the employee actual expenses for food up to $60 00 on the day of travel.
6 The Company shall reimburse the employee for reasonable transportation charges from the employee's home to the origin airport
7 The employee shall be placed on international per diem at 00·01 the day after arrival in the destination city until the day after the household goods are delivered to the location of the employees preference (International per diem will not apply to moves back to the United States.)

8 The Company shall pay for lodging (room, parking, and tax only) in the destination city, until the day after the employee's household goods are delivered to the location of the employee's preference

9 If the employee ships vehicles, the Company shall pay for a rental car from the day of arrival in the destination city until the day the employee's first (1st) vehicle is ready for pickup in the destination city The employee shall be responsible for fuel. No time off with pay shall be allowed to accommodate the pickup of any vehicle

10 If the employee's household goods are scheduled to be delivered on a normally scheduled work day, the employee shall be allowed that day off with pay.

11 If the day after the household goods arrive is a normally scheduled work day, the employee shall be allowed that day off with pay

12 The employee shall check out of the hotel no later than checkout time the day after the household goods arrive at the location of the employee's preference

13 The employee will be removed from per diem upon checking out of the hotel.

ARTICLE 18

* * * * * * * * * * * *

MR WILDER: This is the Joint Interpretation of Article 18, Moving Expenses The first change occurred in Section 2 a During the last round of bargaining, the parties expanded the definition of paid move to include the first employee displaced due to another employee's exercise of seniority

This round, the parties decided to add the words "out of his gateway" to be sure that the benefit goes to the first employee who must leave his or her gateway Section 2.a was also amended by the parties' agreement on a new benefit for displaced employees who qualify for a paid move. They will be granted a paid day off as a relocation day for use in locating new living quarters

The relocation day is to be agreed upon and scheduled by the employee and his supervisor seven days in advance The benefit consists of eight hours of straight time pay for full-time employees and four hours of straight time pay for part-time employees.

MR. COLEMAN. Roland, maybe if I could just clarify on that before you move to the next paragraph? The "out of his gateway" that we added in that first sentence, as I understood, it, was a clarification of how it's being applied now, but we wanted to make the language reflect the application in terms of how that sentence is being applied?

MR WILDER. Absolutely. We agree with that.

MR COLEMAN. Okay

MR WILDER: The next change in Article 18 appears in Section 4.a. The parties added clarifying language to make clear their intent to calculate necessary travel time for both paid and unpaid moves the same way.

MR. WILDER. The next addition also occurs in Section 4 The parties added an entirely new subparagraph c that "upon written notification to an employee's immediate supervisor, the employee may elect to use existing day at a time option time for what otherwise would be an unpaid move."

The word "elect" in subparagraph c reflects the parties' intent that the choice is up to the employee and also binding on the employee once he or she makes the election. Now, an employee will also be allowed to use existing day at a time option time after the completion of travel before reporting for duty by a prior agreement with his immediate supervisor at the new gateway, taking into account the needs of the operation.

In the changes to Section 4, there are a number of references to the "immediate supervisor" The parties discussed those references and intend that the references are to the immediate supervisor at the new gateway after the employee punches out of his old gateway for the last time. So it's that final punch out that would determine which supervisor must be approached for the requisite permissions in Section 4 c

MR. COLEMAN: Just a clarification that this paragraph is dealing with the employee who has been granted now the unpaid travel time under 4.a above?

MR. WILDER. That's correct.

MR. COLEMAN The person who's got the paid move's travel time is covered by the guarantee already?

MR. WILDER. Yes We're dealing with travel time that otherwise would be unpaid

MR COLEMAN: We're in agreement then. And paragraph d?

MR WILDER The parties also agreed to add a new subparagraph d to Section 4. That new paragraph will enable an employee who is allowed a full week of unpaid travel time to elect to use a full week of vacation or option time instead of day at a time option time

MR COLEMAN: Just the same clarification that that paragraph again is dealing with the person who has the unpaid travel time?

MR. WILDER: All of these provisions relate to travel time that would otherwise be unpaid.

MR. COLEMAN. When you say all of these, the new provisions c and d?

MR WILDER: The new provisions, correct.

MR. COLEMAN. We're in agreement

MR WILDER That completes the Joint Interpretation of Article 18.

ARTICLE 18

TONY COLEMAN This is the joint interpretation on Article 18, Moving Expenses In Section 1 there was no change in the language itself We did change the headings to Section 1 and Section 2 because we believe, based on the language in the paragraphs, it was more appropriate to say that Section 1 dealt with unpaid moves in the description, what is an unpaid move, and then Section 2 describes what a paid move is and the procedure to follow in the event of a paid move.

The first change in the Article and the actual language is in Section 2. a. We have expanded the definitions of paid move so that now it not only includes the first person who is displaced out of a gateway as described in the paragraph, but also includes the first employee displaced as a result of another employee exercising his seniority

We've also expanded the definition of paid move to include those employees who exercise their right to recall to a gateway from which they were laid off. We did limit that to a three-year period, and the intent is that the three years would start running at the time of the layoff, understanding that if within three years of being laid off he's recalled to his gateway, that at that point in time he would actually be entitled to a paid move if in fact he has moved

There was also a deletion of some language in the next phrase. Previously the contract had provided that employees successfully bidding for initial openings at new work centers in new gateways would also be entitled to a paid move. We deleted the phrase "in new" and in place of that added the words "outside the Louisville or Ontario gateways " The intent there is if a new work center is created at some gateway other than Louisville or Ontario, employees bidding to those vacancies would have the right to have their moves paid for The phraseology "work centers" will be defined in Article 26.

With regard to paragraph b., we have made one change in terms of the movement of a work center and when an employee might qualify for a paid move as a result of his work center moving, and that is that we have reduced the commuting distance that the employee would have to incur, reduced it from 50 miles down to 30 miles, so if the two criteria that are laid out in the paragraph are met, then the employee would be entitled to a paid move in that circumstance.

Under paragraph c 1 , we increased the amount of poundage that might be moved and paid for from 14,000 to 18,000

Under paragraph 3, we increased the rates that will be paid to employees during the period of time that they're actually traveling in connection with the move. For the employees it went from $130 per day to $140 per day for the employee and spouse and $100 to $110 per day for single employees, and then for any dependent children that are traveling, it went from $20 per day to $25 per day.

At the end of that paragraph we struck a sentence that said. "For moves to and from the Anchorage gateway, en route travel shall be extended up to the end of the eleventh day." That's because it's now dealt with and it's our intent to deal with that in paragraph 4 rather than 3.

In paragraph 4 we extended that 11-day limit up to 14-day limits based on the discussion that we had at the table that the 11 may not be sufficient to capture some of the moves that might occur to or from the Anchorage gateway.

In addition, we agreed to allow for employees moving to or from the Anchorage gateway that if they make a request to the Company for a one-way ticket for not only the employee, but any dependents of that employee, that we would provide a one-way ticket for him and his dependents. There is an understanding and agreement that that ticket would be in lieu of any request by him to be reimbursed for movement of automobiles as specified in paragraph 2 above.

With regard to paragraph 5, there was no change

Section 3 there was no change, and Section 4, there was no change in travel time

We added a new Section in terms of the contract language to deal with special moves. All the subparagraphs in terms of this Section were actually a part of a letter of agreement that was negotiated under the previous contract. The only change from the letter to what's been incorporated into the body of the collective bargaining agreement is under the preamble, and the effect of the change in the preamble language is to expand the application of the terms of 1 through 13 that were in the letter, and what we've done to expand

them is to say that moves under the provisions of Section 2 above which are not completed within the contiguous United States, excluding Alaska, involving any gateway location stated in the Preamble to the Agreement shall have the following apply Essentially Section 5's terms will apply to any gateways outside of the United States, Alaska As the preamble exists today, that most certainly would include any moves to gateways in Hawaii or Puerto Rico, Virgin Islands. Guam, the territories and possessions of the United States that are outside the contiguous U.S. The reference to moves under the provisions of Section 2 is to make it clear that a person. employee is not entitled to the provisions of Section 5 unless it would otherwise be a paid move under Section 2.

There was a paragraph that was in the letter of agreement about no other agreements have been made or shall be considered without approval from the Company and Union The Parties have agreed to delete that from the contract because based on our discussions, we felt that the language already exists in Article 1 prohibiting any individual contracts that go beyond the terms of the collective bargaining agreement already covered that situation, that concern, and we did not need to restate it in Article 18

JOE DARMENTO Question off the record.

(Discussion off the record)

TONY COLEMAN There was some off-the-record discussion, a request to clarify on the record what was included within the terminology "automobile" One. recreational vehicles is specifically referenced in paragraph c 2 , and a statement that recreational vehicles can be considered one of the automobiles. Other than that statement, The Parties' intent is that automobiles basically would be defined as a Suburban or smaller.

ARTICLE 19
RECOGNITION, UNION SHOP AND CHECK-OFF

Section 1 - Recognition

The Employer recognizes and acknowledges that the Teamster Local 2727, affiliated with the International Brotherhood of Teamsters Airline Division, is the exclusive representative of all employees of the Employer in covered classifications. The employees and Union covered under this Agreement shall constitute one (1) bargaining unit

Section 2 - Union Shops and Dues

a All present employees who are members of the Union on the effective date of the execution of this Agreement shall remain members of the Union in good standing as a condition of employment. All present employees who are not members of the Local Union and all employees who are hired hereafter shall become and remain members in good standing of the Union as a condition of employment within sixty (60) calendar days following the beginning of their employment, or within sixty (60) calendar days following the effective date of this Agreement. An employee who has failed to acquire, or thereafter maintain, membership in the Union, as herein provided, shall be terminated seventy-two (72) hours after the Employer has received written notice from the Principal Officer of the Local Union certifying that membership has been and is continuing to be offered to such employees on the same basis as all other members, and further that the employee has had notice and an opportunity to make all dues or initiation fee payments This provision shall be made and become effective as of such time as it may be made and become effective under the provision of the Railway Labor Act, but not retroactively This section shall be read in accordance with Section 2 b

b. Each employee who fails to acquire or maintain membership in the Union as stated in Section 2 a shall be required, as a condition of employment, beginning sixty (60) days after his employment to pay to the Union a monthly service fee determined by the Union for collective bargaining, contract administration and employee representation

c. If any employee covered by this Agreement who is required to make payment of Union dues, initiation or service fees, and/or any standard assessments uniformly applied to all members is delinquent in making such payments, the Union may notify such employees that the employee is delinquent in payment, the total amount of money due, and that the employee is subject to discharge as an employee of the Company The Union agrees such letter shall also notify the employee that he must remit the required payment, or execute the necessary documentation to cause deduction from pay, within a period of thirty (30) days or be terminated from the Company Such notification shall be made by certified mail, return receipt requested, to his last known address, with a copy to the Labor Relations Manager of the Company, by certified mail, return receipt requested.

d If, upon the expiration of the thirty (30) day period provided in 2, c above, the employee still remains delinquent, the Union may certify in writing to the Company that the employee has failed to remit payment or authorize remittance to the Union in the time allowed, and is therefore to be terminated within seventy-two (72) hours after the Employer has received such notification This authorization shall be sent to the Labor Relations Manager by certified mail, return receipt requested, with a copy to the employee at his last known address, by certified mail, return receipt requested.

e It shall be the responsibility of the employees to maintain a current and correct mailing address and phone number with both the Union and the Company.

Section 3 - Dues and Payroll Deductions

a. The Employer agrees to deduct from the pay of all employees covered by this Agreement the dues, initiation or service fees, and/or any standard assessments as directed and established by the Union having jurisdiction over such employees and agrees to make such deductions on the first (1st) Friday following the second (2nd) Saturday of each month and shall remit to the Local Union in one (1) lump

sum, payment by check, by the tenth (10th) of the following month. Union dues or service fee deductions shall be made from vacation checks when employees are on vacation during the week in which such Union dues or service fee deductions are made. Where law requires written authorization by the employee, the same is to be furnished in the form required. New employees who have provided an authorization shall have initiation fees withheld at the beginning of employment. This shall be done on a deferred basis of twenty-five dollars ($25.00) per week until the two hundred dollar ($200 00) initiation fee is satisfied. Dues and/or any standard assessments will be withheld starting sixty (60) days after hire date into Local 2727 jurisdiction. When transferring from another Teamster Local, dues will begin the month following the request for transfer Transferring members will not be required to pay the initiation fee if the cost of transfer is paid No deduction shall be made which is prohibited by applicable law When an employee who is on checkoff is not on the payroll during the week in which the deduction is to be made, or who has no earnings or insufficient earnings during the week or is on leave of absence, dues will be withheld on the first (1st) payroll check upon return, unless the member provides proof they were on withdrawal during this period of time, then no dues will be withheld

b The Local Union shall certify to the Employer in writing by the third (3rd) of each month a list of its members or service fee payers working for the Employer who have furnished to the Employer the required authorization, together with an itemized statement of dues or service fees, initiation fees (full or installment), and/or any standard assessments owed. It is further agreed that the Employer shall add to the list submitted by the Local Union the names of all new employees and those hired since the last list was submitted and mark deletions indicating the reason for such deletions (e.g , termination, promotion, disability, military leave, etc.) and return this list with the dues remittance. The above shall be the practice unless otherwise mutually agreed upon.

c. On written request of the employee, deductions will be made to purchase U S Savings Bonds for said employee

d. The Employer agrees to deduct from the paycheck of all employees covered by this Agreement voluntary contributions to DRIVE DRIVE shall notify the Employer of the amounts designated by each contributing employee that are to be deducted from his paycheck on a weekly basis for all weeks worked The phrase "weeks worked" excludes any week other than a week in which the employee earned a wage. The Employer shall transmit to DRIVE National Headquarters on a monthly basis, in one (1) check, the total amount deducted, along with the name of each employee on whose behalf a deduction is made, the employee's Social Security number, and the amount deducted from that employee's paycheck The International Brotherhood of Teamsters shall reimburse the Employer annually for the Employer's actual cost for the expenses incurred in administering the weekly payroll deduction plan.

e. The Employer agrees to deduct certain specific amounts each week from the wages of those employees who shall have given the Employer written notice to make such deductions. The amount so deducted shall be remitted to the applicable credit union once each week The Employer shall not make deductions and shall not be responsible for remittance to the credit union for any deductions for those weeks during which the employee's earnings shall be less than the amount authorized for the deductions

f In the event the Employer has been determined to be in violation of this Article by a decision in the grievance procedure, and if such Employer subsequently is in violation thereof after receipt of seventy-two (72) hours written notice of specific delinquencies, the Union shall have the right to enforce such decision in court and the Company shall be responsible for any legal costs incurred by the Union

ARTICLE 19

* * * * * * * * * * * *

MR. WILDER. This is the Joint Interpretation of Article 19 relating to Recognition, Union Shop, and Checkout Provisions The parties made a number of formal changes to the Union Shop provisions in Section 19 in order to confirm their agreement to longstanding practice

The first appears in Section a. We've inserted at the end of that section the words "This section should be read in accordance with Section b " Section b is entirely new

This makes clear that employees who choose not to acquire or maintain good standing union membership would be required after sixty (60) days of employment to pay the Union a monthly service fee in an amount determined by the Union for collective bargaining, contract administration, and employee representation

As I indicated earlier, it has been the custom and practice of the parties to make this choice available to new hires prior to their coming on to the payroll, but the parties thought it useful to set it forth in their collective bargaining agreement during this round

Because we inserted a new Section b into the article, we have renumbered old Section b. as c The current section c is Section d, and in each of those subparagraphs, we have taken the word "member" and changed the word to "employee" due to the change we made in the new Section b.

In Section relating to checkoff through payroll deduction, we've added the word: "service" or "service fee" as appropriate to the existing language dues or initiation fees in order again to accommodate the new language in Section b that provides for the payment of service fees in lieu of dues and/or initiation fees.

That completes the Joint Interpretation of Article 19.

ARTICLE 19

No changes

ARTICLE 20
SAFETY AND HEALTH

Section 1 - General

a The Employer and the Union agree that the safety of the employees and the general public is of utmost importance. The Company hereby agrees to maintain safe, sanitary, and healthful conditions in all work center facilities Likewise, no employee will be required, expected or asked to work in or under unsafe or unhealthful conditions as outlined by the applicable OSHA. FAA. and Company regulations. The Company and the Union shall create a subcommittee to determine what OSHA standards may be applied to the Company's operations in areas where they are not currently being applied because of FAA applicability The standard for applicability shall be the similarity in job function to those otherwise covered by the OSHA regulations. Neither Party shall unreasonably withhold agreement. The Company agrees to use as guidelines the list of Threshold Limit Values (TLV's) of the American Conference of Governmental Industrial Hygienists (ACGIH) as updated from time to time and to comply with the list of Permissive Exposure Limits (PEL's) as adopted by OSHA

b The Company will designate and prominently post the name and phone number of a doctor. ambulance. fire, police, and internal HAZMAT team near all telephones for employees' use in case of an emergency

c The Company shall furnish adequate safety devices and maintain them in good working order for employees working on hazardous or unsanitary work Employees will be required to use or wear such devices when performing such work An employee shall not be required to perform work without legally required protection in proper working order

d. No employee will be required or assigned to engage in any activity which a reasonable person would in good faith believe constitutes a real threat of danger to a person or property

e Employees failing to adhere to safety rules will be subject to disciplinary action Any allegation that the Company has failed to enforce safety rules shall be immediately brought to the Company's attention so that corrective action will be taken immediately if the allegation is meritorious

Section 2 - Safety, Health, and Emergency Provisions

a. The Company agrees to provide or maintain access to a first aid kit. emergency shower, and eye washer

b Without cost to employees, the Company shall continue to provide and maintain an effective hearing conservation program and furnish to employees with similar exposure the same type of noise resistant devices provided to all personnel working in line maintenance

c. The Company will provide non-flammable blankets for utilization within the SDF hangar facility and the ONT facility. Two such blankets will be made available for ONT to be stored in a designated area by the Company and four such blankets will be made available for the SDF hangar to be stored in two areas designated by the Company

d The Company agrees clean, healthy drinking water or sanitary fountains will be provided at all work centers. Where the Company and Union agree that the local water is not suitable for drinking. the Company will provide bottled drinking water. The Company will continue its current practice on a location specific basis regarding the provision of bottled water during June, July and August

e The floors of the toilets. washrooms and other break or lunch areas will be kept in good repair and in a clean, dry, and sanitary condition. Washrooms will be serviced and cleaned on a scheduled basis in order to insure compliance with this paragraph

f Shops and washrooms will be lighted, heated. and ventilated in the best manner possible consistent with the source of heat, ventilation, and light available. Applicable legal requirements will be met Upon written request. the Company and Union Safety representatives will meet to evaluate whether the conditions of this provision are being met.

g. Individual lockers will be provided for all employees covered by this Agreement who are issued uniforms by the Company The Company will supply a means for locking lockers. Locker rooms will be

maintained so as to not allow anyone outside the locker room area the ability to observe employees changing clothes This prohibition shall include the use of cameras or other means of surveillance equipment in locker rooms without mutual agreement of the Union. Company management will not enter an employee's locker without the employee or a Union Representative present Separate areas will be provided to hang garments such as parkas, rain gear, and jackets Individual plastic slip-over bags will be provided for garments that may come in contact with contaminants or other hazardous materials.

h. The Company agrees that all employees will have the opportunity and means of taking a shower with running hot and cold water at every work center It is understood that such opportunity will be provided when the Manufacturer's Material Safety Data Sheet (MSDS) for a specific chemical calls for thorough cleansing with soap and water or when the emergency shower does not provide adequate cleansing. The Company further agrees to provide a privacy barrier around the emergency shower. As any new facilities are built by UPS or to its specifications, the Company will provide separate shower facilities in the men's and women's locker rooms

i The Employer agrees to provide access to toilet facilities in all work centers. In those remote work areas or single manned work centers where separate male/female facilities are not feasible. the Company will provide secure door locks to insure privacy.

j No employee will be required to use portable toilet facilities except on a temporary basis as a result of construction or emergencies

Section 3 - Protective Apparel

a The Company will provide, launder, and maintain in a sanitary and reliable condition appropriate apparel and devices for those employees required to work with acids and chemicals which would damage the employee's clothing or be hazardous to the employee. Employees will be required to wear such apparel when provided by the Company.

b. Wherever it is necessary, by reason of hazard of processes or environment, chemical hazards, radiological hazards, or mechanical irritants encountered in a manner capable of causing injury to any part of the body through absorption. inhalation. physical contact, or trauma. the Company will provide personal protective equipment (PPE) for eyes, face. head. and extremities, including protective clothing, respiratory devices. and protective shields and barriers The Company will maintain these items in a sanitary and reliable condition and provide training on same in accordance with State and Federal regulations.

c. Between January 1 and January 31 of each year. LSTs. Inspectors, AMTs and Utility employees may submit a request on a Company designated form, for up to three (3) pairs of leather and six (6) pairs of cotton gloves. The gloves will be issued by March 15 of that year at no cost to those employees submitting a request The care and upkeep of the gloves will be the employee's responsibility.

Section 4 - Safety Committees

a The Company, Union. and employees recognize that it is their responsibility to cooperate with and assist each other in maintaining safe, healthful. and sanitary working conditions and in preventing work-related accidents In furtherance of this goal, the Parties hereby agree to establish a safety program as follows.

b Safety committees consisting of both UPS Co. and Local 2727 representatives will be established at each gateway where the number of employees is large enough to make such a committee advisable. Participation by employees who are covered by this Agreement will be voluntary. In gateways of up to twenty (20) employees covered by this Agreement. there can be one (1) Union committee representative. In gateways of 21 to 40 employees, there can be two (2) Union representatives For gateways of forty (40) to one hundred (100) employees, there can be three (3) Union representatives. For gateways over one hundred (100) employees. there can be up to four (4) Union representatives In addition, SDF may have up to four (4) committees, representing separate shifts. The SDF Safety Committee Chairperson shall have the right to attend each committee meeting as one (1) of the four (4). The afore-

mentioned committees will be comprised of an equal number of UPS Co and Union representatives (from 1-4) as designated by the Parties No other participants will attend without mutual agreement by the committee It is understood that the Principal Officer of Local 2727 shall also have the right to participate on an ad hoc basis on all committees by virtue of his office

c. Safety committees will meet on a regular basis, as mutually agreed upon by the Parties, and no less than ten (10) times annually at locations with twenty-five (25) or more employees covered by this Agreement During the meetings such committees will review corrective action taken for all incidents which have occurred, resolve safety issues or complaints that may exist, discuss ergonomic issues, and conduct periodic on-site inspections as deemed necessary by the Safety Committee within that gateway. When Union Safety Committee members or other Union representatives conduct gateway safety audits, the Union will provide up to twenty-four (24) hour prior notice to the Aircraft Maintenance Safety Manager Safety committees shall meet during regular business hours Time spent in committee meetings by designated committee members shall be without loss of time or pay Should the committee meeting occur during hours that are other than the employee's normal work shift, the hours will be paid at straight time rates and shall not be considered hours worked for overtime pay calculations Committee members who are already working at an overtime rate when a meeting is scheduled shall be replaced by an alternate Time spent in committee meetings by the designated Union gateway safety committee chairperson at locations having more than twenty-five (25) employees covered by this Agreement shall be compensated at the appropriate straight or overtime rate of pay in accordance with hours worked in his work week, regardless of the Union gateway safety committee chairperson's regular assigned shift Where written minutes are made of any gateway Safety Committee meeting, they shall be forwarded to the Aircraft Maintenance Safety Manager and the Local 2727 Safety Committee Chairperson within one (1) week of the meeting In the event of disagreement over the minutes, both parties' versions shall be forwarded.

d The Union gateway safety committee member who is designated as the Union chairperson, or his designee, shall be permitted reasonable time by the immediate supervisor to investigate within his gateway any employee generated safety complaint without loss of time or pay It is understood that such investigations shall not interfere with the performance and completion of the chairperson's regular assigned duties or with the Company's operation.

e The Safety Committee may monitor the Company's application and compliance with municipal, State and Federal safety and health regulations. The Company agrees to post the OSHA 200 log in each work location in accordance with Federal law, and provide copies of same to the Local Union. The Safety Committee may also make recommendations for the maintenance of appropriate safety and health standards

f The Local 2727 Safety Committee Chairperson shall be credentialed by the Company and enjoy gateway access rights as set out in Article 5 Section 1 b, whether or not he is employed by the Company

g The Company shall reimburse one-half (1/2) of the tuition cost, up to a maximum of three hundred dollars ($300) per annum, for the SDF Committee Chairperson to attend Health and Safety training Such training must be conducted by an organization having recognized training programs in the safety and health field, such as OSHA Training Institute, National Safety Council, or Kentucky OSHA

Section 5 - Duty to Report

a It is the employee's responsibility to immediately notify his supervisory personnel of any work-related injury or illness

b Employees will report any unsafe tools, equipment, processes, or condition to their immediate supervisor. In the event their supervisor does not concur that the tools, equipment, processes, or condition is unsafe, the employee may file a "safety complaint" as described in Section 6 of this Article. In addition, the employee shall complete an appropriate "Do Not Operate", "Danger", or 'Car Condition Report" form as supplied by the Company The Employer shall not require or ask employees to utilize equipment that has been appropriately tagged out of service The Employer shall not require employees to drive any vehicle which is in an unsafe operating condition

1 In cases where disagreement may arise relative to tagged equipment not needed immediately, management will solicit the input of the local Union committee chairperson, where designated and the designated Company Safety Representative, and their collective decision shall be final

2 In cases where disagreement may arise relative to tagged equipment needed immediately, management will solicit the input of available individuals which may include the Union safety committee chairperson or committee member, and other designated Company Safety representatives, before making its determination

3 When a disagreement under subparagraphs 1 and 2 is not resolved to the employee's satisfaction, if he files a safety complaint, it will be expedited to the Company's designated Safety Manager under Section 6.c. of this Article A copy of the "Do Not Operate", "Danger", or "Car Condition Report" shall be attached to the complaint. The complaint shall be furnished to the Local 2727 Safety Committee Chairperson.

c All accidents involving personnel or Company equipment will be immediately reported and put in writing on the appropriate Company form as soon as possible thereafter within that work day. Should the accident result in disciplinary action in accordance with this paragraph and a subsequent related grievance for an employee covered by this Agreement, the Union shall be entitled to a copy of the completed accident report as well as but not limited to available pictures, drawings, copies of statements taken from witnesses or parties involved, and any tests and their results in accordance with Article 5, Section 1, a. Such information shall be provided prior to any hearing.

Section 6 - Complaint Procedure

a All complaints by employees regarding unsafe, unsanitary, or unhealthy working conditions shall first be discussed by the employee with his immediate supervisor. If no satisfactory resolution can be reached, the employee shall file a written safety complaint on an appropriate Company safety form which has been agreed to by the Union, with his immediate supervisor within seven (7) calendar days of the occurrence. The safety complaint shall be signed by the employee and the supervisor who receives it, and processed in accordance with a through f of this Section or as amended by mutual agreement between the Parties.

b The supervisor shall answer the safety complaint within seven (7) calendar days of receipt If the complaint is resolved, a copy of the complaint form with the resolution shall be forwarded to the Safety Committee Chairperson at the gateway where the complaint arose, or if there is no committee, then to the Local 2727 Safety Committee Chairperson

c. If the complaint is unresolved, it will be referred immediately to that gateway's Safety Committee, and if none, to the Local 2727 Safety Committee Chairperson for recommendations and possible solutions. Such Committee will submit recommendations after its next meeting to the Company's designated Safety Manager for consideration. The Safety Manager shall have seven (7) calendar days to respond to the Safety Committee in the gateway involved, and if no committee, to the Local 2727 Safety Committee Chairperson In all cases, the Safety Manager shall, prior to issuing his response, make reasonable efforts to discuss the complaint with the Local 2727 Safety Committee Chairperson.

d. If the complaint is not satisfactorily resolved by the Safety Manager, the Union can send a letter to the Company's Maintenance Labor Relations Manager referring this complaint for resolution as a grievance at Step 3 under Article 6, Section 1.

e In establishing this procedure for safety complaints, the Parties agree that such complaints will not be considered as grievances under Article 6, except as noted in paragraph d above. In resolving safety complaints, the Union agrees the Company will be provided reasonable time to obtain necessary safety equipment or implement safety procedures. Furthermore, it is understood that the resolution of a safety issue or complaint shall not be precedent setting for other related issues or complaints unless mutually agreed to by the Parties If the Company, Union, or Safety Committee fails to respond in a timely manner, the complaint shall be considered automatically processed to the next higher step However, an employee's or the Union's failure to file a complaint within the contractural time limits shall preclude the filing of the complaint under this Section on that particular alleged violation, with-

out precedence. unless the alleged unsafe condition has not been corrected, but shall not waive any statutory right possessed by the employee or the Union

f. Except by mutual agreement, the Local 2727 Safety Committee Chairperson and the Company's Safety Manager shall meet in Louisville no less than once a calendar quarter to share safety concerns and discuss general safety matters associated with Union represented employees.

g The Local 2727 Safety Committee Chairperson may contact the Company's designated Safety Manager immediately to directly inform him of the existence of what the Local 2727 Safety Committee Chairperson reasonably believes to be an imminent threat of death or serious injury Within twenty-four (24) hours of such contact, the Company's Safety Manager shall contact the Local 2727 Safety Committee Chairperson to discuss whether the Company agrees there is an imminent threat of death or serious injury, and if so, what the Company has done or intends to do at that point to address the threat. If the Company disagrees that an imminent threat of death or serious injury is presented, the matter may be filed and processed as a safety complaint pursuant to paragraphs a. through e above

Section 7 - New Equipment Training

Personnel using new motorized equipment or personnel not familiar with existing motorized equipment will be provided training in its use and in the safety responsibilities related to its use prior to assignment to same. Employees who have not been checked out on the aforementioned equipment will not be permitted or directed to use such equipment In addition, if any new equipment, methods, processes, or tooling require formal Company training, such training will be provided prior to use

Section 8 - Additional Employee Rights

a. Notwithstanding the employee's right to contact Federal, State or local agencies, it is the recommendation of the committee that issues and concerns, about workplace hazards should first be brought before the Joint Safety Committee

b It is the responsibility of the Safety Committee to provide guidance and recommendations on all factual issues, involving safety and health and equipment, affecting employees covered by the Agreement

c The Employer agrees to comply with all applicable State and Federal OSHA regulations regarding Hazardous materials and the following

1. Provide one (1) hour of awareness training to every employee who handles packages potentially containing hazardous materials and the hazards of blood borne pathogens
2 Conduct training for new employees during orientations and for current employees during normal working hours, as necessary, with all employees compensated at the appropriate rate of pay
3 Any unknown spill on an aircraft will be considered hazardous until the contaminant is identified by name or cleaned up Identification can be accomplished by reading the shipper label or by laboratory testing
4 Only trained responders will enter the aircraft for testing purposes
5. No employee covered by this Agreement will be allowed on the aircraft until the contaminant has been either cleaned up or identified as non-toxic or non-harmful to humans
6 If the aircraft needs to be dismantled in order to facilitate the clean up, employees covered by this Agreement will perform this work only after the substance has been identified as non-toxic or non-harmful to humans
7 Conduct emergency evacuation drills on an annual basis
8. In addition, no Local 2727 represented employee shall be required or requested to respond to a hazardous material spill The Company shall provide all Local 2727 represented employees training on how to identify hazardous material spills and the procedures to be followed.

d All new motorized vehicles will be ordered to comply with Federal Motor Carrier Safety Regulations, as applicable All vehicles shall be equipped with a manufacturer certified seat belt restraint system Three point shoulder harness safety belts shall be provided on the driver's side of all new vehicles Seat belts and safety belts shall be worn whenever vehicle is moving

e Nothing in the Agreement relating to health, safety or training rules or regulations shall create or be con-

strued to create any liability or responsibility on behalf of the Union, its officers, agents or representatives, for any injury or accident to any employee or any person nor does the Union, its officers, agents or representatives, assume any such liability or responsibility It is agreed that the Safety and Health Committee acts exclusively in an advisory capacity, and neither the Union nor members of the Committee shall be liable for any work-connected injury, illness or disability which may result, or which even arguably may result, from the implementation of the Committee's suggestions or recommendations

f The Employer will not commence legal action against the Union on a subrogation theory, contribution theory, or otherwise as a result of the Union's negotiation of safety standards contained in this Agreement or failure to properly investigate or follow-up Employer compliance with those safety standards

Section 9 - Accident Response and Investigation

a In addition to the Company's fully developed and functioning accident response and investigation procedure policy, the Company will notify Local 2727 of any serious accident at the same time any other Company official(s) is notified. If the accident involves Local 2727 represented employees, the Union shall have the right to have a Union Representative present at the initial investigation of the accident scene.

b Emergency Response Team

1 The Company will promptly notify the Local 2727 Executive Board after it is determined that an accident or incident implicating the repair or maintenance of Company aircraft is NTSB reportable It will be the Union's responsibility to obtain written NTSB approval for a Emergency Response Team member to participate in any NTSB accident or incident investigation involving a Company aircraft Once approval is obtained, the Union's representative will participate in the investigation, safety meetings and hearings without loss of pay, subject to reimbursement by the Union, and without loss of benefits, which shall be paid by the Company. The Company and the Union will meet once annually to discuss the respective duties and responsibilities of the parties in connection with their emergency response to an aircraft accident or incident.

2 It is understood that the Union's representative will be an employee of the Company and shall continue to accrue seniority and longevity while participating in the accident investigation He will be provided positive space transportation over the Company's system to any aircraft accident or incident site as requested by the Union

3 The Company agrees that it will solicit input from the Union for report(s) generated by the Company during an accident investigation implicating maintenance issues. The Union may provide recommended changes to be considered by the Company. A copy of the final report will be provided to the Union. The Company retains the right to formulate recommendations and implement changes.

4 Nothing in this subsection will be applied so as to interfere or conflict with NTSB rules and procedures.

c. The Union agrees that any confidential information it or its representative obtains as a result of an investigation pertaining to this section will not be provided to any third party without the Company's written approval.

Section 10 - Over 70 Pound Items

a. No over seventy pound (70 lb.) item shall be loaded, picked up or stacked taller than waist high by hand unless assisted by another individual or appropriate equipment is available for assistance.

b. The Parties recognize that it may be necessary to consider new methods or equipment to facilitate the handling, lifting or torqueing of over seventy pounds (70 lbs.). The Parties will meet to review, discuss, and agree on any such new methods or procedures

c. The parties agree that this section shall not be dispositive in determining the essential job functions of any employee

Section 11 - Aircraft Towing Safety

No employee will be required to ride on aircraft tow tractors while towing All tows will be conducted at speeds that are reasonable and safe, provided GOM limits may not be exceeded

Section 12 – ASAP

The objective of an Aviation Safety Action Program (ASAP) is to prevent accidents and incidents thereby enhancing aviation safety, by encouraging employees to voluntarily report safety issues and events. The company and the Union, in cooperation with the FAA and subject to its procedures, will develop an ASAP The ASAP will be jointly administered and require both participation and acceptance by the FAA. To the extent allowed by the FAA, a principle of the ASAP will be that neither a written ASAP report nor the content of a written ASAP report will be used to initiate or support any Company disciplinary action, or as evidence for any purpose in an FAA enforcement action, except the reported event must not appear to involve criminal activity, substance abuse, controlled substance, alcohol, or intentional falsification. The Company and the Union intend the ASAP to be finalized prior to ratification of this Agreement, but the ASAP will not be implemented until and unless this Agreement is ratified

UNITED PARCEL SERVICE CO. (UPS)
AVIATION SAFETY ACTION PROGRAM (ASAP)
FOR MECHANICS

MEMORANDUM OF UNDERSTANDING

1 GENERAL. United Parcel Service Co.(UPS) is a Title 14 of the Code of Federal Regulations (14 CFR), air carrier operating under Part 121 engaged in scheduled cargo/package shipping operations to destinations throughout the world. UPS operates 210 aircraft, and employs approximately 1000 mechanics The mechanics are represented by the International Brotherhood of Teamsters Local 2727

2 PURPOSE The Federal Aviation Administration (FAA), UPS, and Local 2727 are committed to improving flight safety. Each party has determined that safety would be enhanced if there were a systematic approach for mechanics to promptly identify and correct potential safety hazards The primary purpose of the UPS Aviation Safety Action Program (ASAP) is to identify safety events, and to implement corrective measures that reduce the opportunity for safety to be compromised In order to facilitate flight safety analysis and corrective action, UPS and Local 2727 join the FAA in voluntarily implementing this ASAP for mechanics, which is intended to improve flight safety through mechanic self-reporting, cooperative follow-up, and appropriate corrective action This Memorandum of Understanding (MOU) describes the provisions of the program

3 BENEFITS The program will foster a voluntary, cooperative, nonpunitive environment for the open reporting of safety of flight concerns Through such reporting, all parties will have access to valuable safety information that may not otherwise be obtainable This information will be analyzed in order to develop corrective action to help solve safety issues and possibly eliminate deviations from 14 CFR For a report accepted under this ASAP MOU, the FAA will use lesser enforcement action or no enforcement action, depending on whether it is a sole-source report, to address an event involving possible noncompliance with 14 CFR This policy is referred to in this MOU as an "enforcement-related incentive"

4. APPLICABILITY The UPS ASAP applies to all mechanic employees of UPS and only to events that occur while acting in that capacity Reports of events involving apparent noncompliance with 14 CFR that is not inadvertent or that appears to involve an intentional disregard for safety, criminal activity, substance abuse, controlled substances, alcohol, or intentional falsification are excluded from the program

a Events involving possible noncompliance with 14 CFR by UPS that are discovered under this program may be handled under the Voluntary Disclosure Policy, provided that UPS voluntarily reports the possible noncompliance to the FAA and that the other elements of that policy are met. (See the current version of AC 00-58, Voluntary Disclosure Reporting Program and FAA Order 2150 3B, Compliance and Enforcement Program, Chapter 5)

b. Any modifications of this MOU must be accepted by all parties to the agreement

5 PROGRAM DURATION. This is a Demonstration Program the duration of which shall be 18 months from the date this MOU is signed by the FAA (following signature by the other parties). If the program is determined to be successful after a comprehensive review and evaluation, the parties intend for it to

be a Continuing Program This ASAP may be terminated at any time for any reason by UPS, the FAA, or any other party to the MOU The termination or modification of a program will not adversely affect anyone who acted in reliance on the terms of a program in effect at the time of that action; i e , when a program is terminated, all reports and investigations that were in progress will be handled under the provisions of the program until they are completed Failure of any party to follow the terms of the program ordinarily will result in termination of the program Failure of UPS to follow through with corrective action acceptable to the FAA to resolve any safety deficiencies ordinarily will result in termination of the program

6 REPORTING PROCEDURES When a mechanic observes a safety problem or experiences a safety-related event, he or she should note the problem or event and describe it in enough detail so that it can be evaluated by a third party

a ASAP Report Form At an appropriate time during the workday (e g after the completion of the scheduled shift), the employee should complete UPS ASAP Form for each safety problem or event and submit it ___(TBD)___. If the Electronic system is not available to the mechanic at the time he or she needs to file a report, the employee may contact the ASAP coordinator's office and file a report via telephone within 24 hours after the end of the duty shift, absent extraordinary circumstances. Reports filed telephonically within the prescribed time limit must be followed by a formal report submission within three calendar days thereafter

b Time Limit Reports that the Event Review Committee (ERC) determines to be sole-source will be accepted under the ASAP, regardless of the timeframe within which they are submitted, provided they otherwise meet the acceptance criteria of paragraphs 11a (2) and (3) of this MOU Reports which the ERC determines to be non sole-source must meet the same acceptance criteria, and must also be filed within one of the following two possible timeframes:

(1) Within 24 hours after the end of the duty shift, absent extraordinary circumstances. For example, if the event occurred at 1400 hours on Monday and a mechanic completes the duty shift for that day at 1900 hours, the report should be filed no later than 1900 hours Tuesday In order for all employees to be covered under the ASAP for any apparent noncompliance with 14 CFR resulting from an event, they must all sign the same report or submit separate signed reports for the same event.

(2) Within 24 hours of having become aware of possible non-compliance with 14 CFR provided the following criteria are met: If a report is submitted later than the time period after the occurrence of an event stated in paragraph 6b(1) above, the ERC will review all available information to determine whether the mechanic knew or should have known about the possible noncompliance with 14 CFR within that time period. If the ERC determines that the employee did not know or could not have known about the possible noncompliance with 14 CFR until informed of it, then the report would be included in ASAP, provided the report is submitted within 24 hours of having become aware of possible noncompliance with 14 CFR, and provided that the report otherwise meets the acceptance criteria of this MOU If the employee knew or should have known about the possible noncompliance with 14 CFR, then the report will not be included in ASAP

c Non-reporting employees covered under this ASAP MOU If an ASAP report identifies another covered employee in an event involving possible noncompliance with 14 CFR and that employee has neither signed that report nor submitted a separate report, the ERC will determine on a case-by-case basis whether that employee knew or reasonably should have known about the possible noncompliance with 14 CFR If the ERC determines that the employee did not know or could not have known about the apparent possible noncompliance with 14 CFR, and the original report otherwise qualifies for inclusion under ASAP, the ERC will offer the non-reporting employee the opportunity to submit his/her own ASAP report. If the non-reporting employee submits his/her own report within 24 hours of notification from the ERC, that report will be afforded the same consideration under ASAP as that accorded the report from the original reporting employee, provided all other ASAP acceptance criteria are met. However, if the non-reporting employee fails to submit his/her own report within 24 hours of notification from the ERC, the possible noncompliance with 14 CFR by that employee will

be referred to an appropriate office within the FAA for additional investigation and reexamination and/or enforcement action, as appropriate, and for referral to law enforcement authorities, if warranted

d Non-reporting employees not covered under this ASAP MOU If an ASAP report identifies another UPS employee who is not covered under this MOU, and the report indicates that employee may have been involved in possible noncompliance with 14 CFR, the ERC will determine on a case-by-case basis whether it would be appropriate to offer that employee the opportunity to submit an ASAP report. If the ERC determines that it is appropriate. the ERC will provide that employee with information about ASAP and invite the employee to submit an ASAP report If the employee submits an ASAP report within 24 hours of notification from the ERC, that report will be covered under ASAP, provided all other ASAP acceptance criteria are met If the employee fails to submit an ASAP report within 24 hours of notification from the ERC, the possible noncompliance with 14 CFR by that employee will be referred to an appropriate office within the FAA for additional investigation and reexamination and/or enforcement action, as appropriate. and for referral to law enforcement agencies, if warranted.

7 POINTS OF CONTACT The ERC will be comprised of one representative from UPS management; one representative from Local 2727; and one FAA inspector assigned as the ASAP representative from the Certificate Holding District Office (CHDO) for UPS; or their designated alternates in their absence The ASAP coordinator will be responsible for program administration, and may serve as the Company management representative on the ERC.

8 ASAP COORDINATOR. When the ASAP coordinator receives the report, he or she will record the date and time of any event described in the report and the date and time the report was submitted through the Electronic system. The ASAP coordinator will enter the report, along with all supporting data, on the agenda for the next ERC meeting Reports should be provided to all ERC members prior to the scheduled ERC meeting in accordance with guidance contained in Advisory Circular 120-66, as amended The ERC will determine whether a report is submitted in a timely manner or whether extraordinary circumstances precluded timely submission. To confirm that a report has been received. the ASAP coordinator will send a written receipt through the Electronic system to each employee who submits a report The receipt will confirm whether or not the report was determined to be timely The ASAP coordinator will serve as the focal point for information about, and inquiries concerning the status of. ASAP reports, and for the coordination and tracking of ERC recommendations

9. EVENT REVIEW COMMITTEE (ERC) The ERC will review and analyze reports submitted by the mechanics under the program, identify actual or potential safety problems from the information contained in the reports, and propose solutions for those problems The ERC will provide feedback to the individual who submitted the report

a The ASAP coordinator will maintain a database that continually tracks each event and the analysis of those events. The ERC will conduct a 12-month review of the ASAP database with emphasis on determining whether corrective actions have been effective in preventing or reducing the recurrence of safety-related events of a similar nature That review will include recommendations for corrective action for recurring events indicative of adverse safety trends

b This review is in addition to any other reviews conducted by the FAA. If an application for renewal of the continuing program is anticipated. the ERC will prepare and submit a report with the certificate holder's application to the FAA 60 days in advance of the termination date of the demonstration program

10. ERC PROCESS

a. The ERC will meet as necessary to review and analyze reports that will be listed on an agenda submitted by the ASAP coordinator. The ERC will determine the time and place of the meeting. The ERC will meet at least twice a month, and the frequency of meetings will be determined by the number of reports that have accumulated or the need to acquire time-critical information.

b. The ERC will make its decisions involving ASAP issues based on consensus. Under the UPS ASAP, consensus of the ERC means the voluntary agreement of all representatives of the ERC It does not

require that all members believe that a particular decision or recommendation is the most desirable solution, but that the result falls within each member's range of acceptable solutions for that event in the best interest of safety In order for this concept to work effectively, each ERC representative shall be empowered to make decisions within the context of the ERC discussions on a given report The ERC representatives will strive to reach consensus on whether a reported event is covered under the program, how that event should be addressed, and the corrective action or any enforcement action that should be taken as a result of the report. For example, the ERC should strive to reach a consensus on the recommended corrective action to address a safety problem such as an operating deficiency or airworthiness discrepancy reported under ASAP. The corrective action process would include working the safety issue(s) with the appropriate departments at the airline and the FAA that have the expertise and responsibility for the safety area of concern. Recognizing that the FAA holds statutory authority to enforce the necessary rules and regulations, it is understood that the FAA retains all legal rights and responsibilities contained in Title 49, United States Code, and FAA Order 2150 3B. In the event there is not a consensus of the ERC on decisions concerning a report involving an apparent violation(s), a qualification issue, or medical certification or medical qualification issue, the FAA ERC representative will decide how the report should be handled The FAA will not use the content of the ASAP report in any subsequent enforcement action, except as described in paragraph 11a(3) of this MOU

c. It is anticipated that three types of reports will be submitted to the ERC: safety-related reports that appear to involve a possible noncompliance with 14 CFR, reports that are of a general safety concern, but do not appear to involve possible noncompliance with 14 CFR, and any other reports, e g , involving catering and passenger ticketing issues All safety-related reports shall be fully evaluated and, to the extent appropriate, investigated.

d. The ERC will forward non-safety reports to the appropriate UPS department head for his/her information and, if possible, internal (UPS) resolution. For reports related to flight safety, including reports involving possible noncompliance with 14 CFR, the ERC will analyze the report, conduct interviews of reporting mechanics, and gather additional information concerning the matter described in the report, as necessary.

e The ERC should also make recommendations to UPS for corrective action for systemic issues For example, such corrective action might include changes to UPS flight operations procedures, aircraft maintenance procedures, or modifications to the training curriculum for mechanics Any recommended changes that affect UPS will be forwarded through the ASAP coordinator to the appropriate department head for consideration and comment, and, if appropriate, implementation. The FAA will work with UPS to develop appropriate corrective action for systemic issues The ASAP coordinator will track the implementation of the recommended corrective action and report on associated progress as part of the regular ERC meetings Any recommended corrective action that is not implemented should be recorded along with the reason it was not implemented

f. Any corrective action recommended by the ERC for a report accepted under ASAP must be completed to the satisfaction of all members of the ERC, or the ASAP report will be excluded from the program, and the event will be referred to the FAA for further action, as appropriate

g Use of the UPS ASAP Report: Neither the written ASAP report nor the content of the written ASAP report will be used to initiate or support any company disciplinary action, or as evidence for any purpose in an FAA enforcement action, except as provided in paragraph 11a(3) of this MOU. The FAA may conduct an independent investigation of an event disclosed in a report.

11 FAA ENFORCEMENT

a. Criteria for Acceptance. The following criteria must be met in order for a report to be covered under ASAP:

(1) The employee must submit the report in accordance with the time limits specified under paragraph 6 of this MOU;

(2) Any possible noncompliance with 14 CFR disclosed in the report must be inadvertent and must not appear to involve an intentional disregard for safety; and,

(3) The reported event must not appear to involve criminal activity, substance abuse, controlled

substances, alcohol, or intentional falsification Reports involving those events will be referred to an appropriate FAA office for further handling The FAA may use the content of such reports for any enforcement purposes and will refer such reports to law enforcement agencies. if appropriate If upon completion of subsequent investigation it is determined that the event did not involve any of the aforementioned activities. then the report will be referred back to the ERC for a determination of acceptability under ASAP Such referred back reports will be accepted under ASAP provided they otherwise meet the acceptance criteria contained herein.

b. Administrative or Informal Action. Notwithstanding the criteria in Chapter 5 of FAA Order 2150 3B, possible noncompliance with 14 CFR disclosed in a non sole-source ASAP report that is covered under the program and supported by sufficient evidence will be addressed with administrative action (i e.. a FAA Warning Notice or FAA Letter of Correction as appropriate for administrative action) or informal action (i e oral or written counseling). Sufficient evidence means evidence gathered by an investigation not caused by. or otherwise predicated on. the individual's safety-related report. There must be sufficient evidence to prove the violation. other than the individual's safety-related report. In order to be considered sufficient evidence under ASAP, the ERC must determine through consensus that the evidence (other than the individual's safety-related report) would likely have resulted in the processing of a FAA enforcement action had the individual's safety-related report not been accepted under ASAP If the ERC determines that sufficient evidence supports a violation for an accepted non-sole-source report, in order to close ASAP report with FAA informal action the ERC must employ the Enforcement Decision Tool (EDT)-Individual matrix and associated guidance found in FAA Order 2150.3B. Appendix F, to determine, through ERC consensus under the ASAP process, whether FAA informal action (and corrective action, if appropriate) is warranted. Accepted non sole-source reports for which there is not sufficient evidence will be closed with a FAA Letter of No Action

c. Sole-Source Reports For the purposes of FAA action. a report is considered a sole-source report when all evidence of the event available to the FAA is discovered by or otherwise predicated on the report. Apparent violations disclosed in ASAP reports that are covered under the program and are sole-source reports will be addressed with an ERC response (no FAA action required) It is possible to have more than one sole-source report for the same event.

d Reports Involving Qualification Issues. UPS ASAP reports covered under the program that demonstrate a lack, or raise a question of a lack, of qualification of a certificate holder employee will be addressed with corrective action, if such action is appropriate and recommended by the ERC If an employee fails to complete the corrective action in a manner satisfactory to all members of the ERC. then his/her report will be excluded from ASAP In these cases, the ASAP event will be referred to an appropriate office within the FAA for any additional investigation and reexamination and/or enforcement action. as appropriate

e Excluded from ASAP. Reported events involving possible noncompliance with 14 CFR that are excluded from ASAP will be referred by the FAA ERC member to an appropriate office within the FAA for any additional investigation and re-examination and/or enforcement action. as appropriate

f. Corrective Action Employees initially covered under an ASAP will be excluded from the program and not entitled to the enforcement-related incentive if they fail to complete the recommended corrective action in a manner satisfactory to all members of the ERC Failure of an employee to complete the ERC recommended corrective action in a manner satisfactory to all members of the ERC may result in the reopening of the case and referral of the matter for appropriate action.

g Repeated Instances of Noncompliance with 14 CFR Reports involving the same or similar possible noncompliance with the Regulations that were previously addressed with administrative or informal action under ASAP will be accepted into the program, provided they otherwise satisfy the acceptance criteria in paragraph 6 above. The ERC will consider on a case-by-case basis the corrective action that is appropriate for such reports

h Closed Cases. A closed ASAP case including a related enforcement investigative report involving a violation addressed with the enforcement-related incentive, or for which no action has been taken.

may be reopened and appropriate enforcement action taken if evidence later is discovered that establishes that the violation should have been excluded from the program

12. EMPLOYEE FEEDBACK. The ASAP coordinator will publish a synopsis of the reports received from mechanics in the ASAP section of the _____(TBD)_____ publication monthly The synopsis will include enough information so that mechanics can identify their reports Employee names, however, will not be included in the synopsis The outcome of each report will be published. Any employee who submitted a report may also contact the ASAP coordinator to inquire about the status of his/her report In addition, each employee who submits a report accepted under ASAP will receive individual feedback on the final disposition of the report.

13. INFORMATION AND TRAINING The details of the ASAP will be made available to all mechanics and their supervisors by publication in the UPS General Maintenance Manual Each UPS mechanic and manager will receive written guidance outlining the details of the program at least two (2) weeks before the program begins. Each mechanic will also receive additional instruction concerning the program during the next regularly scheduled recurrent training session, and on a continuing basis in recurrent training thereafter. All new-hire mechanic employees will receive training on the program during initial training.

14 REVISION CONTROL Revisions to this MOU shall be documented using standard revision control methodology.

15 RECORDKEEPING. All documents and records regarding this program will be kept by the UPS ASAP coordinator and made available to the other parties of this agreement at their request All records and documents relating to this program will be appropriately kept in a manner that ensures compliance with 14 CFR and all applicable laws. Local 2727 and the FAA will maintain whatever records they deem necessary to meet their needs

16 SIGNATORIES. All parties to this ASAP are entering into this agreement voluntarily

ARTICLE 20

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MR. COLEMAN. Article 20, the first change is in Section 1 c We already had some language in 1 c that the Company would furnish adequate safety devices, maintain them. Employees would be required to wear such devices when performing work We added a sentence at the Union's request saying that employees should not be required to perform work without legally required protection in proper working order as an additional protection to the employees who need to have that equipment

MR. WILDER. Point of clarification on that What the parties discussed at the table was that situations of this sort are unusual and even rare on this property. but when and if they should occur, the parties believe that the situation is one that calls for an immediate resolution of the dispute rather than just an eventual resolution through the grievance procedure

MR COLEMAN· You're making reference to 1.c?

MR WILDER I am. yes.

MR. COLEMAN Can we go off?

(WHEREUPON AN OFF-THE-RECORD
DISCUSSION WAS HAD.)

MR COLEMAN· Back on the record. The Company agrees with the statement that was made by the Union and would add that from its perspective, the discussion and intent was that basically in this scenario where there's legally required protection that it's supposed to be in properly working order and the employee doesn't have it, that the "work now-grieve later" principle doesn't apply in that scenario where this language might come in, and we added this language to make it clear that the employee in that scenario would have the ability to say, well. the contract says I don't have to do it Section 2 d, we are basically adding into the contract what the Company's practice is with regard to providing bottled water in terms of the locations that we're currently doing it We agree that we'll continue that practice in those locations in the months of June. July. August

MR. COMBINE· Individual bottled water, not water cooler bottled water Just individual bottled water

MR COLEMAN· That's the current practice in terms of those locations. Yes, we agree that it's individual bottled water Under Section 2.f, was the next change It really is just again a clarification adding to the contract what the Company's legally already required to do and deals with shops and washroom being lighted, heated, ventilated

We're pulling into the contract that there are legal requirements that will be met and by pulling it into the contract. that actually gives the Union and the employee the ability to file a grievance if the legal requirements are not being met

Moving into Section 3 c, we've changed some language here, again, at the Union's request to expand the period of time in which employees can submit a request for gloves It used to be January 1st through January 15th. Now, it's January 1st through January 31st And we've also expanded to say that the LSTs. employees in LST and inspector classifications also have the right to submit a request for three pairs of leather gloves and six pairs of cotton gloves. And as a result of the expansion, the Company obtained more time to issue those gloves and that they will be issued, we've agreed, by March 15.

Next, going into the safety committees, the first change under safety committees was in Paragraph 4 c And we've added some language at the end of it to indicate that written minutes that might be generated in any safety committee meeting will be forwarded to — and I'm going to suggest a shorter way of referencing. The contract says, aircraft maintenance safety manager. For purposes of going forward, I was just going to say the Company's safety manager. and then the Local 2727's safety committee chairperson, I'm going to basically refer to that person as the Union's safety chairperson shorthand going forward. but any written minutes that are generated at a local safety committee meeting will be forwarded to them, and if there's a disagreement between the two groups there. as to what the minutes should reflect, then both sides or both sets of minutes will be forwarded.

Just for purposes of the record, it says· Where written minutes are made We're not imposing any obligation on the committees to create written minutes, but if they do, then this is how it will be handled

MR. WILDER One comment This along with the other provisions that were added to the safety com-

mittee procedure are designed to afford the parties a way of assuring more accountability of the safety committee to assure that they are operating as intended, and that I think will become apparent as we get further into the article

MR COLEMAN The Company would agree with the Union's statements and, in fact, I think both parties tried to make a number of changes in this committee language to make it more effective to make it work better than it has even in the past in terms of moving forward.

In Paragraph d, there was an addition "or his designee," which simply gives the Union's safety chairperson the ability to designate somebody to act on his behalf Paragraph f, again, is a reference to the Union's safety chairperson. Again, it's some different language there to make it clear that we're talking about the Union's chair, which in the past, has been Mr. Tulipana in terms of what, who we're talking about

In Paragraph f, we basically gave that person the same access rights, escort access rights and everything else that is set forth in Article 5, Section 1 b I think the intent there was to pull it back over, have you go back over and look at Article 5, Section 1 b in terms of him having those rights in terms of accessing the Company's property

In Paragraph g, at the Union's request, recognizing again we want to make these committees productive and successful, education can be a part of that, so at the Union's request, the Company agreed that we would reimburse one-half of tuition cost up to a maximum of $300 per year for the SDF committee chairperson to attend health and safety training

There is obviously some references to recognized training programs; that it has to be a recognized training program And, again, I think that is specifically for the SDF committee chairperson, which is the employee who's in charge of the Louisville committee and that's somebody different than the Union safety committee chairperson, Mr Tulipanao

Let me move into Section 5 There was language that we had under the prior agreement that dealt with equipment and when it got tagged out and was not in a condition to be used because it wasn't operating properly There were some steps in here in terms of tagging equipment and bringing it to the Local Union's committee chairperson

We've added a third step to this process to try to make sure that kind of an issue didn't just become a safety complaint and spend time working through the whole safety complaint procedure and into the grievance procedure, so we actually said if there's a disagreement at the first steps that we have there don't resolve the issues to the employee's satisfaction, that he can actually file a safety complaint, and instead of going through the normal process, it would be expedited directly to the Company's safety manager, and obviously the Union's safety manager would be involved, too, at that point with the copy of the report attached to the complaint.

And then I think the intent there is that the Company's safety manager and the Union's safety chairperson would be getting together to try to get some immediacy to that complaint and try to resolve it.

MR WILDER. That's correct That appears in Section 6 c, in which it was made clear that in all cases, the safety manager shall, prior to issuing in his response, make reasonable efforts to discuss the complaint with the Local 2727 safety chairperson, and so all cases would embrace the one involving the dispute over tagged equipment

MR. COLEMAN No question. We agree. The next change actually is in what was Paragraph 5 c and d. There's language there about serious accidents that was negotiated back under the prior contracts. It was long history as to why it's in Article 20 rather than in Article 8, but I think the parties discussed and agreed that it's more appropriately in Article 8 rather than here in Article 20, so that language is stricken out, but it has not been deleted from the contract It's been moved back to Article 8

The next section is complaint procedure And a number of changes, again, all with the intent to expedite and make hopefully the process and procedure more effective and efficient. The first change was in 6.b, just to clean up where it did say a copy of the complaint form with resolution shall be returned to the safety committee chairperson, this actually should be forwarded So we just cleaned up the verbiage there on the how it works.

The reference Local Union, struck out Union and added 2727. Again, we wanted to make it clear that we're talking about the Local's designated safety committee chairperson, not a committee chairperson at one of the various different gateways Off the record

(WHEREUPON AN OFF-THE-RECORD
DISCUSSION WAS HAD)

MR COLEMAN Under Section 6 c, there is some language saying if a complaint's unresolved after seven days, we struck out seven days and just said if a complaint's unresolved, it will be referred immediately, again, to try to move the process along. There's, again, cleanup language to make it clear that when the Local Union's safety committee, that what we're really talking about there is the Local's designated safety committee chairperson

And then we actually eliminated a step in the whole safety complaint process by getting rid of the gateway manager

MR COMBINE. The reason for that strike through for the seven days in c was because it used to read that basically after a safety complaint, there would be 14 days, because in b and c, the supervisor has seven days

MR. WILDER. Right

MR COMBINE· Well, that's why we said if that is not resolved in c, you don't need to give another seven days You haven't resolved it, so to make that a little clearer — I mean, I'm sure I just made that –

MR. COLEMAN· No, we agree with Bob Combine's comments with regard to that The seven days is already there in b, and it was no intent or by removing it, we made it clear that there's not another seven days under paragraph 6.c.

Picking back up with 6.c, if you're looking at the tentatively ok'd contract, you'll see that there's language stricken out from the old contract. Again, that basically removed a step that was in the safety complaint process by eliminating the gateway maintenance manager of having to respond to the gateway Union's safety committee chairperson

This eliminated all of that and moved the process up, to expedite the issue if it's not resolved locally, getting to the Company's safety manager and the Union's committee chairperson more quickly, so they could then deal with the issue, and we also included in the language a contractual commitment on the Company's part that in all cases, the Company safety manager will make reasonable efforts to discuss the complaint with the Union's safety committee chairperson, Local 2727's safety committee chairperson, prior to any kind of decision by the Company's safety person Again, the intent of all of that was to expedite the process

Then you go into Paragraph e Actually, there's some cleanup there that should have been cleaned up in the 2001 agreement, because it still made reference to the system board of adjustment, and that was an error last time not to go ahead and change that language where if it's not completed — if it's not resolved between the Company and the Union's safety chairpersons, then it comes into the grievance process, but we're bringing it in Step Three, so that you don't have to start over in the grievance process.

MR WILDER. One point. Then, after Step 3, it would be subject to the provisions of Article 7 and 8 concerning expedition, if applicable, based on the arbitration expedition criteria

MR. COLEMAN. We agree.

MR COLEMAN. Then Section 6.e, there's a change in the reference to Paragraph d instead of e just because we eliminated a paragraph in that rewrite. At the end of that paragraph under 6 e, we included some language to make it clear, again, at the Union's request, that by agreeing to all of this, again, they're not waiving anything on behalf of the employees or on their own behalf They're not waiving any statutory rights that they have to process and deal with issues outside of the procedure that we have here.

Under 6 f, again, with the commitment to make this process work and work together to deal with these kind of safety issues that we might have, the Company has committed that its safety manager will meet no less than at least once a quarter with the Union's safety committee chairperson to discuss whatever safety concerns there are, whatever concerns, issues that he might bring to the table or she might bring to the table on the Union's behalf

And then Paragraph g, we've talked a lot about expediting the safety complaint process and making it more effective and efficient Paragraph g goes a step further than that It deals specifically with issues where the Union's chairperson believes that there might be an imminent threat of death or serious injury as a result of conditions that exist within the operations, and that if the Union's committee chairperson believes that is happening, he or she should bring that to the Company's safety manager's attention

We have agreed that we will within twenty-four (24) hours of that contact be back in contact, do what we need to do to investigate to find out what the deal is, and we will be back in contact with the Union's committee chairperson within that 24 hour period to discuss the issue and what the Company does intend to do or has done to deal with the threat

We recognize that even with the best intentions, there may be disagreements as to whether it is an imminent threat of death or serious injury, and if that's the case, then it will go back into the complaint procedure, expedited procedure that we have

The Union brought it to us and we agreed we wanted to have a contractual provision that if there is something like that happening, it will be dealt with immediately. So that was the intent of that language. I think Roland is going to pick up from here.

MR WILDER I'll start out with a comment on the emergency procedure The Company is correct in stating that we wanted a definitive contract procedure for bringing these kinds of situations to the parties' attention and hope for a resolution on the property

In the event of disagreement over whether there is a threat of imminent death or injury, then I simply will note the employee does have recourse to statutory provisions as well, and the procedure set forth here is not exclusive and does not call for an election on the part of the employee

Section 8 relating to additional employee rights was changed in Subparagraph a by adding the cleanup words "about workplace hazards." Those words replaced the language of the current agreement, "regarding this agreement," which on reflection during bargaining, the parties thought did not make sense.

MR COLEMAN. Yeah. And, actually, if I could add on to that, Roland I think that Paragraph 8 a making the change, again, highlights the fact that the parties believe that the internal process is one that should be used and followed and recommends that it does be something that any issues and concerns be brought forth internally to let the committees have the opportunity to deal with them understanding nobody's waiving any rights to go outside if they feel they need to

MR. WILDER. That's correct. Section 8 b was stricken from the current agreement because the same language was inserted below in new Section 8 d, and there was an additional change which we'll deal with when we get to new Section 8 d. Present Section 8.c. 8.d, and 8 e were redesignated b. c and d, respectively.

The next substantive change occurs in new Section 8 d. The parties added the phrase or I should say the sentence "Seat belts and safety belts shall be worn whenever vehicle is moving" Since the purpose of this entire article is added workplace safety, we thought that the parties believed that this admonition should be included in the agreement itself in addition to the requirement that all vehicles shall be equipped with a manufactured certified seat belt restraint system

The next change appears in new Section 8 e The parties agreed to broaden contractual immunity to include the Union's officers, agents, or representatives to assure that they would not be assuming a legally enforceable duty to third parties under which they might be held liable for any injury or accident to any employee or any person

Also, the parties agreed to add a new sentence to new Section 8 e providing that the advice and recommendations of the safety and health committee would be advisory only and that neither the Union nor members of the committee shall be liable for any work connected injury, illness or disability which may result from – or which may even arguably result from —the implementation of the committee's suggestions or recommendations.

The changes here are purely legal in nature and are our response to personal injury law developments in some jurisdictions under which plaintiffs wish to implead or sue parties who are not protected by the various workers' compensation laws as is the Company. The language is simply to assure that the contractual duty leading to this kind of liability would not be incurred by virtue of the Union's or committee member's participation in this important procedure established in Article 20

Section 9 relating to accident response and investigation was the subject of a brand new approach to accidents The current language of Section 9 has been redesignated Subparagraph a, and the parties have provided for an emergency response team in the maintenance area Paragraphs 1, 2, 3 and 4 of Subparagraph b set forth the essence of how the emergency response team will operate.

Essentially, the Company will promptly notify Local 2727's executive board after determining that an accident or incident implicating the repair or maintenance of Company aircraft is, and I quote, "NTSB reportable," that is, that the accident or incident will be reported to the National Transportation Safety Board.

At that point, it will be the Union's responsibility to obtain a written authorization from the NTSB for participation of a member of the Union's emergency response team in the NTSB accident or incident investigation Once approval is obtained from the NTSB, the Union's team member will participate in the investigation, safety meetings, and hearings without loss of pay subject to reimbursement of the Company by the Union and without loss of benefits, which shall be paid by the Company during the course of the investigation.

The Company and the Union will meet once annually to discuss the respective duties and responsibilities of the parties in connection with their emergency response to an aircraft accident or incident. Off the record

(WHEREUPON AN OFF-THE-RECORD
DISCUSSION WAS HAD)

MR WILDER. In Paragraph 2, the parties agree that the Union's representative will be an employee of the Company and shall continue to accrue seniority and longevity while participating in the accident investigation The Company agrees that upon request of the Union, the emergency response team member would be provided positive space transportation over the Company's system to and from the aircraft accident or incident

Now, in terms of the investigation itself, the Company agreed that it will solicit input from the Union for the reports the Company may generate during the accident investigation to the extent the accident investigation implicates maintenance issues We further agreed the Union may provide recommended changes to be considered by the Company, and the reference to recommended changes is to changes in the Company's report

A copy of that report will be provided to the Union when it is finalized The Company does retain the right to formulate recommendations and implement changes

In Paragraph 4, the parties added the language: "Nothing in this subsection will be applied so as to interfere or conflict with NTSB rules and procedures " The purpose of that obvious statement is assure that the parties don't inadvertently provide something in their agreement that could be a basis for rejecting participation by an emergency response team member.

And, finally, in Subparagraph c, the Union agreed that any confidential information it or its representative obtains as a result of an investigation pertaining to this section will not be provided to third parties without written Company approval. The NTSB investigation's information is confidential, is rather clearly designated. And so the parties do not believe that a definition of "confidential" was necessary.

In Section 10 –

MR COLEMAN: Roland, before you –

MR WILDER Yes.

MR COLEMAN: That last point on c, I think the language in b 1, 2, 3 and 4 is pretty clear in terms of how it works, but in Section c, you made a reference to confidential information. I would suggest for the record that to the extent that there is a disagreement about whether something is confidential or not, that would be something that would be subject to be worked out in a confidentiality agreement.

If there's an issue as to whether something falls in that category or not, that we could still have the option, obviously, of doing a confidentiality agreement of some sort.

MR WILDER. Certainly That is how the parties traditionally resolved confidentiality issues that arise during the course of bargaining or in the grievance procedure I think that would be acceptable and prudent way of approaching the issue.

MR. COMBINE. Do you want to go off the record for just second?

(WHEREUPON AN OFF-THE-RECORD
DISCUSSION WAS HAD)

MR. WILDER. In Section 10, the parties added a new Paragraph c, which relates to the handling of items weighing 70 pounds or more and the potential necessity to consider new methods or equipment to facilitate the handling, lifting or torquing of over 70 pounds

The new language that the parties agreed to is that this section shall not be dispositive in determining the essential job function of any employee. They added that language for a couple of reasons First of all, the purpose of the current Section 10 is to be protective of employees

That protective language was not designed to exclude employees from classifications to set forth weight lifting criteria for various classifications or even to prevent employees suffering minor disabilities from performing the functions of jobs that are available on the property.

What the parties agreed was that these were different issues and that the current language in Section 10 are not to be read as excluding employees from all or even some job functions Finally, the — off the record

(WHEREUPON AN OFF-THE-RECORD
DISCUSSION WAS HAD.)

MR COLEMAN If I can go back on and just clarify We understand that the purpose of this sentence is really a safety protection It's not intended to be evidence of whether lifting or doing the things that are described here are an essential function of any particular job.

MR WILDER· Yes That's correct

MR COLEMAN: Let's go off.

(WHEREUPON AN OFF-THE-RECORD
DISCUSSION WAS HAD.)

MR WILDER And, finally, the parties agreed to add a new Section 12 dealing with the adoption of an aviation safety action program or ASAP for mechanic and related employees in the maintenance department

Now, the purpose of the ASAP is to prevent accidents and incidents thereby enhancing aviation safety by encouraging employees to voluntarily report safety issues and events.

The parties agreed that with the cooperation of the Federal Aviation Administration and, of course, subject to its procedures, they would develop an ASAP program to be jointly administered and require both participation and acceptance by the FAA.

We further agreed that the principle of the ASAP will be that neither a written ASAP report nor the content of a written ASAP report will be used to initiate or support Company disciplinary action or evidence for any purpose in an FAA enforcement action subject to certain exceptions

The exceptions would involve criminal activity, substance abuse, controlled substances, alcohol, or intentional falsifications

MR. WILDER· The parties intend that the ASAP program will be finalized prior to ratification of the agreement, but it would not be implemented unless and until ratification occurs That concludes the Joint Interpretation of Article 20

ARTICLE 20

TONY COLEMAN: This is the joint interpretation on Article 20, Safety and Health. In Section 1 of Article 20, we added some new language at the beginning of the Article that "The Employer and the Union agree that the safety of the employees and the general public is of utmost importance," and we added that as just a general policy statement so that everyone would understand that there should be no question that safety is critical to the Company as well as it is to the Union in terms of complying with this Article and doing everything necessary to ensure that employees conduct their work in a safe manner and aren't exposed to unsafe conditions, and it's our intent that the Article in total should be read with that statement of general policy in mind.

The second sentence of Section 1. a. was also altered. It had provided that no employee will be required to work under unsafe or unhealthful conditions. After "required," we added "expected or asked" to make it clear that it's not only a matter of us going out and telling somebody, but that no employee should expect that he has to work under unsafe conditions and that we won't even ask employees to work under conditions that are not safe or would be unhealthful.

In the middle of Article 20, Section 1. a., we added some new language that "The Company and Union shall create a subcommittee to determine what OSHA standards may be applied to the Company's operations in areas where they are not currently being applied because of FAA applicability."

We had a lot of discussion with regard to a dispute that's kind of existed for several years now in terms of the jurisdiction of the FAA versus OSHA and questions with regard to if FAA has jurisdiction, do the OSHA standards that are applicable to industry in general, are they actually applicable, and there's an underlying legal issue there, I guess, in terms of whether the FAA has jurisdiction over certain areas versus OSHA, and what we've agreed to do to try to resolve that issue is that we've agreed that where there are OSHA standards that would be applicable in the general industry, that we will create a committee to review those standards, review the job functions and the similarity in job functions that might exist in areas where the FAA has jurisdiction, and come to an agreement as to the applicability of the OSHA regulations in areas where the FAA may say, well, we have jurisdiction, because we are in agreement that the fact that the FAA says that they have jurisdiction over certain areas to the exclusion of OSHA does not mean that the Company cannot apply OSHA standards in those areas, so the process that's supposed to take place once this Agreement is ratified is that the Company and Union will create a committee, will look at those OSHA standards that are not being applied because of this FAA-OSHA jurisdictional issue, and to the extent that there's a similarity in job function being performed by the aircraft technician, that if that same job function was being performed in the industrial world in general, that we would then reach an agreement to apply the OSHA standards in those situations.

Now, we've added some language, as has occurred in lots of other parts of the contract, "Neither Party shall unreasonably withhold agreement," and the intent there is that both Parties obviously have to operate in good faith in terms of making this investigation and ultimately the decision as to which OSHA standards are being applied, and that it's not our intent and hope that there is any disagreements, but in the event that there is a disagreement, the Union and/or the Company would have the right to file a grievance and ultimately have an arbitrator say, yes, it is reasonable based on the language that we have here to apply those OSHA standards in certain areas.

I don't know that we specified in the contract specifically when that would take place. It is our intent that it should take place within 90 days or so of the contract being ratified and put into effect. It's not our intent that that would be a process that would get strung out and take any period longer than 90 days.

We've also added in that first Section 1, a., language at the end that "The Company agrees to use as guidelines the list of threshold limit values of the American Conference of Governmental Industrial Hygienists as updated from time to time and to comply with the list of permissive exposure limits as adopted by OSHA."

It is the Company's belief that we are complying with those, and to the extent that there are areas or specific instances where the Union does not believe that those are being complied with, a request on the Company's part for the Union to keep us advised of that.

Under Section 1, b. and c., there was no change in the language.

Under Section 1, d., we added some new language that again just bolsters the language that was in Section

1, a. that "No employee will be required or assigned to engage in any activity which a reasonable person would in good faith believe constitutes a real threat of danger to a person or property."

Really our intent is to establish a standard that if an employee has been assigned a task, a standard by which that employee can question the Company in terms of actually engaging in that task, and essentially if a reasonable person in good faith would believe that it constitutes a real threat or danger to a person or property, then the AMT or other employee in other classifications could take a position that he doesn't believe he should be required to engage in that task, so the intent of that sentence is to establish a standard by which to judge whether there is a safety issue associated with a particular task

Under Section 1. d , we've continued the language "Employees failing to adhere to safety rules will be subject to disciplinary action" and had some discussion that it is our intent under this Article, considering the importance of safety, that employees have a responsibility themselves to ensure that they aren't engaging in activities that are unsafe, that are contrary to the Company's safety rules, and that is something that may result in discipline if they fail to

We've added to that paragraph "Any allegation that the Company has failed to employ safety rules shall be immediately brought to the Company's attention so that corrective action will be taken if the allegation is meritorious." The discussions that revolved around that paragraph was essentially that if the Company is not doing something, we most certainly want to be made aware of that, and the fact that something may take place in a gateway under one supervisor's jurisdiction or whatever, it's not the Company's intent that any gateway or any area of the Company should be ignoring safety rules, and this language is a methodology by which to ensure that if that's brought to the upper management's attention or labor department's attention, that we do have an obligation to step in and correct those situations where they might occur

Under Section 2, "Safety, Health, and Emergency Provisions," there was no change in the first three paragraphs a , b , and c

Under paragraph d , we did add some additional language at the Union's request that the Company agrees not only to provide drinking water, but that that drinking water shall be clean and healthy and that if there is any situation within the system where that language is not being complied with, the Company and the Union agree that if the water is not suitable for drinking, that the Company has an obligation to provide bottled drinking water until such time as clean, healthy drinking water can be provided.

Under paragraph d , we added some language that not only toilets and washrooms should be kept clean and in good repair, but that also includes break or lunch areas, and that there is an obligation on the Company's part to have a scheduled service to come in to clean and service bathrooms, washrooms in order to comply with this paragraph

Under paragraph f., the paragraph in general deals with ensuring that shops and washrooms are lighted, heated, and ventilated in the best manner possible consistent with the heat, ventilation, and light system that exists, and we've added to that that if the Union believes that there's some location where the shop or washroom is not complying with the terms of this paragraph, that the Union should give a written request to the Company, and the intent here is that the Company and the Union together would go out and evaluate the conditions and what changes might be necessary in order to comply with the paragraph

Paragraph g under Section 2 deals with locker rooms. We added some language to ensure that they will be maintained so that no one outside the locker room area has the ability to observe employees changing clothes, and we've also added here, and I think it's also dealt with in Article 29, that there's a prohibition against the use of cameras or other means of surveillance equipment in locker rooms unless there is a specific written mutual agreement with the Union that surveillance equipment could be used in a particular locker room

It's our intent that the general rule is that they would never be used, and we only added the mutual agreement provision that if there is a particular area where there's thefts going on or whatever, that we could go to the Union and sit down with them and reach an agreement that there is a theft problem, for example, and it makes sense to put surveillance equipment in that particular locker room

Under paragraph h., we added some new language, "The Company agrees that all employees will have the opportunity and means of taking a shower with running hot and cold water at every work center." We added "at every work center." The intent there is to clarify that the practice the Company previously has had with regard to providing showers will be in place at every work center where employees are assigned to perform

work. It was not the Parties' intent with regard to this language to say that there actually has to be a shower in the work center. The practice under the prior language was that there were locations where the shower wasn't in the actual work center, but we had a practice of making sure that there was one available in close proximity, maybe a hotel or somewhere close to the work center, and it's not our intent to change that practice, but simply to make it clear that at every work center, that procedure or practice should be in place to ensure that the employees have the ability to take a shower if they need to.

We also added in that paragraph that the Company agrees to provide a privacy barrier around the emergency shower to just ensure that nobody would be put into a situation where they'd have to, in an emergency situation, take a shower and expose themselves to other employees or to anybody in the public

Under paragraph i , we added the words "work areas" to the sentence. "In those remote work areas or single manned work centers where separate male/ female facilities, the Company will provide secure door locks to ensure privacy " The prior contract simply limited that to single manned work centers There are work areas where they may also have single sex facilities, and we wanted to add that to make sure that even in those areas, we would have secure door locks to ensure the privacy of the people using the facilities.

And paragraph j , we had a lot of discussion about use of portable toilet facilities and requiring employees to use portable toilet facilities, and what we agreed to under the new tentative Agreement is that no employee will be required to use portable toilet facilities, with the exception of a temporary basis as a result of construction or emergencies, and emergencies, we talked about things like a water main break and those kind of situations where the facilities are there, just something has happened to preclude them from being used on a temporary basis

Under Section 3. "Protective Apparel," there was no change in a and b.

Under paragraph c , there was a change in the language. Under the prior contract, the Company had an obligation to provide 12 pairs of cotton gloves We've changed that language to say that we will provide three pairs of leather gloves and six pairs of cotton gloves to the employees as requested, and the intent under the paragraph is continue the practice the same as it was previously in terms of how those were obtained. We just changed what is going to be made available to the employees

Under Section 4 on safety committees, the lead-in paragraph a was not changed.

Under paragraph 1 , we did some clarification to make it clear that the reference to Company is UPS Co and the reference to Union is Local 2727

In the middle of the paragraph, we did change some of the criteria for safety committees, and we changed it to say for gateways of 40 to 100 employees, there could be three Union representatives. Previously that was for gateways over 40, there would be three Union representatives, so we've now said that the three is applicable to 40 to 100 If it's over 100 employees, there could be up to four Union representatives on the safety committee

We added the word "periodic" before on-site inspections to clarify that neither the Union nor the Employer side of a Safety Committee can just refuse to perform on-site inspections Rather, it is the Parties' intent that such inspections will be a normal, on going scheduled function of the committee

And we also had some discussion that in SDF in particular, because of the different shifts and perhaps different concerns on the different shifts, we've also added language saying that SDF may have up to four committees representing the separate shifts, and the SDF safety committee chairperson shall have the right to attend each committee meeting as one of the four, and we did that because the Union was concerned about some continuity between the different committees and didn't want to create a separate safety committee for the day shift versus night shift and where the two committees would then maybe lose track of what each is doing, and one of the ways that we tried to deal with that issue is by giving the safety committee chairperson the right to attend each of the meetings.

We added at the end of the paragraph that "No other participants will attend without mutual agreement by the committee" to deal with some issues that we've had in the past in terms of either the Union or the Company requesting somebody to be present who is not a part of the committee and not always having agreement on that before the committee meetings Obviously the intent here is that that mutual agreement should take place before the committee meetings ever start, and there's no surprises on either side as to who is going to be present at the meetings and that if it's not somebody who's a member of the committee, that notice is

given and agreement is reached by the committee chairpersons on both sides as to who is going to be present

We also added at the end of the paragraph "It is understood that the principal officer of Local 2727 shall have the right to participate on an ad hoc basis on all committees by virtue of his office." It's our intent that that would be in addition to the four committee members that are normally part of the committee.

Under Section 4, c., we added some language saying that the safety committee also has the ability to discuss ergonomic issues as a part of the safety committee, some additional language there We also added "When Union safety committee members or other Union representatives conduct gateway safety audits, the Union will provide up to 24-hour prior notice to the aircraft maintenance safety manager"

We had a lot of discussion with regard to the feasibility of providing notice and the reasons why prior notice would facilitate the audits that the Union safety committee members might do In recognizing that it's difficult to sometimes say it has to be "X" amount of prior notice, what we came up with was up to 24-hour prior notice The intent is that the Union committee members who are going to be doing audits will provide as much notice as feasible, and by giving the notice, it most certainly would facilitate the Company's ability to work with the committee person to do the audit and not interfere with the operations

As I said, there is no absolute that it has to be 24 hours The intent is that it will be 24 hours if it's at all feasible, and there is an underlying intent with regard to the paragraph that notice does have to be given sometime within that 24-hour period prior to the committee person showing up at the gateway

Under paragraphs d. and e. of Section 4 a., there was no change in that language, and the intent is that it will continue to be applied as it was in the prior Agreement Go off the record for a second

(Discussion off the record)

TONY COLEMAN: As a result of an off-the-record discussion, we had a couple further clarifications we wanted to do Under Section 2 d. we wanted to make it clear that the question of the clean, healthy drinking water being in the first sentence and in the second sentence ' Where the Company and Union agree that the local water is not suitable for drinking, the Company will provide bottled drinking water," the 'not suitable for drinking" standard doesn't necessarily just fall back to clean and healthy, that there might be other reasons where the water, even though it might test out to be clean and not unhealthy, that if the Company and the Union in a particular case agree that it may be unsuitable for drinking for other reasons, that in those kind of cases, bottled drinking water will be provided.

The other clarification we wanted to do was under the Section dealing with safety committees, we have some language saying that "Should the committee meeting occur during hours that are other than the employee's normal work shift, the hours will be paid at straight time rates and shall not be considered hours worked for overtime pay calculations," that if the committee chairperson in Louisville is attending safety committee meetings on shifts other than his own shift, as is allowed under the first paragraph, that that language with regard to pay at straight time would be applicable to him as well.

Under Section 5 on duty to report, paragraph a., there was no change

The words "deemed by management to be" were stricken from the Agreement The Parties' intent is that the phrase "appropriately tagged out of service" already covers the issue That is, to be "appropriately tagged out of service" the Company's procedure would have to have been followed. If the procedure is followed then there would be nothing left for management to deem correct or incorrect

In paragraph b., we've added some language, "The Employer shall not require employees to drive any vehicle which is in an unsafe operating condition." There were concerns by the Union that equipment that might have issues associated with it that might be written up or whatever, that the vehicle was not fixed, so that it would create an unsafe operating condition. It is our intent that the language that we discussed earlier under Section 1, d. would come into play and most certainly apply to this kind of a situation as well in terms of the vehicle being in a condition where a reasonable person in good faith would believe that it constitutes a real threat of danger to person or property It's not our intent that somebody can refuse to drive a vehicle just because there's a lamp light out in the cab or something It actually has to be a condition that a reasonable person in good faith would believe would constitute a real threat of danger to his person or property

Under Section 5. c., it deals with accidents involving personnel or Company equipment. We've added some language in to really try to deal with discipline in the context of this paragraph in terms of discipline

for accidents, and we started the incorporation of that by saying, "Should the accident result in disciplinary action in accordance with this paragraph." It's the intent that the discipline for having an accident would be controlled by the language that we've added here to Section 5, c. There continues to be language in Article 8 that would allow an employee to be terminated for having a serious accident involving gross negligence, and it's our intent that that language would be essentially defined by the standards that we agreed to here in Article 20.

We added some new language at the end of the first paragraph, "Serious accidents as defined in paragraph d below shall result in discharge Nonserious accidents shall be subject to progressive discipline depending on the circumstances and damage involved," and we've added there, consistent with Article 8, that "A failure to report an accident shall in all cases result in discharge." and that's not that big of a change from what the current practice was under the prior contract and not that dramatically different than what is set forth in Article 8, but we did in paragraph d. try to come up with a definition of serious accident, which is new language in this contract that did not exist in the prior contract.

What we've done in terms of defining serious accident, it has to be an accident in which at least one of the following four subparagraphs is met. One, if there's a fatality, then it would automatically be deemed a serious accident; two, if a citation is issued -- and we talked about a citation may be by police, it may be by airport authority, but some government authority issues a citation, and there is bodily injury to a person who, as a result of the injury, receives immediate medical treatment away from the scene of the accident, then it would be deemed a serious accident And we also added in parens after the language "a citation is issued," "or gross negligence is involved," and we did that because we talked and realized that since we have employees who are operating equipment, vehicles where they're not necessarily under the jurisdiction of the police in terms of operating on highways, or even the airport authority in some cases, it's our intent that in those cases, if the bodily injury treatment standard is met, if there is gross negligence involved on the part of the employee, that that might be a substitute or would be a substitute for having a citation issued

Paragraph d.3. again starts out the same way, "A citation is issued, or gross negligence is involved," and obviously that would be interpreted and applied the same way as in paragraph 2., "and one or more pieces of Company equipment incur disabling damage or as a result of the accident a vehicle, other than an aircraft, is required to be transported away from the scene by a tow truck or other vehicle," and we obviously excluded aircraft there because they're never going to be required to be transported away from the scene by tow truck or other vehicle.

And then finally, under paragraph d 4 , the last standard for a serious accident is gross negligence which involves substantial damage to an aircraft, because we realize that there may be circumstances where the aircraft mechanic or other classification of employee isn't actually operating a vehicle at all, but rather is doing something with regard to an aircraft and, as a result, causes it to have substantial damage

We've agreed that the substantial damage should be within the context of the FAA's definition of substantial, and gross negligence as is used throughout these subparagraphs obviously is more than just mere negligence or inattentiveness, but, as has been defined by arbitrators, something more than just negligence, but it's less than obviously intentional willful misconduct, and it's our intent that the term should be used as it has generally been interpreted and applied by arbitrators under other contracts

In Section 6, "Complaint Procedures," there was no real change in paragraphs a , b , c , or d

Under paragraph e , we struck out some language from the prior contract that made reference to the four-person System Board of Adjustment and simply made reference that it will be forwarded to the next regularly scheduled System Board of Adjustment as we've now changed the procedures in Article 7

Under paragraph f , there was no change, no intent to change how it's been applied, same thing for Section 7 on new equipment training.

Under Section 8, it deals with additional employee rights. It's completely new language as compared to the prior contract, and under paragraph a expresses both Parties' intent that if employees have issues concerning safety, that they should first be brought to the joint safety committee It most certainly is not our intent to preclude employees from having the right to contact federal, state, or local agencies, but rather, simply a recommendation by both the Company and the Union that the preferred way to deal with issues is to bring them to the joint safety committee. It's our belief that with our commitment to ensuring a safe work environ-

ment, that that is a more feasible, more expedient way to deal with the issue rather than first going to outside agencies.

Under paragraph b., we've added language that all vehicles shall be equipped with a manufacturer certified seat belt restraint system and that three-point shoulder harness safety belts provided on the driver's side on all new vehicles that might be obtained and put into the fleet.

Under Section 8, c., we've agreed that it is the responsibility of the safety committee to provide guidance and recommendation on all factual issues, involving safety and health equipment, affecting employees covered by this Agreement

Under paragraph d., the Company has agreed to comply with all applicable state and federal OSHA regulations regarding hazardous materials, and more specifically, under the subparagraph, we've agreed to provide at least one hour of awareness training annually to every employee who handles packages potentially containing hazardous material, and we've also agreed to provide at least one hour of awareness training with regard to hazards of bloodborne pathogens It's not our intent or was not the Parties' intent to actually try to train employees how to handle bloodborne pathogens, but rather to provide the training so that they would be aware of situations where they may need to notify their supervisor or somebody within the Company that bloodborne pathogen hazards exist so that they do not put themselves in a situation where they would be having to deal with it themselves

TAMMY MOTLEY: Off the record

(Discussion off the record)

TONY COLEMAN: As a result of some off-the-record discussion, I want to try to reemphasize a couple points there One is that the one-hour awareness training is for purposes of hazardous materials and the hazards of bloodborne pathogens, and to make it clear that it is absolutely the Parties' intent that no Local 2727 represented employee should ever be put into a situation where he or she is being required to deal with bloodborne pathogens. Rather, the intent is to provide the training to the employees so that they realize the hazards of dealing with bloodborne pathogens and to give them a greater ability to be aware of when conditions might exist where they might be subject to exposure to bloodborne pathogens, and the intent is to provide that training so that they don't put themselves into situations where they would be exposed to bloodborne pathogens

Under paragraph d.2., again new language that the Company will conduct training for new employees during orientation and for current employees during normal working hours, as necessary, and a guarantee that any of that training would be conducted on the clock so that nobody is put into an unpaid situation

Under paragraph 3., we tried to deal with issues concerning unknown spills on aircrafts and have agreed that those should be treated by the employees as hazardous until either the contaminant is identified by name -- and obviously implicit in that it is identified by name as something that's not hazardous -- or it is cleaned up, and I want to make sure the record is clear that it may not always be identified before it's cleaned up, because we do have outside agencies, outside groups, and other employees who might be -- who are trained to deal with these kind of things, where the spill may be cleaned up and is not present anymore, and at that point obviously this paragraph would have been satisfied.

With regard to identification, we've agreed that that can be accomplished by either reading the shipper label if there is something on the shipper label that would tell the employee what the unknown spill is, or by laboratory testing But it is most certainly the Parties' intent that Local 2727 represented employees should not be dealing with the unknown spill themselves, that that is not part of their job description.

Under paragraph 4, "Only trained responders will enter the aircraft for testing purposes," and again, those trained responders are not Local 2727 employees, but rather, other UPS employees

Under new paragraph 5, "No employee covered by this Agreement will be allowed on the aircraft until the contaminant has been cleaned up or identified as nontoxic or nonharmful to humans," which is just a followup clarification of subparagraph 3 above it

Under paragraph 6, if the aircraft needs to be dismantled in order to facilitate the cleanup, employees covered by this Agreement will perform this work, again, only after the substance has been identified as nontoxic or nonharmful to humans, as an additional protection for employees The Company has also agreed under this subsection to conduct emergency evacuation drills at least on an annual basis.

And finally, under paragraph 8, we've agreed that no Local 2727 represented employee shall be required

or requested to respond to a hazardous material spill We will provide the training as to how to identify a hazardous material spill and the procedure to be followed That's a part of the annual training that we've referenced earlier, and we want to make sure the record is clear that we had a lot of discussion with regard to hazardous material spills and how those are to be dealt with, and it is the Parties' intent that Local 2727 employees are not expected and should not be required to clean up hazardous material spills We've got other employees who are trained to do that.

Under paragraph e , we've added as an additional protection that all new motorized vehicles will have to comply with federal motor carrier safety regulations.

Under paragraph f , we've added language that exists in some of our other contracts as well that nothing in this Agreement relating to health, safety, or training shall create or be construed to create any liability or responsibility for the Union

Under paragraph g , we've given some further protection to the Union that the Company will not -- and when we say the Employer, we're referencing obviously UPS Co there -- will not commence legal action against the Union on a subrogation theory, contribution theory, or otherwise based on the Union's obligations under this paragraph, and the intent of those two paragraphs obviously is not to undermine the seriousness of the Union or the Company's commitment to safety, but rather, to give the Union some comfort level that it can be involved and accomplish its objectives under this Article without the threat of being sued by the Company on a subrogation theory of any kind

Under Section 9, "Accident Response and Investigation," again, this is new language saying the Company does obviously have an accident response and investigation policy and procedure in place What we've agreed to in this paragraph is that if there is an accident, that the Company will notify Local 2727 at the same time any other Company's officials are notified If the accident actually involves Local 2727 members, the Union has the right to have a Union representative present at the initial investigation of the accident scene

We had some discussion with regard to that language, and it's our intent that we will give the notice to the Union in a timely manner as identified, and the Union has a right to be present, but it's not our intent that the Company's investigation would be slowed down or be impeded as a result of a Union representative not being present, that it gives them a right to be present, but that the Company does have a right to move forward with its investigation even if for some reason the Union is not present

Under Section 10, "Over 70-Pound Items," paragraph a , "No over 70-pound items shall be loaded, picked up, or stacked taller than waist high by hand unless assisted by another individual or appropriate equipment is available for assistance." We specifically used the terminology "another individual" so that it may not always be a Local 2727 represented employee who's helping out, especially in some of the smaller gateways.

Under paragraph b., the Parties recognize that it may be necessary to consider new methods or equipment to facilitate the handling, lifting, or torquing of over 70 pounds, and a commitment on UPS's part, upon request from the Union, to meet, review, discuss, and agree on any such new methods or procedures that might be available that would facilitate safe performance of work by Local 2727 members

(Discussion off the record)

TONY COLEMAN As a result of some off-the-record discussion, we'd like to add a further clarification to Article 20, Section 8 It really is not expressed within the language in the new Section 8, but we do want to make clear for the record that it is the Parties' intent that they will continue the practice that has existed under the prior contract that if an employee is exposed to an unknown spill and believes that his exposure is sufficient that would put him at risk, that that employee maintains the right to be examined, go for medical treatment, medical examination, to ensure that he hasn't been exposed, or if he has been exposed, that he receives medical treatment as soon as it's reasonable to do so to deal with any exposure that might have occurred.

(Discussion off the record)

TONY COLEMAN We want to make sure the record reflects and we correct it that the safety committee chairperson under Section 4 in Louisville who may be attending some committee meetings on the different shifts is covered by the language in paragraph 2 with regard to how he's going to be compensated for the time that he spends in those committee meetings.

Section 11

A new section has been added to address an issue raised by the Union regarding tow tractors. The Section provides that no employee will be required to ride on a tow tractor and that the Parties expect employees to operate at reasonable and safe speeds. Most certainly, no employee should exceed the GOM limits

ARTICLE 21
SUBCONTRACTING, CHARTERS AND CRAF OPERATIONS

Section 1 - Union Jurisdiction

The Employer agrees that all work normally and routinely performed by Local 2727 represented employees, as identified in Article 1 and Article 22 of this Agreement, shall come under the jurisdiction of the Union and shall be performed by those employees listed in Article 22 of this Agreement

Section 2 - Bargaining Unit Work

a For the purpose of preserving work and job opportunities for the employees covered by this Agreement, the Company shall not contract out work until every reasonable effort to utilize existing equipment, facilities and Local 2727 represented employees in the applicable classification has been exhausted A designated Union Executive Board member(s) shall be informed of such contracting out of work in advance, in writing on an agreed upon form. No subcontracting undertaken by the Company shall adversely affect covered mechanics and related employees in terms of their wages, hours and other working conditions. The Employer may not subcontract work in any classification for the purpose of avoiding overtime or reducing the work force.

b. The Company may utilize part time employees only pursuant to this Article and Article 22. The number of part time AMTs shall never exceed one (1) for each fifteen (15) full time AMTs system wide unless mutually agreed to by the Parties

c The Company agrees it will not contract services to a vendor at any gateway on a scheduled basis The term "scheduled basis" for the purpose of this paragraph shall mean

1 vendor reports to the gateway a minimum of four (4) times per week for more than four (4) weeks in any forty-five (45) day period, or

2. vendor is paid a retainer equal to twelve (12) hours of Article 36 starting rate pay per week.

Once these thresholds are met, the Company may use a vendor at the gateway on a scheduled basis if it continues to make every reasonable effort to obtain a new full or part-time employee, as prescribed by paragraph (f) below, and gives the Union an opportunity to find an acceptable employee. The Company and Union may also mutually agree to additional split shifts in order to obtain the necessary coverage

d. 1 Whenever allowable subcontracting is needed, the following procedures will be employed Within twenty-four (24) hours of the anticipated subcontracting, but in all cases, prior to such subcontracting beginning, the Company will notify the Union of its need to engage in subcontracting The Company shall furnish the Union with all information relevant to the subcontract reasonably in advance,including the justification, the facility to be utilized, and the proposed duration A mutually agreeable form shall be used for communicating the information required by this subparagraph If any additional work is performed other than that specified on the form, the Company must advise the Union in writing of the nature of such additional work. All subcontracting will be in compliance with Articles 1, 22, and this Article or where otherwise specified in this Agreement

2. The Union shall have the right periodically to review information pertaining to the effects of the subcontract on mechanic and related employees, and to negotiate modifications for the subcontract, including any extensions thereof, with the Company No subcontract will be entered into by the Company that does not permit modification during its term in accordance with this subparagraph

e Employees on the UPS Co. system seniority list on the date the subcontracting commences will not be displaced, laid off, denied recall, reduced in status or wage rate, or suffer any loss of relative position Moreover, all subcontracting will be in compliance with Articles 1, 22 and this Article or as otherwise specified in this Agreement Grievances regarding subcontracting, for which the Company has complied with the advance notice of paragraph d above, will be considered timely if initiated within ten (10) cal-

endar days after the aircraft's arrival at a gateway staffed by AMTs represented by the Union.

f At any location under the jurisdiction of the Union where the Company operates its equipment and the Company establishes or continues a weekly work schedule, including overtime of more than twenty-five (25) hours per week for more than four (4) weeks in any forty-five (45) day period the following procedures will apply:

1 Hire a full time AMT in accordance with Article 14, or convert the part time position to full time as applicable.

2. Offer such work on a temporary basis to an AMT in the work center until the position is filled

3. TDY AMTs until the position is filled

4 The twenty-five (25) hours referenced above does not include hours related to training or coverage for other absent employees

5 Nothing in this paragraph shall apply to the vacation blackout period

g. In the event that any dispute should arise between Local 2727 and any other labor organization, relating to jurisdiction over employees, work assignments, or operations covered by this Agreement, the Employer agrees to consider the decision or settlement of the Unions or Union bodies which have authority to determine such dispute. If the Company or either Union fails to agree on a decision or settlement, such dispute will be submitted to binding arbitration under this Agreement Full party status will be offered to any affected organization The Company and the Union agree to comply with the decision of the arbitrator However, the Company shall not be liable for any claims by any employee or Union concerning the disputed work prior to receipt of such a jurisdictional decision

Section 3 - Leased Aircraft

a. Whenever the Company leases aircraft to make service commitments other than for peak schedules, no AMTs shall have any change to his work status or schedule made as a result of any leased aircraft utilization

b The Company will not lease aircraft that would include maintenance of such aircraft (wet leases), except as allowed by Article 1, Section d 1 c of the pilot agreement If changes are made in that agreement, the Union may agree to incorporate those changes

Section 4 - Minimum Staffing

The Company will staff and maintain a minimum ratio of 4.0 AMTs, (each part-time AMT shall count as .5 in the ratio) 10 AMCs and .08 Inspectors, for every aircraft currently in or added to UPS's operating certificate.

Section 5 - Passenger/Cargo Charters

a Employees may sign the charter list at any time. New volunteers signing will enter at the bottom of the list Employees will be rotated upon being offered a charter opportunity

b The Company will select AMTs from the charter volunteer list by qualification in rotational order for the purpose of accompanying and/or working domestic charters where the Company does not have Local 2727 represented employees staffed AMTs will also be selected for international charters where the Company does not have existing means to handle the aircraft Notwithstanding this limitation, nothing prohibits the Company from using AMTs to cover other international charters.

c When assigned to such charter duties, the AMT will be paid the applicable rate in accordance with this Agreement for all hours on duty including flight time. Per diem will be pursuant to Article 15 When an employee has completed his first (1st) charter assignment, the Company will reimburse that employee for all costs incurred in procuring and maintaining his passport and immunizations

d. Part-time AMTs, and AMTs with less than three (3) months of classification seniority, shall not be eligible for charter assignments.

Section 6 – Contracted Work Performed for Other Operators

a Contracted aircraft maintenance work performed for other carriers by the Company will be performed by employees covered by this Agreement in accordance with the terms of Article 1 and 22, on condi-

tion such operator or airline provides reduced rate travel for Local 2727 represented employees comparable to that which the operator or airline extends to other carriers This condition may be waived by future agreement of the Parties to enable the performance of particular maintenance contracts for other operators.

b Assignments to perform this work will be in accordance with the Agreement However, scheduled assignments to work aircraft of another carrier will first be made from a list of available, qualified volunteers. It is understood that the UPS operation will take priority when making these assignments

Section 7 – CRAF Operations

Volunteers from Local 2727 represented employees who wish to participate in the Civil Reserve Air Fleet (CRAF) program will use the following guidelines, if the program is activated

a Volunteer lists will be made available for qualified AMTs who desire to be assigned to maintenance duties associated with CRAF missions.

b. Once qualifications are verified, such individuals will be assigned to CRAF missions as needed, in order of seniority, so long as such assignment does not unduly prevent completion of regular line maintenance functions or creates premium pay circumstances for coverage in any operation or gateway.

c When need exists, training to meet qualifications will be expedited in order of seniority.

d. AMTs assigned to CRAF missions will:

1. be paid straight time rate for hours involved flying for positioning to and from CRAF base location;
2 be paid at time and one-half (1/2) for time spent flying into, out of, or performing work in a hostile heatre of operation All other time will be paid in accordance with Article 11:
3 in addition to this compensation, be compensated two hundred and fifty dollars ($250 00) for each entry/exit (round trip) into a hostile theatre of operations;
4 in addition to this compensation, be paid a per diem rate applicable to flight crew;
5 be reimbursed the cost of the passport if selected and not in possession of such Reimbursements will not be made for passports already in an AMT's possession,
6. have hotel room expenses direct billed to Company; and
7. be allowed one (1) phone call of up to ten (10) minutes every forty-eight (48) hours at Company expense

e. Insurance and Wage Continuation

1. If, as a result of any hostile act evolving from and related to military operations, the AMT loses his life, the Company shall provide life insurance in the amount of five hundred thousand dollars ($500.000) to be paid to the named beneficiary, in addition to existing life insurance coverage
2 If, as a result of any hostile act evolving from and related to military operations, the AMT becomes disabled, the AMT shall suffer no loss of income for the term of disability The AMT shall receive sufficient compensation, after adding Workers' Compensation, social security, and any other remuneration received through government or Company programs, to sustain the AMT's monthly income at the same level as the preceding fifty-two (52) week average

f Miscellaneous

Due to the unusual challenges and nature of such missions, it is understood that by volunteering for this assignment the AMT agrees to the following conditions

1 to work and perform as necessary to prepare aircraft and otherwise accomplish mission objective, including continuing to work if necessary at either end of a trip,
2 to assist and work as necessary with designated contract agencies outside the United States;
3 to work and fly with management with the understanding that management personnel will be used as needed;
4 wear the Company uniform during all flights and while working on aircraft or as otherwise determined necessary by security personnel:
5. to work as directed and perform duties other than normal AMT duties if necessary to accomplish flight mission,

6. positioning to and from CRAF base locations will be as directed by the Company, and
7 assignments will be on a continuous basis for up to thirty (30) days.
8 Part-time AMTs, and AMTs with less than three (3) months classification seniority, shall not be eligible for CRAF assignments.

ARTICLE 21

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MR COLEMAN This is going to be a Joint Interpretation for Article 21 The first item that the parties wanted to include in the Joint Interpretation for Article 21 was in reference to Article 21, Section 2 a We did not change any language in Article 21, Section 2 a, but we did agree to address the parties' practice with regard to de minimis.

The parties have relied on their past practice to interpret the meaning of Section 2.a., in which they agreed that the Company "shall not contract out work until every reasonable effort to utilize existing equipment, facilities and Local 2727 represented employees in the applicable classification has been exhausted" As noted in the 2002 Joint Interpretation of the Agreement, they intended that, "the kind of criteria that were developed in the context of the sheet metal shop and the subcontracting of sheet metal work would continue to be applied on an ongoing basis with regard to subcontracting decisions that will be made in the future As an example, under the sheet metal side letter of agreement, the criteria that would be looked at would be "'whether special tools would be required to perform the work which UPS does not possess' "

The Union has expressed concern over whether this language would enable the Company to contract out many hours of scope work because the Company did not then possess an easily obtainable, relatively inexpensive tool or piece of equipment. It has asked for a de minimis exception to the criteria set forth in the sheet metal side letter

Instead, the parties decided to make clear in the Joint Interpretation that the criteria set forth in the side letter would not permit subcontracting of scope work if the Company needed to replace existing equipment, to obtain a needed part or component to restore existing equipment or tools to service, or to replenish supplies necessary for performance of the work. They have also agreed that the Company would have the obligation to purchase new tools or equipment if the cost of the required tool(s) or equipment is less than the value of the projected labor hours of covered employees (not to exceed $7,500), the tool or equipment is readily available so as to allow the affected aircraft to return to timely service and the work at issue is what has been normally and routinely performed by Local 2727 members. The parties do not intend by this interpretation to expand or contract work covered by the sheet metal letter of agreement.

The next change in Article 21 was under 2.c This was language that was new to the last contract that dealt with the Company's obligation to replace vendors if they've performed a certain amount of work, and our intent is it would still apply the same way

The changes that we made basically were a cleanup to make it an ongoing obligation under this agreement as it was under the last one, it just eliminated the implementation of provisions that were contained within 21 2 c in the last contract

The next change in the language was in Article 21, Section 2.f We had a number of discussions with regard to this provision, and what we ended up agreeing to do was to add Subparagraphs 4 and 5 as criteria for, again, in this case, an obligation to create a schedule if certain criteria were met

We agreed to make this provision in Article 21, Section 2 f parallel to the Article 12 language with regard to the criteria for creating a part-time or full-time job In Paragraph 2 g, the parties agreed to strike out the language with regard to safety notification systems So that's just a strike out As a result of the strike out, what was paragraph "h" has been redesignated as paragraph "g"

On Section 4, the parties have agreed that the ratio for AMTs will continue as one for four Under the prior agreement, the Company had counted each AMT, whether they were full-time or part-time, as one of the one for four

We've agreed to the Union's request that part-timers be counted on a full-time equivalency, so for each two part-timers, they would count as one AMT for purposes of the one for four ratio going forward With regard to Section 5.d –

MR WILDER. Excuse me. I'm not certain that I understood the introductory statement. Did you say under the current agreement, the Company counted part-timers as part of the ratio?

MR. COLEMAN When you say current, under the agreement that was in effect beginning in 2002, the Company counted an AMT as a one person for purposes of the ratio whether they were full-time or part-time,

and we've agreed at the Union's request, once this new agreement is in effect, that we will count part-timers on a full-time equivalent basis, meaning that two part-timers count as one for purposes of the ratio

MR WILDER Yes. Correct

MR. COLEMAN Under Section 5 d , we added some language here and actually similar language under Section 7 f..8 that part-time AMTs and AMTs with less than three months of classification seniority shall not be eligible for charter assignments. That's under Section 5.d. And then a parallel provision under Section f that says Part-time AMTs and AMTS with less than three months' seniority shall not be eligible for CRAF assignments That parallels another provision within the contract These provisions that we've included in Article 21 were modeled after language that had been agreed to previously in Article 16, Section 6 that limited part-time AMTs and AMTs with less than three months seniority, it limited their ability to go on field service, and we kind of carried that same concept over to here for charters and for CRAF work.

ARTICLE 21

TONY COLEMAN: This is the joint interpretation on Article 21, Subcontracting, Charters and CRAF Operations

Section 1 of Article 21 is "Union Jurisdiction." There was really not a change from the prior Agreement except where we deleted "bargaining unit members" and substituted "represented employees," as we have done throughout the Agreement

Section 2 is "Bargaining Unit Work." It's the Parties' intent with the change in the language in Section 2 to try to streamline and make it clear what is subject to being subcontracted and what is not and to establish a clear or definitive procedure for the subcontracting of work that would otherwise be bargaining unit work, and essentially the standard that the Parties have agreed to is that the Company shall not contract out any work of the nature, type or category that is normally and routinely performed by Local 2727 represented employees until every reasonable effort to utilize existing equipment, facilities, and Local 2727 represented employees in the applicable classification has been exhausted

Now, that sentence obviously encompasses a number of different criteria, and as an example of how it has been applied in the past and the Parties' intent in terms of how it would be applied in the future, under the prior agreement, the Company had a side letter of agreement dealing with subcontracting of sheet metal work in terms of what criteria we would use to define "every reasonable effort to utilize existing equipment, facilities, and employees," and it's the Parties' intent that the kind of criteria that were developed in the context of the sheet metal shop and the subcontracting of sheet metal work would continue to be applied on an ongoing basis with regard to subcontracting decisions that will be made in the future

As an example, under the sheet metal side letter of agreement, the criteria that would be looked at would be whether an extensive sheet metal job is already under way, i e , being actively worked, whether hangar bays are available, whether special tools would be required to perform the work which UPS does not possess, whether the overtime procedures have been exhausted in terms of employees being available to perform the additional sheet metal job that has now occurred Those kind of criteria would continue to be observed and would be determinative as to whether the Company under Article 21, Section 2 would have a right to subcontract the sheet metal work.

We have agreed within the context of Section 2, a that a designated Union Executive Board member must be informed of the contracting in advance in writing on an agreed-upon form and that no subcontracting can be undertaken by the Company which would adversely affect covered AMTs and related employees in terms of the wages, hours, and other working conditions

It's the Parties' intent with that last sentence that the Company is not going to subcontract work which would cause covered employees to lose anything in terms of what's guaranteed to them under the contract We do want to make it clear that it could obviously have an impact in terms of the amount of overtime that's available to existing employees, and there is no guarantee that overtime will not be affected We had discussions that if overtime were included within the context of that sentence, then no work could ever be subcontracted because it could end up resulting in some overtime By the same token, the Company could not routinely subcontract out work as an alternative to calling overtime and this does not mean that the Company can routinely subcontract work to remedy staffing shortage Work of the type, nature, or category that is normally and routinely performed by Local 2727 represented employees cannot be subcontracted unless expressly authorized by this Agreement

In that same vein, the next sentence, "The employer may not subcontract work in any classification for the purpose of avoiding overtime or reducing the work force," the prior contract had said "for the sole purpose of avoiding overtime." The word "sole" has been deleted from the sentence to strengthen it for purposes of protection of the Local 2727 represented employees in that under the prior contract, as long as the sole purpose in subcontracting wasn't to avoid overtime. It's now broader to say that if a purpose in subcontracting the work is to avoid overtime or reduce the work force, it cannot be subcontracted, so if the Union has concern or belief, can show that the Company is subcontracting work and part of the purpose in doing so is to avoid overtime, that would be a subcontract that's in violation of the Agreement and something that would be subject to a remedy through the grievance procedure

Under the new paragraph b. under Section 2, the Company has stricken out a lot of language in the prior paragraph and added new language saying that "The Company may utilize part time employees only pursuant to this Article and Article 22 " This Article, as we'll see in a minute, has some specific reference to use of part time employees in gateways to replace subcontractors The reference to Article 22 is simply to make it clear that the Company can continue to use part time employees in other gateways in other contexts as the work of a part time utility or AMT might be described in Article 22

We've continued the restrictions on the number of part time AMTs that can exist, and essentially the restriction is to not exceed one part time AMT for each 15 full time AMTs systemwide unless mutually agreed to by the Parties

New Section 2, c is based on the Union's request. The Parties have agreed that within six months of ratification, the Company will replace any vendor providing contract services at a gateway on a scheduled basis with Local 2727 represented employees We've had a lot of discussion and ended up defining "scheduled basis" within the paragraph itself. and it means that a vendor reports to the gateway a minimum of four times per week for more than four weeks in any 45-day period. That is to capture the scheduled maintenance performed by a vendor, and the intent is if that's currently in place occurring. that within six months, that vendor will be replaced with a Local 2727 represented employee

The Parties agreed as part of the total new package that the Company would have one (1) year from ratification, rather than six (6) months. to replace vendor employees at gateways covered by this Section.

And then we had discussion about, what if the Company doesn't have them there. but it has them on call and they show up or can show up, and the way we dealt with that issue was to define "scheduled basis" to also include if a vendor is paid a retainer equal to 12 hours of Article 36 starting rate pay per week. and the starting rate that we're making specific reference there would be AMT starting rate. so if the Company has a vendor on call and is paying them an amount equal to 12 hours times 17. per week for purposes of being on call, that in those cases. the Company will also replace the vendor with a Local 2727 represented employee. Let's go off the record.

(Discussion off the record)

TONY COLEMAN. With regard to the definition of "scheduled basis" under 1 and 2. the controlling factor is obviously the Company's payment of a vendor for purposes of him showing up at the gateway to provide service on the aircraft in terms of turning them or for any scheduled or unscheduled maintenance that needs to be performed.

Now, continuing on within Section 2, c , several times we've said that the vendor will be replaced by Local 2727 represented employees The last half of Section 2. c. defines and sets forth how that will occur. and the Parties have agreed that it will be a full time employee if the provisions of Section 2, f are met. and if there are not sufficient hours to generate a full time position, that it will be a part time position. Go off the record

(Discussion off the record)

TONY COLEMAN: In the context of using a part time employee to replace the vendor. the Parties had a lot of discussion concerning the problems the Company has had in the past in terms of obtaining part time AMTs in some locations. and to deal with that. we have agreed that the Company may continue to use a vendor beyond six months so long as the Company continues to make every reasonable effort to obtain a new employee and gives the Union an opportunity to find an acceptable employee

In terms of going beyond the six months, if the Company continues to make every reasonable effort. obviously implicit in that is that the Company during that initial six months takes reasonable steps to obtain a new employee as an AMT. including advertising in local papers and whatever else it can do to try to obtain a new employee.

We also discussed that would include the obligation to have that vacancy put into our system and that it would remain in the system in the event some employee, current employee decided that he wanted to go to a part time status in that location, and that if we went beyond the six months. we would have an obligation to continue that posting of that vacancy

We've also agreed that there may be situations where a split shift might be the most feasible way of filling the vacancies in some of the gateways, and so we've included language saying that the Company and Union may also mutually agree to additional split shifts beyond those that are identified in Article 11 in order

to obtain the necessary coverage. We wanted to make it clear in the joint interpretation that that is only by mutual agreement with the Union and only after the Company has made initial attempts to fill the positions without split shifts.

New paragraph d.1 provides that whenever subcontracting is needed, the following procedures have to take place within 24 hours of the anticipated subcontracting, but in all cases prior to the subcontracting beginning, the Company will notify the Union of its need to engage in the subcontracting

The reason for the "prior," is that the Company may make a decision to subcontract and may start the process of moving an aircraft for purposes of getting the subcontracted work done, but the guarantee here in the sentence is that prior to the work actually beginning, the Company has to notify the Union of the subcontract.

The Company has also agreed in this paragraph to provide the Union all relevant information concerning the subcontract, and we've defined relevant to include the justification, which goes back to the standard that is provided in Section 2, a in terms of utilizing existing equipment, facilities, and Local 2727 represented employees

We've also agreed to provide the Union the facility that's going to perform the work and the proposed duration of the work at that point in time, and we specifically used the word "proposed," because once the aircraft goes in and the work starts on it, the duration may end up being different than what we initially thought it was going to be

We've also agreed that a mutually agreeable form will be developed for purposes of providing the information in this paragraph and that once the aircraft goes into the facility for purposes of subcontracting, if any additional work is performed by that vendor other than what the Union has been told about ahead of time, that we then do have an obligation to provide an additional form to the Union to identify the additional work that the subcontractor is performing. And then at the end, we added a sentence that all subcontracting will be in compliance with this Article, Article 1, and Article 22.

Now, under paragraph d 2 we added new language saying that the Union has a right to review the information that's been provided as it may pertain to the effect of the subcontract on the mechanic related employees and that the Union has a right, even while a subcontract is going on, to negotiate modifications to the subcontract with the Company, and the intent there is to make it clear that just because a plane has been sent out for purposes of subcontracting, that if additional work comes up, that the Union most certainly has a right to raise at that point, that additional work should be done by Local 2727 represented employees rather than the vendor We've also agreed that any subcontract that the Company will do, will, within the terms of the subcontract, have language permitting it to be modified during its course, so that if the Union is seeking a modification, that modification will be contractually permissible in the context of the agreement that we have with the vendor. Off the record

(Discussion off the record)

TONY COLEMAN Under paragraph d 2 , the Union obviously has a right to request modifications of the subcontract once it goes to the vendor, and we just covered how that might be additional work. We did want to try to make it clear on the record that there may be occasions that once an aircraft goes to a vendor, that because of the duration of the subcontract, additional items may come up that were not initially planned to be performed by the vendor, but may have to be performed by the vendor in order to keep the aircraft operable A drop dead MEL item, for example, that was not initially planned to be done by the vendor, but because of the length of time of the subcontract, the Parties are in agreement that that kind of item would have to be performed by the vendor in order for the aircraft to be able to operate once the vendor completed its initially planned work on the aircraft

Under Section 2, e . we've added again some additional language saying that "Employees on the UPS Co system seniority list on the date the subcontracting commences will not be displaced, laid off, denied recall, reduced in status or wage rate, or suffer any loss of relative position" as an additional protection for 2727 represented employees that no subcontracting job in and of itself will result in any effect on their employment in terms of the displacement, layoff, recall, reduction in status

We've added a new sentence at the end of paragraph e to try to deal with an issue that we've previously had relating to the timeliness of grievances over subcontracting of aircraft issues, and the balance that we've

tried to strike is that the Union has ten calendar days after the aircraft's first arrival back in the gateway staffed by AMTs to file a grievance over work that's been performed by the subcontractor, provided that the Company has complied with the advance notice of the work that's to be done by the vendor in accordance with paragraph c. above If the Company does not provide the advance notice to the Union of the work that's to be performed by the vendor, and that includes the initial work and/or any additional work that the vendor may be requested to do, the ten-day calendar period limit that we've placed in paragraph e does not start to run

Stated conversely, if the Company does comply, does provide the Union a written notice of the work to be performed by the vendor, then the Union has ten calendar days from the time the aircraft first arrives in a gateway staffed with Local 2727 represented AMTs to file a grievance over the work performed by the vendor

Paragraph f is a carryover from the prior contract in terms of when the Company has an obligation to bid a new full time vacancy, but the standards and criteria have been changed from the prior contract In the new contract going forward, the Company has agreed that if the work performed on the Company aircraft, including overtime, generates 25 hours per week for more than four weeks in any 45-day period, at that point the Company has the obligation to hire a full time AMT in accordance with Article 14 or convert a part time position to full time if there happens to be a part time AMT in that location, two, offer such work on a temporary basis to an AMT in the work center until the position is filled; or three, TDY AMTs from other gateways until the Company is able to hire a full time AMT to fill the position

Paragraph g. is new language again. "Safety notification systems will be made available to all gateways where an AMT works on an aircraft alone The Company and Union will mutually agree on the system to be used." It was our intent with this language to deal with those gateways where one AMT is on the shift in terms of working alone We've had some discussion about what the safety notification systems may consist of. The Parties have agreed to investigate and put in place a safety notification system As we go forth, there may be other alternatives that could be put into place and that the Company and the Union will have to mutually agree in the event it's something else

Paragraph h is a carryover from the prior contract, however, some changes in how we intend work, jurisdictional disputes to be resolved, and the primary change is to include an additional step, which is that the labor organizations that are involved can initially get together and try to work out an agreement or settlement of the dispute and that that agreement or settlement would then be subject to being approved by the Company, and if the Company agrees on it, then the issue would be obviously resolved If the Unions can't agree or if the Company fails to agree to the settlement, we've continued the concept of a tripartite arbitration that could then take place where each of the affected labor organizations and the Company would have the right to participate as a party, and the Company has agreed in those kind of situations to be bound by the decision of the arbitrator

The new Section 3 dealing with leased aircraft, protection for the employees under Section 3, a., a new protection, that if the Company leases aircraft other than for peak schedules, no AMTs will have any change to their work status or schedule made as a result of the leased aircraft being utilized.

Under paragraph b., the Company has agreed it will not lease aircraft that would include maintenance except as allowed under Article 1, Section D 1.c of the pilot agreement We've in essence with this sentence incorporated into the mechanic Agreement the same restrictions that we have with the collective bargaining agreement with the pilots' union as to when the Company can lease aircraft that would operate in our system.

Recognizing that it's being tied to another collective bargaining agreement, we've also agreed that if any changes are made in the pilots' agreement in the future, the Company will sit down with Local 2727 and agree on whether to incorporate those changes into the scope of this contract.

Section 4 is a new Section as well to again attempt to provide additional protections to Local 2727 represented employees. The title of the Section is "Minimum Staffing." The Parties had a lot of discussion with regard to this new language and new provision. We agree that the underlying intent and purpose of the provision is to ensure that the Local 2727 represented AMTs, Aircraft Maintenance Controllers, and Inspectors grow with the fleet as new aircraft are added to that fleet in the future, and the language itself states that the Company will staff and maintain a minimum ratio of four AMTs, 10 AMCs, and 08 Inspectors for every aircraft currently in or added to UPS's operating certificate.

We have agreed that aircraft included within this Section would also be those that are operated under

UPS's operating certificate outside the United States. and part of the discussion and intent was to give some protection to Local 2727 represented employees that as the Company's fleet grows, even if it is growing as a result of additional aircraft being operated by UPS outside the U.S , that this ratio would continue to grow with the fleet

We also had a lot of discussion and agree that it is not a static ratio, it can move up as the fleet grows, it can also move down in the event the Company's business is adversely affected and the Company operates less aircraft at some point in the future.

We also had a lot of discussion and have agreed that the ratio does not include aircraft that may be parked -- and the terminology that specifically was used was out of operational service for periods of time exceeding the short term storage time stated in the GOM as of December 16, 2001 The intent here is to only include those aircraft that are actually operating on the UPS certificate

Section 5, "Passenger/Cargo Charters." there was a change in the title of the Section from the prior contract. but again. it still pertains to charters There were a couple of substantive changes within the Section.

Paragraph a establishes a charter list Volunteers can sign the list at any time they want to Their names would be put at the bottom of the list We've agreed that employees will be rotated among the list as charter opportunities come up If an employee has a charter offered to him and he turns it down. that would count as an opportunity and he would be rotated on the list the same as if he actually had operated the charter.

Under paragraph b , we have increased Local 2727 represented AMTs' rights to operate charters. Specifically in the first sentence. we have agreed that AMTs will be used on domestic charters where the Company does not have Local 2727 represented employees staffed.

We've also agreed that international charters, AMTs will be used where the Company does not have existing means to handle the aircraft. Existing means, we had a lot of discussion and have agreed that means locations where the Company does not have a vendor that it uses to perform maintenance at that location, and essentially from an intent standpoint, it boils down to when the Company operates a charter into a location where we do not normally operate and do not have any vendor already on contract for purposes of performing work, in those cases the Company will utilize a Local 2727 AMT to handle the charter.

We also agree as a part of the intent that if we came up with a charter that's going to go into a location where we do not normally operate. we wouldn't go out and enter into a contract with the vendor at that point in time just to avoid having a Local 2727 AMT handle that international charter

We also added into this paragraph a sentence that "Notwithstanding this limitation. nothing prohibits the Company from using AMTs to cover other international charters." The intent is the same as we previously spoke to with regard to field service in the international locations, that in the past, the Company might have been reticent to agree to put AMTs on an international charter on the premise that if we do so, it would be used against us in terms of establishing some type of precedent. and the Parties have agreed with this language that the fact that the Company might use an AMT to cover other international charters will not be used by the Union as a basis to argue that some kind of precedent has been set. and by agreeing to eliminate that kind of argument, the Company has greater flexibility and opportunities to perhaps use AMTs on the international charters

Under paragraph c . we changed the payment mechanism for AMTs performing charter, and instead of the flat $150, we've agreed that the AMT will be paid the applicable hourly rate in accordance with this Agreement for all hours on duty. including flight time Per diem amounts will be pursuant to Article 15

Section 6 is a new section. "Contracted Work Performed for Other Operators." Paragraph a deals with the Company performing contract aircraft maintenance work for other carriers. We've continued the agreement that that work will be performed in accordance with Article 1 and 22. We've added language saying that the Company will not perform maintenance work on another air carrier's aircraft unless that airline provides reduced rate travel for Local 2727 represented employees comparable to that which the operator airline extends to other carriers

We had a lot of discussion with regard to this particular issue, and Local 2727 was very intent on trying to ensure that their members obtain reduced rate travel on other passenger airlines. and one of the ways that we hope to be able to assert some pressure to do that is by agreeing that the Company will not perform maintenance work for those airlines unless they do provide reduced rate travel for Local 2727 represented employees.

We also recognize that there may be circumstances in the future where for purposes of job opportunities, et cetera, that it may still make sense to do that type of work, and we've added language saying that this limitation can only be waived by mutual agreement between the Parties in the future based on the particular circumstances of that opportunity.

Under Section 6, b., we've carried over the practice, at least from the prior Agreement, that assignments to perform work on other air carriers' aircraft will be in accordance with this Agreement and that scheduled assignments to work the aircraft will first be made from a list of available, qualified volunteers, and the Parties most certainly are still in agreement that the UPS operation will take priority when making those kind of agreements

Section 7 deals with CRAF operations The Parties have continued the language from the previous Agreement into the new tentative Agreement The only change throughout the section was to change "mechanic" to "AMT."

ARTICLE 22
JOB CLASSIFICATIONS, DESCRIPTIONS AND SHOPS

Section 1 - Classifications and Descriptions

For the purpose of preserving the work and providing job opportunities, the Company agrees that it will not subcontract work of the nature, type or category that is normally and routinely performed by Local 2727 represented employees as described herein, except as described elsewhere in this Agreement The following job descriptions are intended to follow functional areas of job responsibilities The recognized classifications of work will be herein defined as·

a Lead Service Technician (LST)

1 LSTs will possess a valid A&P airmen's certificate and their duties will consist of, but not be limited to:

a) Work with the Technical Support Department. Engineering. Line Maintenance AMTs and AMC in the troubleshooting and repair of chronic maintenance items (Maintenance Action Items or Deferrals).

b) Prepare plans and/or Bills of Work (or subsequent equivalent) to facilitate the repair of chronic aircraft maintenance items at any gateway

c) Provide hands-on troubleshooting assistance and other technical assistance system-wide. including on site to AMTs as required.

d) Administer and observe inflight troubleshooting (excluding test flights)

e) Participate in the verification of specific maintenance tasks, e g . maintenance program task card verification, E O first runs, Maintenance Manual adjustment/test or removal/installation procedures and accomplishment of scheduled WANs. as required

f) Recommend and assist in the implementation of repair plans for deferrals to include required troubleshooting. requisitioning necessary parts and scheduling a repair due date.

2 Technician classification employees with at least two (2) years AMT/AMC classification seniority may bid LST and shall be required to have successfully passed an LST Examination prior to the vacancy award date, if they desire to fill a vacancy. Such examination by the Company may include a written component. an oral component, and practical skills test An employee may take the examination upon written notification to the Company Testing will be completed within two (2) weeks of the written notification An employee may request and be granted a Union appointed observer during the examination The most senior Technician classification employee, based on total Technician classification seniority. who has passed the examination prior to the award date will be awarded the vacancy Any Technician classification employee failing the examination will not be eligible to test again for six (6) months. Test scores will remain valid for a period of two (2) years

3 The Company may choose to send LSTs on Field Service to accompany AMTs and assist them in technical matters.

4 Total LST staffing shall be as determined by the Company LSTs will work in conjunction with and under the direction of management staff in the Technical Support Group: however. management shall not perform hands-on work on aircraft. except as provided in Article 1

5 Employees awarded LST shall be restricted from bidding other classifications for two (2) years.

b. Aircraft Maintenance Controller (AMC)

1. Aircraft Maintenance Controllers will possess a valid A&P airmen's certificate and their duties will include. but not be limited to, all work normally and routinely performed by the AMCs in the past, including duties described below.

a) Provide technical assistance concerning routine and non-routine aircraft maintenance for all UPS maintenance and non-maintenance gateways. When required. Maintenance Controllers will coordinate with Line Maintenance, Heavy Maintenance. Engineering and manufacturers' representatives concerning aircraft maintenance problems.

b) Monitor and control out of service aircraft, and maintain communication with contingency regarding fleet status
c) Administer and control all aircraft deferred items and ensure compliance with MEL, CDL and DMI's
d) Notify Dispatch of any limiting deferrals prior to deferral
e) Assist Engineering regarding the issuance of E O 's.
f) Determine the suitability of aircraft for ETOPS operations
g) Provide technical assistance and control corrective actions for CAT 2/3 aircraft as necessary to maintain the highest possible operating category of UPS aircraft
h) Issue authorization for Ferry Flights, Test Flights, and one time RIIs in accordance with the FAA and Company regulations

2 Technician classification employees with at least two (2) years AMT/LST classification seniority may bid AMC and shall be required to have successfully passed an AMC Examination prior to the vacancy award date, if they desire to fill a vacancy. Such examination by the Company may include a written component, an oral component, and practical skills test An employee may take the examination upon written notification to the Company. Testing will be completed within two (2) weeks of the written notification. The most senior Technician classification employee, based on total Technician classification seniority, who has passed the examination prior to the award date will be awarded the vacancy Any Technician classification employee failing the examination will not be eligible to test again for six (6) months Test scores will remain valid for a period of two (2) years

3. The Company may continue to use two (2) positions for Cover Controller (AMC). The Cover Controller will be able to cover absences of other AMCs who are absent due to vacation/option week(s), training or disability. No less than seven (7) days notice will be given of a cover assignment. The regular shift assignment for a Cover Controller shall be designated on the Annual Shift Realignment Bid. The Cover Controller shall receive the night shift premium regardless of the shift worked.

4. Employees awarded AMC shall be restricted from bidding other classifications for two (2) years

c. Inspector

1. The primary work of an Inspector will consist of, but not be limited to, the inspection of "B" checks and items requiring inspection (RII) in accordance with Company prescribed aircraft maintenance manuals Examples of duties will include borescoping, all types of NDT normally and routinely performed by the Company and similar new types of NDT in the future, and certification of parts Ultrasound, eddy current and magnetic flux procedures are acknowledged to be nondestructive testing and shall constitute inspection work. An Inspector will be an AMT who possesses a valid A&P airmen's certificate, trained so as to be capable of performing the inspection work assigned

2 The Company will provide borescope and NDT training for all Inspectors as required to maintain proficiency

3 At work centers where Inspectors are assigned, the work of inspection will be assigned to Inspectors whenever available at that given work center. It is understood that an Inspector will work as an AMT when inspection work is not required or when emergency conditions exist. An AMT with RII authorization will not do the work of an Inspector when an available Inspector is working as an AMT. In addition, when unplanned work requirements exceed the number of Inspectors available or when an Inspector is not on duty and an emergency situation arises, such work shall be first offered to any reduced Inspector(s) in that gateway in seniority order

4. If work is required under an emergency situation, assignment of an Inspector to work as an AMT will be made in seniority order starting with the reverse order of seniority If Inspectors are required to work as AMTs in non-emergency situations, assignment of Inspectors will be offered in seniority order from available qualified Inspectors within the immediate area or assigned in reverse order of seniority. Inspectors will not be assigned to work as AMTs for the sole purpose

of taking overtime away from available qualified AMTs Inspectors will not be assigned to work in the Utility classification

5. At work centers where Inspectors are not assigned, the Company may utilize the most senior qualified and available AMT (with RII authorization) to perform inspection tasks at the applicable pay rate
6. When it becomes necessary to dispatch a field service team to a gateway for a repair that requires more than two (2) hours of known RII work, an Inspector will be included. This will include Inspector work for the following
   a) Flight Controls - Replacement and reinstallation in conjunction with a rig/adjustment
   b) Landing Gear System - Replacement and reinstallation of landing gear assembly.
   c) Powerplant - Replacement and reinstallation of engine assembly
7. Inspectors will work as AMTs when inspection duties are not required during such assignment, however, no Inspector will perform any part of the work which he then is required to inspect.
8. Inspectors will not be awarded TDY duties in another gateway for the purpose of replacing that gateway's Inspectors who are absent from work
9. When the time required to perform RII work consistently exceeds and is expected to continue to exceed forty (40) hours or multiples thereof in a manner that comprises one (1) or more normal work shift(s) as provided for in this Agreement and in a work center other than SDF (where Inspectors are assigned) the Company and the Union will meet at the Union's request to review the creation of additional Inspector position(s). If the facts support the forty (40) hour requirement, the Company will bid the inspection position within thirty (30) days of the meeting and such position will remain in effect as long as the hours requirement is being met.
10. At work centers where Inspectors are staffed, AMTs will not be called in or held over on overtime for the purpose of performing RII duties if the work exceeds two (2) hours when an Inspector(s) is reachable.
11. The Company will continue to bid one (1) relief Inspector line in SDF The relief Inspector will be available to cover absences of SDF Inspectors [including Inspector(s) in the Wheel & Brake Shop] due to vacations, option weeks, illnesses or other reasons The regular shift assignment for the relief Inspector will be weekend night shift in SDF If no absences are being covered, the Inspector will work his regular shift. The relief Inspector will adopt the work week(s) of the Inspector he is relieving except to the extent necessary to establish a transitional schedule so that the relief Inspector has a forty (40) hour schedule each work week Days not covered in a work week as a result of the transitional schedule will be covered by AMT RII upgrade or Inspector overtime Overtime eligibility rules will be the same for the relief Inspectors as for other Inspectors

d Flight Simulator Technician (FST)

1. The duties of the Flight Simulator Technician will include, but not be limited to, all work currently performed by the Flight Simulator Technicians, including those from the previously existing LFST position at the direction of management that they are qualified to perform This includes the testing, maintenance, preventative maintenance, modification, fabrication, troubleshooting, repair and overhaul of any type of electrical, electronic, or mechanical devices including, but not limited to, all types of computers, circuits, wiring and associated apparatus used on simulators. MTDs, CBTs, (inclusion of "CBT" is not intended to broaden the devices on which FSTs have the right to work) PTTs,or any audio/visual training devices of the type which have normally and routinely been performed by FSTs at any of the Company's locations, other than applications currently used on UPS corporate networked PCs. The FSTs will be responsible for running the FAA recurrent qualification compliance testing of the simulators at the direction of management. FST's shall also be responsible for software associated for level 4 fixed base simulators, including IPT's and VPT's, except to the extent prohibited by the manufacturer. The Company agrees that the failure to obtain rights to work on proprietary software shall not result in the layoff of an FST at SDF for the life of this Agreement All stand alone FMSTs in the Flight Simulator Building will be main-

tained by FSTs. These FMSTs will not be converted to the Company's network. The programming, development, troubleshooting and correcting of lesson plans shall be performed by FSTs as requested by management. FST work shall include the troubleshooting, identification, and repair of malfunctions of such simulator systems and apparatus as recorded by the users of such equipment. It is agreed that FSTs will perform the design, development and modification of Flight Simulator hardware and software, but management and vendor personnel may observe and advise in this work.

2 The duties of the FST will also consist of the assisting of other Flight Simulator Technicians in their work, to the satisfaction of the Company. An FST may be required to give on-the-job training and instruction to other Flight Simulator Technicians whenever such training is required by the Company, and for which the FST has been himself trained in, or has the experience and understanding of, as determined by the Parties. Such training will include, but not be limited to, the previous LFST duties

3 Non-contract personnel, representatives of vendors, manufacturers and UPS management may direct and instruct FSTs in work required during initial installation of new systems or programs. Such personnel will not normally be assigned to the physical aspects of the task they are instructing, except for the actual training in the use and methods associated with the new equipment or processes. Article 1, Section 1. h shall be applicable to the work of FSTs except that if flight crew members are scheduled for training purposes, supervisors may participate in the rapid return to service of inoperative Flight Simulator systems for up to two (2) hours in the event there are an insufficient number of bargaining unit employees to handle the emergency. Otherwise the Company will call in the necessary number of employees Warranty work will be handled in accordance with past practices in the Training Center. This sentence on warranty work will have no applicability outside the Training Center.

4. The Company will continue its current policy regarding tools and test equipment used by the FSTs.

5. Employees may bid FST and shall be required to have successfully passed an FST Examination prior to the vacancy award date, if they desire to fill a vacancy Such examination by the Company may include a written component, an oral component, and practical skills test. An employee may take the examination upon written notification to the Company Testing will be completed within two (2) weeks of the written notification An employee may request and be granted a Union appointed observer during the examination The most senior employee who has passed the examination prior to the award date will be awarded the vacancy Any employee failing the examination will not be eligible to test again for six (6) months. Test scores will remain valid for a period of two (2) years

e. Aircraft Maintenance Technician (AMT)

1. The work of an AMT shall include, but not be limited to, the following, performing skilled work in connection with Company line maintenance which includes performance of "A" and "B" segment checks without limitation which are normally and routinely performed by Local 2727 AMTs and other traditional work identified in this Article Also included is troubleshooting, checking, repairing, replacing, testing, installing, servicing, welding of a general nature, aircraft taxiing/repositioning, including repositioning of aircraft for maintenance by any means, engine run-up, line repair of cargo loading mechanical systems, engine driven gear box replacement normally and routinely performed by line maintenance, C1 and C2 disc changes, borescoping which does not require an Inspector's signature, and spare strut seal replacements. The work of an AMT shall include the simple fabrication of tubing, cables, electrical harnesses, and simple NDT work which is currently and routinely being performed by AMTs, such as dye penetrant inspections

2. All AMTs must possess a valid A&P airmen's certificate, work in accordance with FAA regulations and Company policies and procedures, and may be assigned RII work

3. An AMT with RII authority may be required to perform inspection functions as specified in

Section 1, c and Utility functions as specified in Section 1, g. AMTs will not be assigned to any other classification for the sole purpose of taking away overtime from available qualified employees in those classifications

4. In addition, when unplanned work requirements exceed the number of Inspectors available or when an Inspector is not on duty and an emergency situation arises, the most senior qualified and available AMT with RII authority may perform such work at the applicable pay rate
5 AMTs will retain the exclusive responsibility for powering up and powering down aircraft electrical and hydraulic systems to assure the safety of Company aircraft except as such duties may be performed by crewmembers This includes for the purpose of the opening and closing of all powered cargo doors.
6. Where Local 2727 AMTs are stationed, it is understood that scheduled flights will require an AMT on the headset with an outbound flight crew. Other means of dispatching aircraft could be used for unplanned activity
7. The Company and Union agree, when it becomes operationally necessary for the Company to use leased carrier equipment to meet service commitments, AMTs may be required to work on other carrier aircraft as long as they are certified per that carrier's GMM (or equivalent), and in accordance with FAA regulation
8. The work of an AMT with Required Inspection Item (RII) authority will include all the duties of an Inspector and an AMT as identified in Section 1, c and e. of this Article However, an AMT with RII authority may not be assigned NDT, borescope, or other work specifically requiring an Inspector's signature if there is an Inspector available on duty An AMT with RII authority assigned to RII work will be compensated at the Inspector hourly rate pursuant to Article 36
9 In addition to the AMT relief positions referenced in Article 23 Section 6, c the Company may bid eighteen (18) AMT relief positions system-wide

f Junior AMTs

1. Junior AMTs shall have the same job description, certificate requirements, duties, and responsibilities as AMTs and the following will apply:
   a) A junior AMT will be defined as a certified AMT with less than three (3) years heavy jet experience Such employees will not work under the junior AMT language for more than two (2) years
   b) The Company agrees to limit the number of AMTs hired as junior AMTs to fifty (50) per year Should the Company want more than fifty (50) junior AMTs a year, the Union and the Company will meet to negotiate the change
   c) If during the two (2) year evaluation period a junior AMT fails more than four (4) tests or otherwise fails to demonstrate the ability to learn or perform in the AMT trade he will be subject to disqualification. Any junior AMT hired from the outside who is so disqualified may be terminated

g Utility

1. At work centers where Utility employees are stationed, their work shall include but not be limited to the duties prescribed in Article 1 and to assisting AMTs in routine laborious duties, as well as performing all of the following airline and simulator support duties receiving, shipping, checking; issuing and storing of aircraft and simulator parts, tools, equipment and materials; all work that is currently being performed such as repairing of tools and equipment, including but not limited to, the repair of ladders and headsets, cleaning, preparation, and touch-up painting on aircraft not caused by repair work being performed by AMTs. Oxygen bottle servicing will be done by Utility personnel where facilities currently exist Utility employees will not be allowed to perform oxygen bottle repair beyond normal servicing or hydrostatic testing, or aircraft or component repair with the exception of the Wheel and Brake Shop which is limited to the tear down, cleaning and assembly of wheels and brakes This does not preclude repairs, other than those on an aircraft, by Utility employees which do not require signing off by an AMT.

2 When qualified AMTs or other qualified ground handling personnel are not available pursuant to Section 14, d below, ground handling work may be assigned to Utility employees who are qualified and available.

3. The Company will maintain, for the duration of this Agreement, the utility positions created pursuant to Article 22, Section 1 g 3 of the prior Agreement

4. The Company may bid a total ten (10) Utility relief positions in SDF or ONT

h Lead AMTs

At any point during the life of this Agreement either the Company or the Union may request to meet to discuss the creation of a lead AMT classification If the Parties agree on the terms of the new classification, it may be implemented during the duration of this Agreement The Parties will continue to meet as necessary thereafter to discuss changes in the classification.

i Aircraft Maintenance Technical Publications Specialists (Tech Pubs)

1. Effective on the date of ratification of this Agreement, Tech Pubs shall include employees classified as Company Manual Editors (CME) and ATA Manual Specialists (AMS)

2. The duties of the CME and AMS will include, but not be limited to, all work normally and routinely performed by CME and AMS at anytime since January 1, 2002

Section 2 - Aging Aircraft Program

The Company agrees that as aircraft are assigned to any type of Aging Aircraft Program (AAP) either by the FAA or Company discretion, any work of the nature, type and category of work which has been normally and routinely performed by Local 2727 represented employees will be retained and vested by Local 2727, provided it is economically and operationally feasible to perform the work in-house

Section 3 - Ground Support Equipment Work

a. If ground support equipment (GSE) fails during the course of a scheduled flight departure of a Company aircraft potentially resulting in the delay of a revenue flight, an AMT assigned to a gateway where no bargaining union represented GSE employees are staffed may be required to repair or assist in the repair to expedite the departure. In gateways where no GSE employees are staffed, all ground support equipment may be assigned to the Local 2727 bargaining unit

b Time spent repairing or servicing GSE, and the availability of such work may be considered when establishing staffing requirements for gateways The Company will meet with the Union as necessary for the purpose of identifying which gateways are subject to the provisions of this Agreement

Section 4 - Welding Certification

a. The Company agrees to provide and maintain adequate staffing at the SDF and ONT gateways to perform the normal and routine welding. Welding normally and routinely done on wheel and brake components shall also be performed by Local 2727 represented employees provided this work can be performed with equipment UPS currently possesses. The Company will maintain an appropriate aircraft welding certification program in order to comply with FAA regulations for training AMTs Participation in this program shall be voluntary and participants shall be chosen as needed by seniority and crew.

b. The Company will provide all training necessary for this program. This training will include both initial and recurrent The AMTs who are chosen for initial training and/or continue to be qualified shall do so without loss of time or pay.

c The Company will insure that all such welders perform or practice their craft as necessary in order to maintain proficiency This does not preclude non-certified AMTs from welding for the purpose of fabricating hand tools, etc

Section 5 - Maintenance/Phase Checks and Warranty Work

a The Company agrees it will have Local 2727 represented employees of the appropriate classification continue to perform the currently performed maintenance/phase checks on its fleet of aircraft, or the maintenance work of equivalent content to any renamed check

b. W A N's, E O 's and all deferred maintenance items, including but not limited to "D" items, "M" items and "MPI" items, will be performed by Local 2727 represented employees before an aircraft enters or after it leaves a vendor facility for the purpose of painting or other special visits. Routine maintenance checks will be accomplished by Local 2727 represented employees prior to the input of the aircraft to the vendor facility, except where time or operational commitments preclude the scheduling of such work, in which event the Company will notify the Union in writing of the reason for the exception. However, the Company may address E.O.'s under Article 1 and 21, as well as items required by the FAR's to enable the aircraft to depart the vendor facility.

c. Once an aircraft is returned to service after repairs by a vendor, Local 2727 AMTs will perform any warranty repairs which take place on UPS property, provided that the vendor may observe and/or participate in the repairs. This shall not affect the Company's right to return an aircraft to a vendor for warranty repairs within the first thirty (30) days after the release of the aircraft The Company will meet and discuss with the Union the return of an aircraft to a vendor for warranty repairs if it has been released for more than thirty (30) days. Nothing in this paragraph shall affect the Company's right to use a vendor to perform warranty work which are not within the capabilities of the classifications herein

Section 6 - Integration of "C" Check Tasks

The "C" check work identified in Addendum B to this Agreement.

Section 7 - Work to be Brought In-House

a. Other than the components currently being repaired, the Company agrees that it will continue to perform cargo net repairs in-house per prior agreement.

b In addition, the Company agrees to continuously explore with the Union methods of expanding the amount of work that can be performed during normal maintenance checks. Such work may include but not be limited to all portions of routine "C" check tasks to the extent it is economically and operationally feasible

c. On the third Monday of each month, the Company and Union will meet to review the component repair work performed by vendors in the prior month. The information shall include the total labor-hours involved in the repairs and total dollar amount paid The additional component repairs will be brought in-house to the extent it is economically and operationally feasible Any dispute as to whether this standard is satisfied shall be subject to immediate arbitration under Article 6.

Section 8 - Certificate Requirements

Should there be any changes in certificate requirements during the life of this Agreement, all time requirements to obtain such certificate will be negotiated between the Union and the Company unless otherwise mandated by a government agency

Section 9 - Wheel and Brake Work Center-SDF

a The Wheel and Brake Shop will be staffed by Inspectors, AMTs, and Utility workers

b. If temporary conditions develop to the effect that the Company, through its facilities or existing personnel, is unable to adequately complete the wheel and brake work necessary to meet the Company's service commitments, the Company will

   1. offer overtime to applicable employees who have previously volunteered to be members of a pool of qualified and trained personnel then, upon exhaustion of the pool,

   2 Article 21, Section 2, a and d shall be applicable for such temporary period

c. The Company agrees that all wheel and brake work performed in the United States will be performed by Local 2727 represented employees.

Section 10 - Sheet Metal/Composite Work Centers

a. The Sheet Metal Shop will be staffed by AMTs. Utility employees may be assigned to the Sheet Metal Shop if work of the type described in Section 1, g, above exists

b. The existence of the Sheet Metal Shop shall not preclude other qualified AMTs from performing sheet metal work as a normal part of their duties. However, this shall not be for the sole purpose of taking overtime away from available Sheet Metal Shop AMTs

c When applicable, Article 14 shall cover employees bidding to this work center

d. Employees awarded a bid into the Sheet Metal Shop will be required to provide their own hand tools normally used to perform their work as an AMT Specialized tools or equipment normally used in sheet metal repairs will be provided by the Company

e. When Sheet Metal Shop work is not available or emergency conditions exist, AMTs working in the Sheet Metal Shop will perform other routine aircraft maintenance work as assigned during their regular scheduled shifts

f The Company will make available through central tooling the necessary hand tools to accommodate any AMT not in the Sheet Metal Shop who is assigned a sheet metal duty.

Section 11 - Machining Work

a The Company will obtain and maintain equipment necessary to perform simple machining on tools and aircraft parts Such machinery would include simple machining equipment such as lathes. mills and grinders Participation in this program shall be voluntary and participants shall be chosen as needed by seniority and crew

b The Company will provide all training necessary for this program. This training will include initial training The AMTs who are chosen for initial training and/or continue to be qualified shall do so without loss of time or pay. The Company will insure that all AMTs qualified for such machining work will perform or practice their craft as necessary in order to maintain proficiency.

c. The program shall be implemented within six (6) months of ratification.

Section 12 - Battery Shop-SDF

The Battery Shop in SDF will be staffed by Utility employees.

Section 13 - Future Shops

Local 2727 Inspectors. AMTs, and Utility employees will be utilized in future shops established by the Company depending upon the type of work to be performed for each classification and Utility employees will only be allowed to perform functions as described in Section 1, g. above. The Company will meet with the Union to negotiate and agree on the staffing of any future shops prior to implementation

Section 14 - Additional Skilled Maintenance Work

a. M P.I 's

A representative designated by the Union and a representative designated by the Company will meet in SDF once a week at a mutually agreed upon time on Monday, unless mutually agreed otherwise, for the purpose of reviewing the M P I. list Items that fall within the normal and routine duties of the line maintenance function that will not result in the duplication of repairs or excessive out-of-service time will be scheduled for line maintenance using the W.A N. system (or any successor system).

b. E O.'s, W A.N 's. F.C.D 's, and Alerts

The Company agrees to continuously explore with the Union methods of expanding the amount of work that can be economically and operationally performed during normal line maintenance checks. Such work will include the in-house modification of the DC-8 fleet to provide cockpit heating and cooling and the assignment of Alerts generated by Technical Services. Engineering. AMC. or a LST E O.'s. W.A.N 's. F.C D 's, and Alerts will be assigned to Local 2727 members as described above

c Cargo Locks

The Company agrees to continue to assign to Local 2727 represented employees the repair and recertification of all horizontal and vertical cargo restraints, including side guides. can stops. and ball mats Such work will be performed at the gateway of origin or at gateways designated by the Company

d Ground Handling Work

In order to provide Local 2727 AMTs a greater opportunity to be available to perform skilled maintenance work as described in this Article, ground handling work may continue to be assigned by the Company to Local 2727 or to other individuals or employees who are qualified and available. Ground handling work includes, but is not limited to, meeting the aircraft for non-maintenance purposes, opening and closing aircraft doors, push backs, and plugging in external service carts. For the purpose of opening and closing main cargo doors, the AMT will retain the responsibility for powering up and powering down aircraft electrical and hydraulic systems required for the safe operation of our aircraft.

e Guarantee of Hours

1 There shall be no reduction in the number of employees covered by this Agreement as a result of work being performed by non-Local 2727 represented employees The language set forth in paragraphs i, ii and iii shall become effective as set forth below once a successor collective bargaining agreement becomes effective.

(i). Consistent with the Company's commitment to continue to increase the additional hours of skilled maintenance work, the Company guarantees that the total number of hours of work (each overtime hour will be counted as one [1] hour) by part and full time AMTs in the first full calendar year of the successor labor agreement will not be less than the total number of hours of work performed by part and full time AMTs in the prior calendar year Each successive calendar year during the life of the successor Agreement, the total number of hours of work will be not less than the total number of hours worked in the previous full calendar year The Company will provide the documentation verifying the total number of hours worked in the last full calendar year prior to the effective date of the successor agreement and similar reports for each successive year

(ii) If the successor agreement becomes effective on any date other than January 1 of a calendar year then the guarantee provided by paragraph (i) above shall be prorated for the remainder of that calendar year The total number of hours shall be determined by multiplying the number of days remaining in the year by the daily average number of hours of work in the prior full calendar year

(iii) It is understood that the above guarantees are based upon the Company's continued intent to expand and grow the business If due to circumstances beyond the Company's control, including but not limited to the loss of business, it becomes necessary to cancel the Company's scheduled flights by more than five percent (5%) from the average daily number of flights for the previous calendar year, beginning with for a period of ninety (90) days or more, the above guarantee may be rescinded for that year (or prorated year in the case of paragraph (ii) above)

f Passenger Airline Services

To the extent that any passenger airline service is initiated in the future, the Company will meet with the Union and reach an agreement on what work will be performed by Local 2727 represented employees prior to the implementation of such service

Section 15 - Aircraft Taxiing

a. It is agreed that whenever AMTs perform taxi operations, there will be an AMT in each seat normally occupied by a flight crewmember for two (2) man aircraft and it is preferred to have the third seat of a three (3) man aircraft occupied

b AMTs qualified for taxi will be assigned to perform this function as necessary to maintain proficiency

Section 16 – New Maintenance Work

a For aircraft returning to service from long –term storage and that are not going to "C" Check, deferrals normally and routinely performed by Local 2727 will be worked by its members after the aircraft ferries from storage. Any work necessary to allow the ferry permit will be completed by the vendor.

ARTICLE 22

* * * * * * * * * * *

MR. WILDER. This is the Joint Interpretation of Article 22 The first change made by the parties during bargaining over the respective agreement appears in Section 1 a.4

MR. WILDER There are many subdivisions in this article, and we'll try to be accurate about identifying them In Paragraph a 4, the parties agreed to strike the first sentence of that subparagraph relating to the Company's obligation to fill a minimum of six LST positions per year until the technical services group is fully staffed

That was an obligation that was applicable at the time of implementation of the last agreement in 2001 and has been fulfilled

The parties agreed to add the initial LST as a second word in the second sentence to make clear that LST staffing would be as determined by the Company under this agreement

The parties also agreed to delete Paragraph a 5 of Section 1 inasmuch as the events described in that section have all been completed during the course of the 2001 Agreement.

Consistent with that deletion, Paragraphs a 6 of the 2001 Agreement has been redesignated paragraph a 5, and that represents the parties TOK to Section 1.a

The second TOK agreed to by the parties appears in Paragraph b 3 of Section 1

The parties have decided to retain intact the language of that provision from the 2001 Agreement. They further agreed. however, to note in this Joint Interpretation that it is the Company's obligation to work a cover controller either on his shift or if he's covering for somebody. it has to be the shift of the person that he's covering for, that we can't move the shift around and start them at different times

It would have to coincide with the shift of the absent employee Otherwise, the rules for the covered controller remain and continue in accordance with past practice

MR. WILDER The next TOK agreed to by the parties appeared in Section 1 c 1 In that provision, the parties agreed to omit the final sentence because the obligation set forth in that sentence was complied with by the Company during the 2001 Agreement.

The Company further committed to making note in this Joint Interpretation of its intention to maintain Ontario inspector coverage

During earlier negotiations, the parties agreed that an Ontario inspector would not be laid off so long as there existed at least four hours of work on that inspector's shift

MR. COLEMAN Just further clarification I mean, I think the reason for wanting to put this clarification on the record was that by striking out this sentence, the Company is willing to agree to what you've clarified there to make it clear that just because we took that sentence out, we're not going to eliminate two inspector positions in Ontario, that those inspector positions would be continued under the terms and criteria that you've described

MR. WILDER· The next TOK agreed to by the parties in Article 22 appears in Section 1.d 1 dealing with Flight Simulator Technicians, which would be abbreviated by the initials FST. The first change in Subparagraph d 1 appears in the fourth line

The parties agreed to insert a period after the word "perform" and add at the beginning of the new sentence the words "This includes." The purpose of this change is purely grammatical, and the parties believe that the sentence would become clearer if it were broken up into two sentences

The next change in Subparagraph d 1 is not a change in existing language, but rather the parties' agreement to include in this Joint Interpretation the note that the so-called CBTs, which refer to a type of computer trainer, is not intended to broaden devices on which FSTs have the right to work.

The work of the FST is set forth later in that sentence and described as the normal and routine work that had been performed by FSTs at any of the Company's locations The parties did not intend with this language to broaden or to narrow work on CBTs, and it was the parties' intention to make that clear in this Joint Interpretation.

At the end of that sentence, the parties agreed to add the words "other than applications currently used on UPS corporate network PCs" Without getting into an extensive discussion of the types of systems and uses

in the flight simulator department, the Company has a number of applications that are part of the corporate networked PCs that can be used in their software applications by persons other than FSTs

By the same token, the Company has other applications that remain exclusively the responsibility of the FSTs The purpose of the new language is to draw a distinction between the two types of applications, and that was the reason for the addition, and I quote, "other than applications currently used on UPS corporate network PCs"

The parties changed the next sentence to make clear that the FSTs would be responsible for running the FAA recurrent certification/qualification compliance testing of the simulators at the direction of management

Their intent in making this change is to draw a distinction between recurrent certification/qualification compliance testing that occurs after the manufacturers install the simulators, in other words, after the simulator is ready for testing (RFT)

What occurs after the date would be the work of the FSTs at the direction of management, of course. The next several sentences represent new language and were included by the parties for the reason that I indicated earlier an effort to draw a distinction between the systems that are in use in the flight simulator department

The new language makes it clear that FSTs shall be responsible for software associated with level four fixed bay simulators including IBTs and VBTs except to the extent prohibited by the manufacturer There are certain software applications purchased by the Company that are accompanied by a software agreement between UPS Co and the manufacturer that reserve to the manufacturer's employees the bugging and debugging and other work with the software program itself Where those licensing agreements exist, that work would be done by the manufacturer's representative

MR COLEMAN: Roland, instead of waiting until the end to try to come back and plug it in or whatever, I think from the Company's perspective here, we agree with you in terms of your reference to licensing agreements in terms of prohibition prohibited by the manufacturer

I'm not sure that we would agree that it's just that narrow that it only would be where there's a licensing agreement where the manufacturer would say their own employees There could be a manufacturer that they don't use their employees, they use somebody else to do whatever software modifications or put some prohibition against making modifications of the software.

It's not necessarily a debugging issue versus a source code So, I think the circumstances under which the manufacturer might have that prohibition or just a licensing agreement where their own employees would be doing some, quote, "debugging" or something. That's the clarification I wanted to make

MR WILDER: I think so long as the manufacturer prohibition is contractual and binding on UPS, we would agree with you, but if it is not contractual or binding on UPS, I don't think we would

MR COLEMAN I would agree with the binding part, but again, when you say contractual, I guess if we buy it and they say these are the restrictions, we may not, quote, have a contract, but we are buying it with those limitations knowing that they're there So I agree, because it says except to the extent prohibited, so there has to be a prohibition that we can point to and show you that would be in existence

MR WILDER. Right And I think that also it's part of the discussion that you're going to try to avoid those kinds of prohibitions when acquiring equipment for the flight simulator department, is that correct?

MR COLEMAN. Right It is the manufacturer saying this is the way we want it, that led to that language in terms of us not having the option of doing it and getting it and otherwise without the prohibition.

MR STONE Can we go off the record for a second? I've got a question

MR. WILDER: Yeah

(WHEREUPON AN OFF-THE-RECORD
DISCUSSION WAS HAD)

MR WILDER. The next sentence reflects some of the discussion that has just occurred The Company agrees that the failure to obtain rights to work on proprietary software, which I believe presumes that there will be an effort to obtain rights to work on proprietary software, shall not result in the layoff of an FST in light of this agreement

So the parties agree to a situation in which the Company would try to obtain rights to work on proprietary software by its employees, but that might not be possible If it proved not to be possible, the Company is

committed not to layoff an FST for the life of the agreement as a result of the acquisition of the software carrying with it a prohibition by the manufacturer that would foreclose FSTs from working on it

MR. COLEMAN: Just a clarification there, Roland. I think, in terms of the road that we're on about the good faith efforts, one. I think if we have everything else being equal, there's software without the prohibition and there's software with the prohibition, we would do the software without the prohibition, but the good faith effort doesn't require the Company to go out and spend more money to basically obtain the ability to monitor or modify the software itself.

That was part of the reason that we agreed to this no layoff language, and as a result, if we obtain the software and it's proprietary and we don't have any right to work on it, and the amount of work there would result in a layoff, we agree with you, we're prohibited from doing that as a result of obtaining that kind of proprietary software

MR WILDER: I don't think we're saying anything different, but I do want to make sure I understand what's been said now as before that's indicating the Company will make a choice to acquire a software package I assume based on price, quality, suitability for the enterprise, and all the usual kinds of things that the Company insists it thinks about, but it also will ask that manufacturer if the software can be maintained by UPS employees, and if the company says, no, then the furlough — no furlough obligation would come into play.

MR COLEMAN We would agree with that as it's written here, if without obtaining that propriety software somehow, if that would result in a layoff that we couldn't do it

MR WILDER The next sentence added to the parties' agreement is in paragraph d.1 indicates that all stand-alone flight simulators in the flight simulator building would be maintained by FSTs. These FMSTs will not be converted to the Company's network. Likewise, the programming, development, troubleshooting, and correcting of lesson plans shall be performed by FSTs as requested by management.

MR RAGAR Just a note to that last sentence that you read, that we're not looking to change the current practice that the instructor still will develop the lesson plans depending on which programs are used If it's a computer based program, they will still continue to do that. What this sentence is referencing is that after they've loaded the lesson plan into the simulator, and if there's a glitch in that particular system, then the FSTs will be the ones to go in and look at correcting that plan at the direction of management.

MR WILDER: I think that's correct Let's go to e.9. The next change made by the parties to Article 22 appears in Section 1 e 9 The parties deleted the reference to AMT relief positions systemwide and substituted the word and number 18 for 12 It also deleted the last sentence of Subparagraph e.9, which indicated the Company may bid six more AMT relief positions on or after August 1st, 2004 The changes were purely cleanup changes. The 18, of course, represents the sum of twelve and six.

The next change which appears in Subparagraph 1.f.1.d is also a cleanup. The events referred to in that subparagraph arose and were completed under the 2001 Agreement, and so the provision is no longer required

The next change the parties agreed to in Article 22 appears in Section 1 g.1 The insertion of the word "performing" is purely grammatical and was included for clarity. The reference to simulator support duties and simulator parts were inserted in this subparagraph to make clear that the work of a utility includes those duties as referenced to the flight simulators in the flight simulator department

The next change in paragraph 1 g appears in Subparagraph 3 The parties agreed to delete in its entirety that provision and insert in lieu of that language the Company will maintain for the duration of this agreement the utility positions created pursuant to Article 22, Section 1 g 3 of the prior agreement

The parties have created a Letter of Agreement with reference to utility coverage at the Anchorage gateway under which the Company committed to provide utility coverage at Anchorage as of the date of the LOA and that coverage is currently in effect.

In Subparagraph g 4, the parties made a cleanup insertion by deleting the first words of that sentence ending with Section 6 c and beginning a new sentence to read: The Company may bid a total of ten utility relief positions in SDF or Ontario. The ten iepresents the total of the six positions referenced in Subparagraph g.4 and four additional positions referred to in Article 23, Section 6 c

The next TOK agreed upon by the parties is a new Subpaiagraph 1 i entitled Aircraft Maintenance Technical Publications Specialist, Tech Pubs The purpose of this provision was to incorporate into the

Collective Bargaining Agreement the Tech Pubs classifications, which are the Manual Editors and ATA Manual Specialists

The parties had substantial discussion in an effort to provide a comprehensive job description for the Tech Pubs In the end, however, they thought that they would insert a simple but all encompassing paragraph indicating the duties of the CMEs and the AMSs would include but not be limited to all work normally and routinely performed by those classifications at any time since January 1, 2002.

The January 1, 2002 date was chosen as a date because it was before the accretion petition was filed with the National Mediation Board to bring this group into the mechanics and related craft and class

MR WILDER. The next change agreed upon by the parties appears in Section 2 entitled Aging Aircraft Program. The parties added the language in the second sentence after any work of the nature, type, and category of work which has been normally and routinely performed by Local 2727 represented employees That's a parallel of the language which appears in Section 1 b of Article 1

The next change agreed upon by the parties appears in Section 4 of Article 22. In paragraph a, the parties agree that welding normally and routinely done on wheel and brake components shall also be performed by Local 2727 represented employees provided this work can be performed with equipment UPS currently possesses.

The parties agreed at that point to also mention in the Joint Interpretation that the work of welding torque tubes is work that cannot be performed with the equipment and tools presently possessed by UPS.

The last change in paragraph a was to add the words "and crew" at the end of paragraph a The effect of that change is to attempt to have qualified welders across different shifts

Now, participation of the program is voluntary and, consequently, the parties found that by defining the pool of eligibles narrowly, it was difficult to adequately staff the program. The addition of the words "and crew" was designed to address this defect.

MR. COLEMAN Just a clarification there. It is our intent that the word "crew" here as we're using it in 22, Section 4, would have the definition that Article 26 provides for the crew

MR WILDER Yes, of course

MR. COLEMAN. We intended it to have the same meaning

MR WILDER. Yes The next change agreed upon by the parties appears in Section 5.b of Article 22. Here, the parties dealt with the situation in which aircraft enter vendor facilities for the purpose of painting or other special visits The parties agreed that in that circumstance, so-called WANS, W-A-N-S, engineering orders and all deferred maintenance items, including but not limited to D items, M items, and MPI items will be performed by Local 2727 represented employees before an aircraft enters or after it leaves the vendor facility for the purpose of painting or other special visits.

Routine maintenance checks will be accomplished by Local 2727 represented employees prior to input of the aircraft to the vendor facility except where time or operational commitments preclude the scheduling of such work

The Union, in that event, will be notified in writing of the reason for the exception

Finally, the parties agree that the Company may address engineering orders under Article 1 and 21 as well as items required by the Federal Air Regulations to enable the aircraft to depart the vendor facility

The idea was to assure that the engineering order called for work that was capable of being performed by the craft and class within the meaning of Article 1 and 21. So if there were inadequate facilities, inadequate tools, inadequate equipment, or the EO called for work for which craft and class employees did not have the required training, then under the terms of Article 21, it would be addressed by the vendor, not by the Local 2727 represented employees

MR COLEMAN The next change in Article 22 is in Section 6. The previous agreement had some language where the parties had identified work that was being done in the C check on the 757, and we struck most of that language, but what we wanted to do is make it clear that work that had been pulled in-house would remain in-house.

So if you look at the language, the language that was there about the process that we're going to go through to identify and bring the work in-house, that language has been stricken, and it's been replaced with language that basically says that the C check task cards previously identified will continue to be performed by Local 2727 members during the duration of this agreement in order to lock that work into the contract, again, for the duration of this next contract

MR WILDER. The next change agreed to by the parties appears in Section 7 of Article 22 The parties agree to eliminate from that provision in Paragraph a the language. "Within one year of ratification of this agreement, you will bring in-house the repairs of additional components in the UPS inventory Such components will be equal to at least 7,000 labor hours per year."

The commitment was one for the 2001 agreement, and it was complied with by the Company. With the deletion I have described, paragraph a will read: "Other than the components currently being repaired, the Company agrees that it will continue to perform cargo net repairs in-house per prior agreement."

The next change agreed upon by the parties appears in Section 10 of Article 22. The parties agreed to change the title of the section from Sheet Metal Work Centers to Sheet Metal/Composite Work Centers to reflect the change in the nature of work in the sheet metal shop.

Today, the AMTs work increasingly with composite materials and not simply sheet metal

The next change agreed upon by the parties occurred in Section 11, paragraph a, in which they added the words "and maintain" in the first sentence. The commitment was to maintain an ongoing machining work shop to enable craft or class of employees to perform simple machining on tools and aircraft parts

The parties also provided in paragraph a that participation in this program would be voluntary and participants shall be chosen as-needed by seniority and crew The crew, as pointed out earlier, is a defined term.

The parties also agree to add new paragraphs b and c in Section 11 In paragraph b, the Company committed to provide all training necessary for the machining program

AMTs were chosen for initial training, and recurrent training will be able to do so without loss of time or pay

And further, because over the course of the 2001 contract, machining work proved to be sporadic, the Company has agreed here that we will ensure that all AMTs qualified for such machining work will perform on practice parts or material as necessary to maintain efficiency.

This program in its amended form will be implemented within six months of ratification

MR. WILDER: The next change agreed upon by the parties is in Section 14, paragraph a. The parties agree to delete the words "commencing one month after ratification of this agreement" and then to insert the word "a" after that. The purpose of the change is to provide for a continuing commitment by the parties to the procedures set forth in paragraph a

Because they have been doing it throughout the agreement, it made no sense to say commencing one month after ratification

(WHEREUPON AN OFF-THE-RECORD
DISCUSSION WAS HAD)

The next change agreed upon by the parties in Article 22 appears in paragraph e 1 There, the parties agreed that the language set forth in that paragraph shall become effective once a successor Collective Bargaining Agreement becomes effective The reference in paragraph is not to the agreement that would become in effect upon ratification of the agreement currently being negotiated, but rather, its successor agreement

In paragraph small i, the Company guarantees that the total number of hours of work by part-time and full-time AMTs in the first full calendar year of the successor labor agreement will not be less than the total number of hours performed by part and full-time AMTs in the prior calendar year

The reference to 2001 in the current language is deleted, and, in fact, all references to specific years in Subparagraph i. I will read it: "During each successive calendar year during the life of the successor agreement, the total number of hours of work will not be less than the total number of hours worked in the previous full calendar year" And the Company, as with the case in the 2001 agreement, has agreed to provide documentation verifying the total number of hours worked in the last full calendar year prior to the effective date of the successor agreement.

Now, at this point, I should describe what it is the parties are doing. The Company asked that the guarantee of hours be deleted, and the Union was unwilling to delete that obligation What the parties have agreed on is to postpone that obligation until the successor agreement that follows the agreement that they're negotiating now comes into effect In effect, for purposes for a guarantee of hours, the parties have agreed to skip one agreement

In Subparagraph ii. the parties inserted that new language to provide that if the successor agreement becomes effective on any date other than January 1 of the calendar year, then the guarantee as outlined in Subparagraph single i above will be prorated for the remainder of the calendar year

The proration will be according to the total number of hours It will be determined by multiplying the number of days remaining in the year by the daily average number of hours work in the prior, quote, calendar year.

In Subparagraph iii. the parties have retained the language in the current agreement to indicate that the guarantee of hours is contingent on the Company's continued intent to expand and grow the business of UPS, Co The contingency is the same as under the 2001 agreement if it becomes necessary

If it is triggered, the work hours guaranteed outlined in Subparagraph i above, may be rescinded for the year or the prorated year, if Subparagraph ii is applicable

MR. COLEMAN: Maybe if I could just jump in for a couple of clarifications. One, to add to your statement that the Company wanted to delete the guarantee of hours There was a lot of discussion with regard to the guarantee of hours, but the downturn in block hours in business that the Company had suffered through in 2008 and 2009 and continuing to see the reduction in block hours continuing on, that was the reason for the request

As Roland indicated, the Union wasn't willing just to agree to take it out of the contract. In fact, the construct we came up with was some language that says it bounces back again, becomes effective again with the successor agreement The only way it would change is if the Company would have to negotiate it out the next time around, the Union would have the ability to say, well, it's in the contract We would have to try to get it out if we were going to change it again, otherwise, it becomes effective on the successor agreement as you've just described

MR WILDER I think that's an accurate statement of the reasons the parties did what they did The next change agreed upon by the parties in Article 22 appears in a new provision entitled Section 16, New Maintenance Work.

MR. WILDER. The parties agreed upon a new paragraph as part of Section 16 dealing with aircraft being returned to service from long-term storage. If those aircraft are not going to C check, the Company and the Union have agreed that deferrals normally and routinely performed by Local 2727 represented employees will be performed by its members or rather by the employees after the aircraft returns from storage

It's understood, of course, that any work necessary to make the aircraft airworthy to be ferried would be performed by the vendor And that completes the agreed upon sections of Article 22.

ARTICLE 22

TONY COLEMAN: This is the joint interpretation of Article 22, Job Classifications, Descriptions, and Shops

Section 1, "Classifications and Descriptions," we've added some new language to make it reference back to Article 21, that for the purpose of preserving the work and job opportunities, the Company agrees it will not subcontract work of the nature, type, or category that is normally and routinely performed by Local 2727 represented employees, and then it has an "except" clause, "as described elsewhere." Obviously the largest exception would be that contained in Article 21 in terms of the conditions under which the Company can subcontract what would normally and routinely be performed by 2727.

We've added here and a couple of other places in the Agreement reference to work of the nature, type, or category that is normally and routinely performed, and the intent with regard to the addition of that is to make it clear that normal and routine isn't a specific reference to just a specific task, but rather, by adding nature, type, or category, the intent on the Parties' part that a new aircraft type, for example, coming in, that tasks on that new aircraft that are of the same category or type as has normally and routinely been performed by 2727 on an existing aircraft would also fall within the scope of what is Local 2727's jurisdiction, such as tire changes as an example. However, frequency or repetitiousness of a task is not necessarily included in the concept of "normal and routine." The Parties agree that components may be repaired or replaced based upon various cycles, times or failure rates. However, in the same context if the Company and the Union agree to have a task performed which previously was not performed by covered employees, it does not create the "normal and routine" concept for that particular work.

We've made quite a few changes through Article 22 in terms of the job descriptions and new language in different places. In Section 1, a., Lead Service Technicians, the prior contract had some language with regard to employees who were at that time classified as Lead Service Mechanics. During the life of the prior Agreement, the Parties never really came together in terms of defining the classification until the accretion of the AMC group. At one point, two Lead Service Mechanic positions were actually bid as a part of the maintenance controller group letter of agreement, but their function became to serve as maintenance controllers rather than perform Lead Service Technician duties.

With the new language in this new tentative Agreement, the Parties have locked in a commitment on the Company's part to actually introduce the Lead Service Technician as an operating classification during the life of this Agreement as intended.

Under Section 1, a.1., we've listed the duties of the LSTs. The new language that was listed in paragraphs a) through f), has a number of differences from the language that was negotiated as part of a letter of agreement under the prior contract. Some language from the leter of agreement was incorporated into the new tentative Agreement to describe the duties of the LST.

The Parties made a number of changes in these two subsections. First, we clarified that both the LST and AMC positions require a valid A&P certificate. Second, the Parties agreed that in order for an employee to be eligible to bid to an AMC or LST position, the person must have been an AMT at UPS for at least two (2) years. Finally, we agreed that in awarding an AMC or LST position the determining factor would be whomever has the most Technician classification seniority. Technician classification has been defined in Article 26 as all classifications other than Utility.

Most of the paragraphs a.1 a) through f) are fairly self-explanatory.

Under paragraph a.2 essentially is a procedure by which the LST positions will be filled, and the Parties have continued the concept of a test being provided to AMTs to take and have to successfully pass that LST examination if they desire and want to become an LST.

We've continued the concept of that test including a written and oral component and then a practical skills test. We've added some new language that the employee can take the exam upon written request to the Company. Testing will be completed within two weeks to establish a deadline for the Company if somebody is interested. And we've also added language saying that the employee can request to be granted a Union-appointed observer during the examination, and that once the test is taken and a vacancy occurs, then the most senior AMT who has passed the examination prior to the award date will be awarded the vacancy, and we've

added new language that any AMT failing the examination will not be eligible to test again for six months. and that depending on how vacancies occur. that the test result can stay in place for up to two years, that after two years, an AMT would be required to take the test again in order to remain eligible to be awarded an LST vacancy This does not mean that an encumbent LST is subject to recurrent testing. excluding such requalification training as ETOPS. PRT, etc

The Parties' have added a new paragraph which parallels the testing that was established for LST and AMC positions It is the Parties' intent that the tests and procedures will be applied in the same way for this position.

New paragraph 3. "The Company may choose to send LSTs on field service to accompany AMTs and assist them in technical matters." We use "may" to make it clear that it was discretionary on the Company's part as to whether we wanted to send LSTs We did have some discussion and are in agreement that LSTs will not be sent alone to not only trouble-shoot. but then also perform the repairs. but rather. if LSTs are sent on field service, it would be to accompany AMTs who are either going on field service to the gateway. or to accompany AMTs who are domiciled at the gateway and LSTs may assist in repairs.

Paragraph 4 is a commitment by the Company to go beyond the language that was in the prior Agreement. As I said previously. under the prior Agreement. the classification was created but never really filled Under this new tentative Agreement. the Company has agreed that it will fill a minimum of six LST positions per year until the Technical Services Group is fully staffed We've maintained the protection that total staffing shall be as determined by the Company The intent there is that there has to be some kind of transition period between when the new tentative Agreement becomes effective and a replacement of the Technical Services Group that's currently in place that is nonunion with new Union positions That may take one year. two years, three years. or more. The minimum of six was simply a floor If the Company can do it quicker than that, it may do it quicker than that We wanted to make it clear that it's not a guarantee of 24 positions during the life of this Agreement. but rather a minimum of six per year until the Technical Services Group is fully staffed. However, once the Technical Services Group is fully staffed, only LSTs will perform the work described by their job description

The lead-in to that paragraph says. "Not including the unfilled LST positions at the time of ratification." is a reference to a letter of agreement that the Company had with the Union dealing with maintenance controllers and an obligation under that letter that we would create and fill at least six LST positions as a part of the maintenance controller group, and the "Not including" phrase was to make it clear that obligation still existed and that's separate and apart from the additional LST positions that we're going to bid for purposes of replacing the Technical Services Group

We also added language "LSTs will work in conjunction with and under the direction of management staff in the Technical Support Group. however. management shall not perform hands-on work on aircraft. except as provided in Article 1." We added that sentence to make it clear that there would still be supervisors and managers in the Technical Services Group to perform supervisory and managerial functions and to deal with any work that might be outside the scope of the collective bargaining agreement.

Paragraph 5. we've added language to deal with the two LST positions that were created in the maintenance controller group. and we've agreed that those two individuals within 30 days of ratification can make the decision that they want to work in the technical services group rather than as part of the maintenance controller group and simply have to notify the Company as to their intent

Paragraph b. is aircraft maintenance controller classification, and subparagraph 1 brings in all of the duties and responsibilities of the aircraft maintenance controller. It was our intent to basically pull those in from the letter of agreement that we had and did not make any substantive changes with regard to their duties or responsibilities

In paragraph b.2.. we again included language as to how an AMT would become an AMC. and again. it was incorporation of the language from the letter of agreement into the new contract and establishes a comparable testing process as we've already described for the LSTs for AMTs who want to become a maintenance controller.

In paragraph b.3.. we've continued the language that the Company may use two positions for cover controllers "The cover controllers will be able to cover absences of other AMCs who are absent due to

vacation/option weeks, training or disability No less than seven days notice will be given of a cover assignment."

We added some language there to deal with the issue that the Union brought up during negotiations that the cover controller was being used for reasons other than to cover absences It was our intent when that position was created that they were there for that purpose alone and were not there just to work overtime shifts, and we added some additional language within that paragraph as compared to the letter of agreement to try to make it clear on an ongoing basis that the cover controllers can only be used for purposes of covering absences. We have also added a $1 00 premium to the cover controller in Article 36

Section 1. c deals with the Inspector classification. We have included some language in Section 1, c regarding ultrasound, eddy current and magnetic flux procedures, that those are to be treated as nondestructive testing and constitute appropriate inspection work That was something that was a part of a prior settlement agreement between the Parties and has been incorporated into the contract

We've also added some language at the end of the paragraph that the Company will bid at least two additional Inspector positions in the Ontario gateway for a total of no less than five working Inspectors (not to include Union officer(s) on leave or processing grievances) for the duration of this Agreement, and that those positions will provide Inspector coverage for seven days a week. There was a lot of discussion about whether it was seven-by-24 coverage or simply seven days a week, and we ended up with an agreement that an Inspector would be on duty at least some portion of the day for all seven days of the week, not necessarily seven-by-24 coverage However, a full shift in each 24 hour period was the Parties' intent.

Under paragraph c.2 , some new language that the Company will provide borescope and NDT training for Inspectors to be able to maintain their proficiency There was no absolute level or amount of training that had to be provided, but rather that sufficient training would be provided by the Company to ensure proficiency on the part of the Inspectors performing borescope or nondestructive testing. Obviously, this is to mean training in excess of the current levels

Under paragraph c 3., we've changed "mechanic" to "AMT" in a couple of places, and we moved from the previous contract over to this new location with an addition "In addition, when unplanned work requirements exceed the number of Inspectors available or when an Inspector is not on duty and an emergency situation arises, such work shall first be offered to any reduced Inspector in that gateway in seniority order." What is also said is when it says "first offered" before, the Company would then go to an AMT who has RII authority to do the work, and the limitation that the Company agreed to there was the work would be offered to a reduced Inspector before it would be offered to an AMT A reduced Inspector means an Inspector who has bumped back to an AMT position, that Inspector would first be offered the work before the Company would offer it to an AMT

Under paragraph c.4., there were a couple changes of "mechanic" to "AMT." We did add a new sentence at the end, "Inspectors will not be assigned to work in the utility classification," to make it clear that regardless of the availability of Inspector work, that they would always be assigned to at least AMT position or work, that they would not be assigned back to where they are now operating as a utility in the utility classification

It's important that the record reflect that that doesn't mean that an Inspector as a part of his normal Inspector duties might not have to perform some duties that were also described in the utility classification, and as has been the practice under the prior Agreement, that practice most certainly can continue to exist, and it was not our intent with this sentence to mean that an Inspector could never do anything that a utility person might do For instance, an Inspector may wipe dirt off a part that he is inspecting because he is suspicious of a defect he notices

Under paragraph c 6 , we pulled in some language from, again, a letter of agreement in terms of the work that an Inspector could do on field service. Other portions of that letter of agreement have been modified or incorporated in this Article and Article 16

The next substantive change was in paragraph 11 in terms of the language Again, it was language that was in a grievance settlement between the Company and the Union under the prior contract creating a relief Inspector position That language has been carried over to the new contract now without really any change Again, our intent is to continue to apply it as it was applied under the letter of agreement, and that the posi-

tion would carry a $1 00 per hour premium and that will be stated in Article 36.

Section 1 d deals with the classification of Flight Simulator Technician, and d.1 spells out the duties and responsibilities of the Flight Simulator Technician, and again, this was for the most part language that was in the letter of agreement on Simulator Technicians and has been pulled into the contract We have made some changes in the language to reflect the actual work that's being performed by the Simulator Technicians, and it was our intent with this language to try to specify those duties and responsibilities that are currently being performed by the Simulator Technicians. Specifically we had discussions in the middle of the paragraph where it talks about them performing work on audio/visual training devices of the type which have normally and routinely been performed by FSTs at any of the Company's locations. We talked that any of the Company's locations meant Simulator buildings or Simulator locations, and that if the Company were to move its simulators to another location or obtain additional simulators and locate them somewhere else, that Flight Simulator Technicians would still have the right to perform the work in connection with the audio/visual training devices It was not an intent to expand the scope of the simulator technician's work to perform repairs on audio/visual training devices that are not related to flight/maintenance simulation or aids.

At the end of the paragraph, we continued the agreement "that FSTs will perform the design, development and modification of flight simulator hardware and software, but management and vendor personnel may observe and advise in this work " It's our intent there that management employees may continue to perform that work to the extent that the simulator technicians don't have the qualifications or capability to perform the software or hardware development Off the record

(Discussion off the record)

TONY COLEMAN The Parties did have a lot of discussion during negotiations that the Company had an obligation to ensure that the Flight Simulator Technicians receive the training necessary for them to perform hardware and software development and modification and the Company's commitment to continue providing training for Simulator Technicians to ultimately ensure that they are qualified to perform the hardware and software development and modifications that are necessary as a part of their work on the Company's simulators.

In paragraph d.2., an additional description of the duties of a Flight Simulator Technician Again, it was language that was pulled in from the letter of agreement, and it specifically deals with on-the-job training and additional training that the Company is obligated to provide to FSTs Go off the record there

It was the Parties' intent, as is referenced both in paragraphs d.1., and d 2 , to combine the Lead Flight Simulator Technician classification and the Flight Simulator Technician classifications into one From this point forward, there will not be a Lead Flight Simulator Technician classification, but rather, the duties that were performed by the Lead, based on discussions that the Parties had, there was a recognition that the FSTs were also doing work performed by the LFSTs and the Parties have agreed to eliminate that distinction in this contract going forward

Paragraph 3 again was language that was pulled in from the letter of agreement, and the intent is that the language will continue to be applied as it was in the past, and the same thing with regard to paragraph 4

Section 1, e deals with Aircraft Maintenance Technicians and the job description for them Paragraph 1 did not change in terms of the job duties and responsibilities for AMTs, and there was no intent on the Parties' part to change anything as compared to how it existed under the prior contract

In paragraph e 2 there's change of terminology, but no change in intent. All AMTs must still possess a valid A&P airman's certificate

Under paragraph 3, there's a strikeout in the language as compared to the prior contract, but that language was simply moved to the Inspector's classification, and it deals with AMTs being allowed to perform RII work In the last sentence of paragraph e 3., we changed the language to say, "AMTs will not be assigned to any other classification " The prior contract had said "inspection or utility" We struck out "inspection or utility" and said "any other." recognizing that under this current contract, there are also now Maintenance Controllers, Flight Simulator Technicians, LST classifications, and the commitment that AMTs will not be assigned to any other classification for the purpose of taking away overtime is broader now than it was under the prior contract

Continuing on with the AMT classification, paragraphs 4, 5, 6, and 7 of the new tentative Agreement, there

were not any changes in the language, and it was the Parties' intent that the practice that has existed under the prior contract with regard to this language will be continued under the new Agreement

Under paragraph 8, there was language that was moved from another part of the contract and put in here dealing with the AMT using his required inspection item authority, and we've continued that to say that the AMT can perform all the duties of an Inspector, and we have also said "an AMT with RII authority may not be assigned NDT, borescope, or other work specifically requiring an Inspector's signature if there is an Inspector available on duty." and "available on duty" means that he's not actually performing an inspection item or task somewhere else where that work needs to be done. and in those cases, the AMT will continue to have the ability to perform the NDT, borescope, or other work if it does require the Inspector or an Inspector's signature. as long as the practice does not become common place or is used as subterfuge for avoiding overtime or avoiding an increase in staffing

The Parties have added new paragraphs to allow the Company to bid some additional AMT and Utility relief positions It is the Parties' intent that these relief positions will also be governed by the language in Article 11, Section 1.d and e

"An AMT with RII authority assigned to RII will be compensated at the Inspector hourly rate pursuant to Article 36." we've changed that around a little bit. because once one looks at Article 36. one will see that an AMT performing RII work is compensated differently under the new contract than he was under the previous one.

On Section 1, f, "Junior AMTs," we've continued the junior mechanic or junior AMT essentially as it existed under the prior Agreement with a couple of changes One. we've broadened it to allow new hires who have less than three years heavy jet experience to come in as a junior AMT rather than the prior contract that limited it to two. We've also agreed that the Company can hire up to 50 junior AMTs a year rather than the 25 limitation that was under the prior contract

Under paragraph c., we've continued the two-year evaluation period and if a junior AMT fails four tests. or otherwise fails to demonstrate the ability to learn or perform as an aircraft technician, he can be disqualified. We did strike out language from the prior Agreement dealing with utility employees upgrading to junior AMTs. and we've done that because under the new tentative Agreement. only new hires can be brought in as junior AMTs. and utility employees who upgrade will upgrade into AMT vacancies directly rather than becoming a junior AMT.

We added new paragraph d, "Junior AMTs on the payroll on the date of ratification shall be transferred to the AMT pay scale based upon their classification seniority. They shall, however. be considered to have completed their respective evaluation period." The agreement there by the Parties is that junior AMTs who are within that classification at the date of ratification will immediately be moved to the AMT progression. and they will be slotted into the AMT progression in Article 36 based on the amount of time they've been junior AMTs The Parties also agree that AMTs on the payroll at ratification who had previously been junior mechanics and had progressed to the AMT pay progression will be slotted into the AMT progression in Article 36 based on their classification seniority beginning from their award date as junior mechanic

We've also agreed that the exact period will be determined by when the contract gets ratified, but that the evaluation period for those individuals will come to an end once the contract is ratified and they go to the AMT progression

It is not the Parties' intent that paragraph d shall refer to the utility employees that were included in a recent grievance settlement regarding upgrading to junior mechanic positions. We've also agreed that it's our intent that any individuals who are covered by the previous letter of agreement that was negotiated by the Parties as a result of a grievance settlement, that those individuals who have qualified for a junior mechanic position but have not yet been moved into one, that when they do move into the junior mechanic position, their evaluation period shall be the length of time equal to the period of time from October 1, 2001, to the date of ratification

Utility classification is covered in Section 1, g. Some minor changes in the job descriptions and duties under paragraph g 1 Let's go off the record

(Discussion off the record)

TONY COLEMAN Within the new language, we've just clarified it that the utilities will continue to pro-

vide assistance to AMTs in terms of routine laborious duties, and we've described the remaining portion of the paragraph as airline support duties and has continued to include storing of aircraft parts, tools, equipment, materials, oxygen bottles.

We have deleted language about establishment of an oxygen servicing facility in Ontario, since that was handled under the prior Agreement and it's the Parties' intent that servicing will continue. We have made it clear that the oxygen bottle repair is intended to simply be normal servicing of the oxygen bottles and nothing more.

We also had a lot of discussion about the fact that there were employees represented by Local 89 in the AMDC facility that performed some of the similar duties as what is performed by utility employees under Local 2727, and we've agreed with this new contract that we're not going to go and attempt to make any change with regard to the duties and responsibilities that those employees in the AMDC currently perform. It most certainly is a commitment on the Company's part that there is no intent that any duties, responsibilities or work that are currently being performed by utility employees under this Agreement, that none of those duties, responsibilities or work will be transferred to Local 89 represented employees under the duration of this new Agreement

Under paragraph g.3., some new language that the Company commits that it will assign a utility employee to perform utility functions at the training center in SDF. Our discussion is that most likely will not be a full time utility person assigned only to the training center, but rather, may be a utility employee who is currently working in the hangar or potentially at even some other location who will perform utility functions in the simulator building; also our intent that this does not mean Simulator Technicians cannot also continue to perform, on an infrequent basis, some duties that might be described within the utility classification, but that in order to minimize that to the extent possible, the Company will have a utility person assigned at least a portion of the day to work in the training center

We've also agreed that the Company shall first bid, and then if no one bids it, will fill at least a part time utility position for work in the Anchorage gateway within 30 days of ratification and that position will be maintained at least at a part time status throughout the duration of this Agreement

The primary purpose for that part time utility person will be to service the oxygen bottles in the Anchorage gateway, and it's also our intent that the fact that we will now be staffing the Anchorage gateway with at least a part time utility person does not mean that AMTs will not have an obligation to continue to perform utility functions in the absence of the utility person or even actually while the utility person is there to the extent that utility type duties might come up as a normal part of the AMT's workday.

Under paragraph h., the classification there is "Lead AMTs." We've essentially continued the language from the prior Agreement into the new Agreement and have left the door open that at some point the Company may decide to create Lead AMT positions, and if we do so, we'll meet with the Union to discuss and agree how that would take place.

Section 2 on aging aircraft program, there was no change, no intent to change how it will work in the future, the same with regard to ground support equipment under Section 3

Under Section 4, "Welding Certification," the Company at the Union's request did agree to provide and maintain adequate staffing at Louisville and Ontario to perform the normal and routine welding. We've also agreed to provide training in order to allow AMTs to become certified in welding and agreed that participation in that program is voluntary and participants will be chosen as needed by seniority, and that would be by location and shift as the welding needs dictate

As a part of the training, the Company will provide both initial training and recurrent and that training will be provided on duty so that mechanics who go through it are paid for their time doing it.

And under new paragraph c , the Company has agreed that it will ensure that all welders perform or practice their craft as necessary in order to maintain proficiency. We did want to make it clear that the fact that we're doing training and providing additional proficiency work does not preclude AMTs who are not certified welders from welding for purposes of fabricating hand tools, et cetera, as is necessary and as has been current practice.

(Discussion off the record)

TONY COLEMAN The intent with regard to the new language in paragraphs a , b., and c is that AMTs

who are certified and received the training, be able to perform that type of welding There was no intent with regard to this language to bring in new types of welding that may be currently performed by vendors outside of Local 2727, but rather, simply to ensure that the welding that has normally and routinely been performed by AMTs. that the AMTs have the training necessary to perform that work The Parties' agree that this does not exclude AMTs from performing new types of welding

Section 5, a. is "Maintenance/Phase Checks and Warranty Work." A little bit of change in the language in that paragraph. ' The Company agrees it will have 2727 represented employees of the appropriate classification continue to perform the currently performed maintenance/phase checks on its fleet of aircraft, or the maintenance work of equivalent content to any renamed check," simply a guarantee and protection for the Union that the Company won't on the phase check rename that and then claim that it's not work within the scope of Local 2727

Under Section 5, b., for aircraft entering vendor facilities for the purpose of painting or other special visits. the routine check. the PS check. for example. will be accomplished by AMTs represented by Local 2727 prior to the input of the aircraft to the facility. except where time or operational commitments preclude the scheduling of such work. The Parties agree that the notification is still required regarding the exception for checks that are not being done prior to input at a vendor's facility

This was language that was part of a letter of agreement between the Company and the Union. and it's the Parties' intent that that language will continue to be applied as it currently is. the same with regard to Section 5, c. dealing with once an aircraft is returned to service after repairs by a vendor and warranty work is necessary. that again was incorporated from a letter of agreement, and it's the Parties' intent that that language would continue to be applied as it was previously

Section 6 deals with integration of "C" check tasks The Parties had a lot of discussion with regard to "C" check work and Local 2727's members having the ability to perform a greater amount of that work, and the process that the Parties actually went through was in connection with the phase checks that are performed on the 757, the Parties actually went through the task cards associated with the "C" check on the 757 and were able to identify that some of those tasks that are currently being done as a part of the "C" check as work that could be performed by existing Local 2727 members without necessity of requiring any new equipment or facilities, and specifically have agreed that at least 150 man-hours of tasks that are currently being performed as a part of the "C" check on the 757 by vendors will be brought in-house and performed as a part of the phase check on the 757 as described in Addendum B

As part of that agreement. the conditions were that it could be performed by existing personnel, that the Company would not have to hire any additional mechanics or AMTs to do that work and that it would be done as a part of the existing phase check

At certain points. the number of 150 man-hours has been used. That's based on the Parties' agreement that the work generated by the task cards will probably also generate additional nonroutine maintenance items that will now also have to be performed as a part of the phase check It was the Parties' discussion and intent that the 150 hours will be the combined hours of routine and non-routine work.

The intent under the language in Section 6, a and b. is that initial amount of work will be moved in-house: that within three months of ratification, the Parties will meet again and determine whether existing personnel could actually perform more tasks than the 150 hours of tasks that has initially been identified. and that if additional task cards can be pulled from the "C" check and performed in-house without an increase in staffing, without the Company having to purchase additional equipment. There is a contractual obligation to do that and to do that within three months of the date of ratification That is the intent of paragraphs a and b

If the Parties are unable to agree under Section 6. b. on additional task cards or whether additional tasks can be brought in-house. the Parties have agreed that that issue is subject to being grieved by the Union and subject to arbitration under Article 7. We discussed and agreed that it's our intent in that proceeding that the touchstone for the arbitrator's decision would be whether that additional work could be performed by existing personnel and without the Company having to go out and acquire any additional equipment, facilities. and that it would either be a yes-no answer in terms of whether additional work should have been brought in-house based on those criteria

Section 6. c goes beyond that in terms of the Company's commitment to look at additional work that's

being performed as a part of "C" checks and a commitment that if it is or it becomes economically and operationally feasible for the Company to bring in additional work beyond that which is identified in paragraphs a and b, that it would also bring in additional work from the "C" checks that are being performed by vendors at that point in time

We have included basically as a standard there that agreement will not unreasonably be withheld by either Party as a protection for the Union that if the Union believes that the evidence clearly demonstrates that it is economically and operationally feasible for additional tasks to be performed in-house rather than by vendor, that the Company cannot be unreasonable in denying that fact

Section 7 is titled "Work to be Brought In-House." Again, trying to provide additional protections and additional work to Local 2727 represented employees, we tried to come up with a way to do that to give some substantive protection to the Union, and specifically under Section 7, a, the way that the Parties agreed to do that was that within six months of ratification, the Company will bring in-house the repair of additional components of UPS parts that will equal at least 7,000 labor hours per year. It is within the Company's discretion what components will be brought in-house. The Union obviously does have a right to request information if it doesn't believe that at least 7,000 labor hours are brought in, does have a right to request information to verify that.

The Parties agreed as a part of the total package contained in the new Tentative Agreement that the three (3) months implementation period for paragraphs a and b will be extended to nine (9) months from ratification.

Under Section 7, b, we've continued the language from the prior Agreement that the Company has a commitment to continue to explore with the Union the ability to bring additional work in-house besides what's described in Article 22 to further expand the bargaining unit, and Section 7, c, really is a paragraph that gives some methodology to the concept that specifically provides "On the third Monday of each month, the Company and Union will meet to review the component repair work performed by vendors in the prior month," that the Company is obligated to provide to the Union at this meeting the total labor hours involved in the repairs and the total dollar amount paid, and the additional component repairs beyond what's described in Section 7, a can be brought in-house at that point as well if the facts show that it is economically and operationally feasible to do so, and again, the Company's commitment to the Union is backed up by the language saying that if the evidence shows that it is economically and operationally feasible but the Company is refusing to bring additional component repairs in-house, it can be submitted to arbitration under Article 6.

Section 8, "Certificate Requirements," did not change

Section 9 deals with the wheel and brake center. We changed it from "shop" to "center" in the heading just to make it clear that for vacancy bidding and other bidding purposes, the wheel and brake center is to be treated as a work center rather than a shop

Section 9, a, no real change

Paragraph b, no real change in terms of really a standard for subcontracting wheel and brake work.

Under Section 9, c, based on arguments and the Union's position that it believed that Local 2727 employees had the ability to perform all of the wheel and brake work in the United States, the Company has agreed that to the extent that wheel and brake work is performed in the United States, it will be performed by Local 2727 employees

Section 10 deals with the sheet metal work center. Again, there was a change in the header to make it clear it's to be treated as a work center rather than a shop. There was no change in the body of the language except to change "mechanic" to "AMT."

Section 11 is headed "Machining Work," an additional commitment on the Company's part that it will obtain the equipment necessary to perform simple machining on tools and aircraft parts. Such machinery would include, but not be limited to, lathes, mills, grinders. A lot of discussion with regard to this Section. It's not the intent to create a work center or a specific job classification of machining work, but rather a recognition on the Company's part based on discussions with the Union that a lot of the machining work that is currently being sent out to have a vendor perform, could be performed by AMTs if we simply had the machinery to do it, and a commitment on our part to obtain that kind of machinery to allow the machine work to be done.

Section 12, "Battery Shop," was not changed.

Section 13 on future shops. the language did not change

Under what is now Section 14, "Additional Skilled Maintenance Work," the paragraphs a , b , and c really did not change from the prior Agreement. On MPIs, we did specify a time for the meeting to discuss MPIs

Paragraph d. on ground handling work. some change in the language there to eliminate the realignment concept on the premise that any realignment of existing ground handling work was accomplished under the prior Agreement. and we've continued the concept that ground handling work can be assigned by the Company to Local 2727 or to other non-management individuals or employees who may be qualified and available

We've continued the language within that paragraph that the AMT will retain responsibility for powering up and powering down aircraft electrical and hydraulic systems required for the safe operation of the aircraft We've had some discussion and it's our intent that that does not include the activation of the switch on the A300 for purposes of opening cargo doors. The Parties agree that this activation is not a powering up or powering down of the aircraft hydraulic system However, applying or removing ground power shall be considered powering up or powering down of the aircraft electrical system

A new paragraph e., "Guarantee of Hours " The prior contract had a guarantee of hours based on the realignment of the ground handling work Obviously that concept was not necessary to carry over to the new contract, since that realignment had been accomplished under the prior Agreement However, based on all of the discussion that focused on the subcontracting of work under Article 21 and the concerns expressed by Local 2727 in the context of Article 1 about work being moved out of the United States to international locations, the Parties tried to come up with ways to deal with those issues and provide a protection and a comfort level for the Union and its members that the Company's intent is to continue to provide sufficient amounts of work to ensure that no AMT or 2727 represented employee is going to be affected by subcontracting or by work that might be done in an international location, and one of the ways that we've tried to address those issues is with this Section dealing with guarantee of hours.

Paragraph 1 contains a broad protection that there shall be no reduction in the number of employees covered by this Agreement as a result of work being performed by non-Local 2727 represented employees, which is simply another way of saying by vendors or others. and we basically have backed that guarantee up with paragraph 2., which provides that the Company in each year of the contract will provide the total number of hours of work that's been performed by the part time and full time AMTs in the calendar year 2002. that as we move forward. will not be less than the total number of hours of work performed by part time and full time AMTs in the calendar year 2001, and then that is a rolling guarantee, i e., that during calendar year 2003, the total number of hours of work by part time and full time AMTs cannot be less than it was in the year 2002, and then the same for 2004, it cannot be less than it was in 2003. And the Company obviously has an obligation to provide the Union documentation necessary to verify the total number of hours of work that's been performed in each of those years. a substantially more significant guarantee for the 2727 represented employees as compared to the prior contract

In the prior contract. the guarantee of hours was all based off of 1996 and a guarantee that the total number of hours of work for years beyond 1996 would never be less than it was in 1996 This guarantee actually continues to move forward each year and is a guarantee that each year will be equal to or greater than the year before.

Paragraph e 3 does provide a protection to the Company. and it's a carryover of the language from the prior contract. and essentially makes it clear that the Company can only guarantee the total hours under paragraph e.2 to the extent that it doesn't have significant business losses, and the way that the Parties have defined that is if it becomes necessary to cancel scheduled flights by more than five percent from the average daily number of flights for the previous calendar year beginning with 2001 for a period of 90 days or more, the above guarantee may be rescinded for that year

So in terms of trying to look at how would you define a major downturn in the business, we came up with the five percent daily average number of flights as a standard to gauge whether there's a substantial downturn in the business, and it is only the substantial downturn in business under paragraph e 3 that would cancel the guarantee of hours that have been provided under paragraph e.2

Under paragraph f., "Passenger Airline Service." as Local 2727's represented employees obviously realize at this point, the Company has gotten out of the passenger airline business. There is commitment on the Company's part that if it ever reinitiates it. the Company will meet with Local 2727 to reach an agreement on how that maintenance work associated with the passenger airline will be handled

And Section 15 on aircraft taxiing. it's new language for the contract It is our intent to capture current practice with regard to how taxi operations are handled It actually was as a result of System Board case that occurred under the prior contract and settlement of that grievance in terms of a commitment on the Company's part that there will be an AMT in each seat normally occupied by a flight crewmember for a two-man aircraft and a contractual commitment that it's actually a preference to have the third seat occupied as well and that preference essentially equates into a commitment on the Company's part to have a third AMT occupying that third seat when the aircraft mechanic is available to do so.

In a smaller gateway where the AMT is not available. then you would not necessarily have to have a third person in the cockpit. There is a commitment in the larger gateways like Louisville and Ontario. as an example, that there should not be any instances where the Company could not find an AMT to be available to sit in the third seat.

ARTICLE 23
INJURY AND ILLNESS

Section 1 - Off-the-Job Injury and Illness

a No employee will be reprimanded for the legitimate use of sick leave. When it is necessary for an employee to be absent from work because of a non-occupational illness or injury, he will be granted time off without loss of seniority up to the period specified in Article 3 Disability benefits and medical insurance shall be provided to such employee on sick leave as set forth in the UPS Health and Welfare Package (Plan 524), as the Parties expressly agree to amend it to conform to this collective bargaining agreement

b. An employee returning to work after being absent for fourteen (14) days or less may be required to have a doctor's receipt from his personal treating physician or chiropractor

c An employee absent for fifteen (15) or more days as the result of an off-the-job injury or illness will be required to submit a written medical release from his personal physician or chiropractor prior to returning to work

d. Upon return from a leave due to an off-the-job injury or illness, the employee will be returned to his former or any subsequently awarded position with no reduction in pay, benefits, or seniority.

Section 2 - On-the-Job Injury and Illness

a. An employee injured while at work shall be given medical attention at the earliest possible moment and shall be permitted to return to work when he receives a written medical release to do so by his attending physician

b. Upon return from a leave due to an on-the-job injury or illness, the employee will be returned to his former or any subsequently awarded position with no reduction in pay, benefits, or seniority

c. The Company agrees to promptly process employees' on-the-job injury or illness claims. The Company shall provide Workers' Compensation coverage for all employees even though not required by State law or the equivalent thereof if the injury arose out of or in the course of employment. Such compensation coverage shall continue in accordance with State law.

d. Disability benefits and medical insurance shall be provided to such employee as set forth in the UPS Health and Welfare Package (Plan 524), as the parties expressly agree to amend it to conform to this collective bargaining agreement.

e An employee who is injured on-the-job or is sent home as a result of an injury or to a hospital or who must obtain medical attention, shall receive pay at the applicable hourly rate for the balance of his regular shift on that day. Further, the employee will receive pay and benefits in accordance with this Article and Article 30 while unable to perform his regular duties as a result of an on-the-job injury or illness.

f An employee who has returned to regular duties after sustaining an occupational injury or illness for which he has completed the necessary Workers' Compensation forms, and who is required at his doctor's direction to receive additional medical treatment during the employee's regular scheduled working hours, shall receive the employee's regular hourly rate of pay for such time

g In the event that any employee sustains an occupational illness or injury while on assignment away from his gateway, the Employer shall provide transportation by bus, train, plane, or automobile to the employee's home gateway.

h The Company agrees that chiropractic care will be recognized by this Agreement.

i. The Employer agrees to provide any employee injured on the job immediate transportation at the time of injury from the job to the nearest appropriate medical facility and return to the job or to the employee's home, if required If there is any doubt as to the seriousness of the injury or the appropriate medical facility, the Company will contact emergency medical providers to treat and/or transport the injured employee to the nearest Trauma Center or Hospital Upon sustaining a serious injury or in the event of death, the Company will attempt to immediately notify the person designated for emergency contact

j. In the event of a fatality of an employee while away from his gateway on Company business, the Employer shall, upon notification of the surviving family, return the deceased to his home gateway or city of residence as directed by his surviving family

k It is the employee's responsibility to immediately notify his supervisor, when possible, of any work related injury or illness.

Section 3 - Medical Releases

a. Notwithstanding Sections 1 or 2 above, if Company records indicate an employee may be abusing his sick leave, in accordance with this Article, or if there is objective, reasonable medical evidence indicating that the employee may have a continuing medical condition which would interfere with his ability to safely perform his job the Company reserves the right to require a doctor's release or an examination by a Company designated doctor. All such requests by the Employer for releases or examinations shall be made of the employee within five (5) working days from providing his return to work slip. It is understood that examinations by Company designated doctors would only be required for return to work purposes as identified within this Article Any decision to require a return-to-work examination will be made by a licensed medical doctor It would be a violation of this Agreement if an employee is required or requested to submit to a doctor's examination for return to work purposes for any other reason under this Section, unless express permission is provided elsewhere within this Agreement

b. If as a result of paragraph a above, the Company doctor disagrees with the employee's doctor, the Employer and the employee shall mutually agree upon another doctor within ten (10) working days, whose decision shall be final and binding on the Employer and the employee Neither the Employer nor the Union will attempt to circumvent the decision of the third (3rd) doctor and the expense of the third (3rd) doctor shall be paid by the Employer. The Company will comply within twenty-four (24) hours with the decision of the final doctor

c If the third (3rd) doctor agrees that the employee should be returned to work, the employee shall be reimbursed for all lost wages and benefits at his weekly or daily guarantee, including pension contributions, less any other monies received back to the date he was released to return to work This shall exclude any time the employee was unavailable for examination or work.

d Once disability leave/benefits are approved, no decision regarding any absence dispute of an employee in this Article or Article 30 will be made without a physical examination of the employee by a licensed medical practitioner. An employee shall not have his benefits cut off, once approved, for lack of documentation without notice to the employee and at least three (3) working days for opportunity to obtain the necessary paperwork

Section 4 - Temporary Alternate Work

a The Temporary Alternate Work Program, mutually agreed upon by the Company and the Union, is for those employees who are unable to perform their normal work assignments due to an on-the-job injury or illness Such work will be offered in accordance with the Company's Temporary Alternate Work Program It is understood that in providing temporary alternative work, such work must be existing productive work within the jurisdiction of this Agreement: the employee must be qualified and able to fully perform such work, the employee will receive the rate of compensation provided in this Agreement for the work performed, and no employee shall be involuntarily displaced or laid off as the result of providing such work. It is understood that this procedure is not intended to be a "light duty" concept. Formal training classes shall be considered as productive work for the purposes of this Section, providing the individual assigned would otherwise be scheduled for such training. It is understood that nothing in this Article prohibits an employee from exercising his rights under the Americans with Disabilities Act (ADA).

b The Company and the Union will mutually agree upon an acceptable TAW within ninety (90) days of ratification. Agreement will not unreasonably be withheld. The Company and Union will jointly develop a list of possible TAW assignments by gateway.

Section 5 - Occupational Hazards

In recognition of the potential occupational hazards to which the employees who are covered by this Agreement are exposed to, the Parties hereby agree on the following:

1 Any employee covered by this Agreement who sustains a hearing loss sufficient enough to require

hearing aids, shall be entitled to the immediate provision of said hearing aids and medical treatment as recommended by the duly licensed medical practitioner prescribing the hearing aids and medical treatment

2. The cost of hearing aids and related medical treatment shall be borne entirely by the Company, who shall be entitled to reimbursement by, if appropriate, the Company's workers compensation insurance carrier Such hearing aids shall be replaced or repaired as necessary

Section 6 - Injury/Illness Pay

a. The Company and the Union hereby agree to create a system to improve wage protection for those employees who suffer an on- or off-the-job injury or illness. To that end, the following provisions shall be added to any or all other benefits contained elsewhere tn this Agreement except, during the period of coverage, benefits received from other sources will be coordinated

b When an eligible employee is absent due to an off-the-job injury or illness, the Company shall pay whatever differential is necessary to insure that he receives seventy-five percent (75%) of his forty (40) hour guarantee from the fourth (4th) up to the fourteenth (14th) day of absence. When an employee is absent due to an on-the-job injury or illness, the Company shall pay whatever differential is necessary to insure that he receives one hundred percent (100%) of his forty (40) hour guarantee from the fourth (4th) up to the fourteenth (14th) day of absence. This pay shall be at the employee's regular rate. Any disputed claim shall be subject to Section 3 above.

c It is agreed by the Parties that in consideration of the injury/illness wage protection outlined above, the Company may establish up to four (4) AMT positions system-wide and four (4) Utility classification positions in SDF for the purpose of providing coverage for absent employees. These positions will be structured in accordance with Article 11 and available for bid at the Annual Realignment with the schedule posted for the subsequent year.

Section 7 - Attendance Policy

a It is understood that no employee will be disciplined under this policy for the legitimate use of sick leave. With the exception of the provisions contained in Article 13, Section 6, h., the Parties agree that the following absenteeism guidelines shall apply.

b An occurrence will be defined as anytime an employee is late or absent for work on his regular scheduled day which has not been approved by his immediate supervisor as an "Approved Absence" Absences due to worker's compensation or under the Family Medical Leave Act shall not be deemed occurrences.

c Absences due to disability or pursuant to Article 17 are exempt

d. An absence when an employee is off work for continuous days as a result of illness or injury shall be considered to be one (1) occurrence.

e. Option days requested less than seven (7) days in advance will be considered an occurrence unless approved by the supervisor

f. A person who has a combination of six (6) tardies or absences in any rolling six (6) month calendar period may be subject to a warning letter. For the purposes of progressive discipline under this Section, warning letters may remain in effect for nine (9) months. Once progressive discipline is initiated stricter absenteeism guidelines may apply At the Union's request, the District Labor Relations Manager or his designee shall consider the circumstances of a given case in connection with the imposition and /or implementation of stricter guidelines

g A no call/no show is viewed as a more serious problem and the employee may be subject to more severe discipline based upon the employee's overall attendance record, even if he has not exceeded the six (6)-in-six (6)

h Any changes in the attendance policy shall be discussed and agreed to by the Union and Company except to the extent a change is required by law

ARTICLE 23

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MR. COLEMAN: The next article is 23, Injury and Illness. Again, another article where there was minimal change. And the change is in Article 23, Section 7 f., we added a sentence at the end of 7 f that gives the Union a contractual right to bring to the Company's attention — specifically, it makes reference to the District Labor Relations Manager, or his designee, circumstances on a given case in connection with the absenteeism — discipline for absenteeism when somebody's gotten to the point where they've had a combination of six tardies or absences in any running six month period.

The discussion on that was that the Union wanted to have a contractual recognition of the ability to bring to the Company's attention that there may be circumstances that should be taken into account that we may not be aware of in terms of deciding how we're going to treat that person who's had six in six.

The discussion was that the Union wanted to create an opportunity to bring it to the Company's attention. They have a right to bring it to the Company's attention, not that the Company's obligated to do what the Union's requesting in that particular case, but it is something that obligates the Company to consider it. That is the end of Article 23.

ARTICLE 23

TONY COLEMAN This is the joint interpretation on Article 23. Injury and Illness Section 1. we changed the title of a nonwork-related injury and illness to off-the-job injury and illness We thought it was just a clearer way to make everyone understand that Section 1 deals with injuries or illnesses that don't have anything to do with work

In Section 1, a., we struck out a sentence that was in the prior contract about an employee returning to work after being absent for three or more days may be required to have a written medical release, because the intent is we've dealt with that issue in much more detail subsequent in the Article

At the end of the first Section, we changed the reference to the health care plan, because in part of the new tentative Agreement we have agreed upon a new health care package that will be applicable to Local 2727 represented employees, so we've changed the reference there from UPS health care package to UPS health and welfare package As we get to Article 30, we'll cover that.

We've also added "as the Parties expressly agreed to amend it to conform to this collective bargaining agreement," because again, the intent there is in Article 30 we have made a number of changes to the health and welfare package as it existed as it was presented to Local 2727 to deal with various issues that they had, and our agreement with regard to that is that the health and welfare package as it was presented with the SPD will be in effect with the express amendments that we made to it as set forth in Article 30.

Under Section 1, b , new language, "An employee returning to work after being absent for 14 days or less may be required to have a doctor's receipt from his personal treating physician or chiropractor." just to make it clear and we tried to create a distinction between 14 days or less and 15 days or more The 14 days or less under paragraph b , it's permissive on the Company's part whether the Company decides to request the employee to present something from his doctor or not. It is not a mandatory situation at all.

Under Section 1, c , we have agreed that if an employee is absent for 15 or more days as a result of an off-the-job injury or illness, that the employee does have to provide a written medical release from his personal physician or chiropractor prior to returning to work so that employees will understand that if he's absent for more than 15 days, he is going to have to come back in with a medical release from his doctor, so he should always plan to do that and have that available in terms of expediting his return to work if the absence that he's had is for more than 15 days

JOE DARMENTO. Off the record for a minute.

(Discussion off the record)

TONY COLEMAN· Some further clarification with regard to paragraphs b and c The Union raised the concern that the Company needs to be reasonable in terms of its request for the employee to provide a receipt from his doctor so that the employee doesn't get delayed in returning to work as a result of the Company delaying its decision as to whether he needs to bring in a doctor's receipt or not, and the Company most certainly is in agreement with that, that the employee should be given sufficient notice so that when he comes back into work, he knows that he's supposed to bring a receipt with him, with the caveat, proviso, that the employee has an obligation or responsibility to give the Company I guess some advance notice as to when he's expected to return to work, and if the employee has done that or is doing that, then the Company most certainly in the spirit of cooperation and application of this language has an obligation to at that time provide the employee the notice as to whether he's going to be required to have a doctor's receipt so that his return to work is not delayed

Under paragraph d , we added some new language as protection to employees that upon return from a leave due to an off-the-job injury or illness, and this is whether it's less than 14 days or more than 15 days, the employee will be returned to his former or any subsequently awarded position with no reduction in pay, benefits, or seniority, and the new language "or any subsequently awarded position" is to take into account the standing bid system that we have under Article 14 and the fact that the employee, while he's off on this disability leave, may end up getting, awarded a position differently than he had when he went out on leave

It is our intent obviously under this paragraph that an employee who has been off on an off-the-job injuiy or illness leave would not suffer a reduction in pay from what he had prior to going out and that his benefits or seniority would not have been affected

I think there is obviously intent here that you do have to read this language in connection with the language in the seniority Article, that if an employee is out for such a lengthy period of time that his seniority might be broken, then obviously that language in the seniority Article would kick in

The Parties added a new Section to provide protection to employees who are on a disability leave of absence or receiving disability benefits In essence the agreement is that no employee will be required to return to work or have disability benefits cut off without first being examined by a licensed medical practitioner In addition, the Parties have agreed that once an employee starts receiving disability benefits they will not be cut off based upon a lack of documentation unless the employee is notified and given, at least, three working days to obtain the necessary paperwork

Under Article 23, Section 2, that deals with on-the-job injuries or illnesses, and paragraph a. is a continuation of the prior contract in terms of an employee injured at work shall be given medical attention at the earliest possible moment and shall be permitted to return to work when he receives a written medical release to do so by his attending physician, and we added the words "by his attending physician" just to make it clear that should be the doctor who is giving him the medical release to come back, this is the person who's been treating him.

Under paragraph b we added the words -- to deal with when a person returns to work, we added "or any subsequently awarded position," just to again make it clear that under Article 14 with the standing bids, he may have been awarded a position different than the one he had when he went out.

Under paragraph c.. it deals with workers' comp coverage for employees, and we've just added language that the compensation coverage continues in accordance with state law.

Under Section 2, d., we've added new language that disability benefits and medical insurance shall be provided to such employee as set forth in the health and welfare package, and again we've added the terminology "as the Parties expressly agree to amend it to conform to this collective bargaining agreement."

Under paragraph e., it deals with an employee being injured on the job or being sent home, that he shall receive pay at the applicable hourly rate for the balance of his regular shift for that day. We've just added there as a clarification that he will continue to receive pay and benefits beyond that initial day in accordance with Article 23 and Article 30, which is a reference to the health insurance plan and the disability benefits that are being provided in accordance with the health insurance plan.

Under paragraph f., g , and h , of Section 2, those did not change from the prior contract, and the intent is to continue to apply them as they have been

Under paragraph i., we added some new language, "If there is any doubt as to the seriousness of the injury or the appropriate medical facility, the Company will contact emergency medical providers to treat and/or transport the injured employee to the nearest trauma center or hospital." We've just added that to remove any ambiguity as to what should happen and that if there's any doubt as to what's appropriate, that a Company supervisor shouldn't be making that kind of decision, that emergency medical providers should be contacted to make those kind of decisions as to what treatment is necessary, and an obligation on the Company's part in those kind of circumstances to make sure that the employee is transported to the nearest trauma center or hospital to avoid any delays in receiving treatment

Under Section 2, j , there was no change in the language

Under Section 2, k , the paragraph deals with the employee's responsibility to immediately notify his supervisor of any work-related injury or illness The prior contract had said "if available " We changed that to "when possible" to take into account a broader range of possibilities The supervisor may not be there, which is what the "if available" really dealt with, but there may be other circumstances, situations in terms of the immediacy of the problem in terms of needing treatment, et cetera, that it just may not be possible for him to notify his supervisor, and obviously the Parties' intent is that the employee in those kind of situations should not have the obligation to delay treatment or to try to find a supervisor to notify him or anything else.

Section 3 on medical releases is substantially new language. We had a lot of discussion with regard to issues that we had under the prior contract in terms of return-to-work examinations and how the procedure is supposed to work and what rights the employee had versus the Company, and we've tried to craft language from the Company's perspective to give it the protection that it was looking for, but at the same time, a balance of rights so that the employee is not subjected to medical examinations unreasonably and without legitimate reasons existing for purposes of doing the examination

The language itself provides that notwithstanding Sections 1 or 2 above, if the Company records indicate an employee, one, is abusing sick leave or if, two, there is objective reasonable medical evidence indicating that the employee may have a continuing medical condition which would interfere with his ability to safely perform his job, that one of those two circumstances have to exist, and if one of those two circumstances exist, that the Company then can require the employee to have a doctor release by a Company designated doctor And again, the Company's concerns and the two conditions that were negotiated and put in here is that an employee may want to return to work and may have his doctor release him, but not really be able and ready to come back to work, and it would create a safety concern either for himself or for other employees at work, and that's dealing with paragraph two. And we had a lot of discussion that there has to be objective reasonable medical evidence that there is a safety concern with him returning to work with his medical condition in order for the Company to then have a right to require him to be examined by a Company designated doctor.

In terms of protections for the employee, the next sentence says that in order for us to make that kind of a request to be examined by a Company doctor, we have to do it within five working days of him providing his return-to-work slip to the Company, and the next sentence says that it's understood the examinations by the Company would only be required for return-to-work purposes as identified within this Article, and that is a specific reference back up to the one and two that I've just explained in terms of either abusing sick leave or there being objective reasonable medical evidence that it might be unsafe for him to return.

Also for the employee's protection, we've added language saying that any decision to require a return-to-work examination has to be made by a licensed medical doctor We wanted to try to preclude situations from occurring where a supervisor or a labor manager or somebody within the UPS hierarchy makes that kind of decision to require a return-to-work examination and that it's actually somebody who is trained and has the expertise to look at the medical condition the employee has and decide that there is an objective reasonable basis to require him to undergo a return-to-work examination.

Finally, we've added language that it would be a violation of the Agreement if the employee is required or requested to submit to a doctor's examination for purposes other than the reasons set forth in this Article unless express permission is provided elsewhere in the Agreement

Under paragraph b and c., actually are to deal with situations where if the employee's doctor has released him to return to work and the Company under Section 3, a decides, and the evidence is sufficient, to require a return-to-work examination, if the Company doctor disagrees with the employee's doctor, we wanted to make sure that there was a procedure to resolve that dispute, that we never ended up with somebody hanging out and not being able to return to work because of a disagreement between medical doctors, and what we've done is added a third-doctor procedure so that if the employee doctor disagrees with the Company doctor, that a third doctor would then be brought in The agreement on a third doctor would be within ten working days, and that the third doctor's decision would then be final and binding on the Parties.

We have agreed that the Company will pay for the third-doctor examination, and that if the third doctor says the employee is able to return to work and should return to work, we've added language saying that the Company has to comply with that decision within 24 hours so that there is no chance that the employee will get strung out and not be returned to work expeditiously.

We've also added for protection of employees in paragraph c. that if the third doctor agrees that the employee should have been returned to work, that the Company will reimburse that employee then for all lost wages and benefits at his weekly or daily guarantee, including pension contributions, less any other monies received back to the date that he was released to return to work Essentially it's a kind of a penalty clause for the Company that if the Company's doctor says no, he can't return to work and the third doctor ends up agreeing with the employee's doctor, we want to make that employee whole for the period of time that he was out where he should have really been returned to work based on his doctor's opinion.

The "less any other monies received back to the date he was released to return to work," again, the concept is to make the employee whole so if he has received disability benefit payments under Article 30, that those would be taken into account in terms of bringing him up to his guarantee. If for some reason the employee actually has been able to obtain another job and is working in some other job, that that would be taken into account in terms of being made whole up to his guarantee.

We did add a sentence at the end of the paragraph, "This shall exclude any time the employee was unavail-

able for examination or work" to try to deal with situations where the third doctor agrees with the employee doctor, but the employee was unavailable for two weeks to get examined by that third doctor, that in fairness, the Company wouldn't be exposed to make up a guarantee for those two weeks that the employee was unavailable.

If the examination gets delayed for other reasons, like the doctor is not available until such-and-such a date, those are not the kind of delays that we're talking about here. It's only if the employee is saying that he's not available to go get examined that it would be that period of time, and it's not an automatic where if the employee is unavailable for a week, that he then loses all protection under the paragraph, rather, it would be just for that one week that he was unavailable that the guarantee would not be made up. Let's go off the record

(Discussion off the record)

TONY COLEMAN I wanted to further clarify this paragraph as a result of discussions There is no intent on the Parties' part that this paragraph c has any application to the disability benefits that he might be receiving and entitled to under the health and welfare package, and had some discussion that under the health and welfare package, the employee does have the ability, if medically capable, of working a job as well as receiving disability benefits where he might be receiving 50 percent of his predisability wages in some job and still receiving disability benefits as well. It is not the intent under this paragraph c to have any effect on what he's entitled to under the health and welfare package This paragraph only deals with the period of time between when his doctor says, you're released, you can go back to work, and if there is some dispute between that and what the Company doctor says, if the third-doctor procedure is invoked and ultimately the third doctor says the employee was correct, he should have been allowed to return to work, for that period of time, whatever period it is, the Company has an obligation under this paragraph c to go back and look at what he's received either in disability, working, and make sure that he has received at least his guarantee for that period of time from when his doctor released him to when the third doctor says he should have been allowed to return to work initially. Off the record.

(Discussion off the record)

TONY COLEMAN: Just one further clarification. Most certainly the Parties' intent under this paragraph c in terms of the Company's obligation to make the employee whole, it is not the Parties' intent that the Company should be able to take into account any disability income he's received as a result of a personal disability plan that he has and that he has paid for, and it's not the Parties' intent to take into account or look at all the one-half of the disability payments that he receives from California or Rhode Island or any other state that might impose a state disability plan where the employee pays for a portion of the premiums for that disability payment under the state plan, that whatever portion the employee pays for would not be taken into account for purposes of what the Company obligation is to make the employee whole under this paragraph c.

Section 4, "Temporary Alternate Work," the bulk of the language in Section 4. a , has continued as it was under the prior contract The primary change with regard to this Section is that the Company has agreed to meet with the Union and mutually agree upon a temporary alternate work program That's reflected in the first part of Section 4. a , and then more specifically in Section 4, b , we've added language that the Company and the Union will mutually agree upon an acceptable TAW within 90 days Agreement will not unreasonably be withheld, and the Company and Union will jointly develop a list of possible TAW assignments by gateway, and part of the discussion that we had in terms of referencing by gateway is a recognition of the fact that the work that might be available on a temporary basis for somebody who's had an on-the-job injury or illness, it's going to vary depending on the size of the gateway in terms of what work is available in the various gateways, so there's a recognition on the Parties' part that the TAW program cannot exist the same in every gateway throughout the country, that it's going to have to vary somewhat depending on the jobs that are available in various gateways.

TONY COLEMAN: Section 5 is completely new language as compared to the prior contract There's a lead-in introductory sentence that the Parties have recognized that there are obviously potential occupational hazards to which employees covered by this Agreement are potentially exposed to, and in recognition of that, we've created two subparagraphs, and the first one says that any employee under this Agreement or is covered by this Agreement who sustains a hearing loss sufficient to require hearing aids shall

be entitled to the immediate provision of said hearing aids and medical treatment as recommended by a licensed medical practitioner, and two, a guarantee to the employees that the cost of any hearing aids or related medical treatment shall be borne entirely by the Company, and we added some language there stating the Company may be entitled to reimbursement by, if appropriate, the Company's workers' comp insurance carrier, which really should not be the employee's concern, but it's simply what rights the Company may have. We've also agreed on an ongoing basis that such hearing aids shall be replaced or repaired as necessary.

Section 6, "Injury/Illness Pay," is again a completely new Section that did not exist in the prior contract, and we had a lot of discussion with regard to trying to come up with a procedure to provide greater protection to employees in the event of an on- or off-the-job injury or illness. As you'll see as we go through here, some benefits provided to employees for on-the-job illnesses/ injuries, that it's greater than off-the-job, in recognition of the fact that if somebody is injured on the job, the Company has a greater obligation, I guess, to ensure that that person is provided benefits.

And we added a sentence at the end of Section 6, a., to make it clear that the provisions that are contained here in Section 6 are added to, in addition to any benefits that are contained elsewhere in this Agreement. We have said, "except during the period of coverage, benefits received from other sources will be coordinated." It's our intention that the coordination of those benefits will be as it is spelled out in Article 30, and we've actually in Article 30 included a specific example of how something like state disability benefits would actually be coordinated with regard to the payments that are due under this Section.

Paragraph b actually deals with the additional benefits, and the first reference is to an employee who has an off-the-job injury or illness, the Company shall pay whatever differential is necessary to ensure that the employee receives 75 percent of his 40-hour guarantee from the fourth up to the 14th day of the absence, and for an employee who has an on-the-job injury/illness, the Company will pay whatever differential is necessary to ensure that he receives 100 percent of his 40-hour guarantee from the fourth up to the 14th day of his absence and pay at the employee's regular rate We've added a sentence at the end, "Any disputed claim shall be subject to Section 3 above," which is the third-doctor procedure, so that if there is a question as to the injury or illness and whether an employee actually should be off work, that there's a third doctor procedure to at least kick in and deal with it

The 100 percent from the fourth to the 14th day is obviously an obligation on the Company's part to make up over and beyond what might be available in terms of workers' comp and in terms of the disability benefits provided in Article 30 The 75 percent of his 40-hour guarantee from the fourth up to the 14th day obviously also includes benefits that are provided under the health and welfare package for off-the-job injury or illnesses in terms of the 75 percent

Paragraph c., when we were going through creating the additional payments -- and obviously the most expensive one for the Company in terms of where we're going to have to spend money is the 100 percent for people who have work-related injury or illnesses, we tried to develop a quid pro quo in terms of the Company having some ability to recoup the cost it was expending in terms of this additional pay protection, and the language implementing Section 6, c is really contained in Article 11, but it's actually reflected here because that was the quid pro quo that the Parties ended up agreeing to, and essentially the quid pro quo was four AMT and four utility cover positions for purposes of providing coverage for absent employees, and it was really the absences that caused the quid pro quo to occur at this particular place in terms of discussing employees being absent as a result of on-the-job or off-the-job injuries or illnesses

It's not our intent under Section 6, c to have any language that deals with how those work, rather, that is dealt with in Article 11. We did agree here, and we included in Article 36, that for those AMT or utility positions, that the Company would provide a one-dollar-per-hour premium in addition to any other applicable premiums for the shift he's covering The other applicable premiums may include the night shift or the afternoon shift, new afternoon shift premium that we've created in Article 36 It also may include for the AMT, if he's actually doing RII work, the premium that might kick in for that.

It is our intent that one-dollar-per-hour premium would be paid for all hours worked, and it doesn't have anything to do with what shift he might be working It's just applicable for all hours that he may be working in his cover positions.

Under Section 7 on attendance policy --

MIKE RADTKE Off the record

(Discussion off the record)

TONY COLEMAN. Just a further clarification with regard to Section 6 in terms of the language "except during the period of coverage, benefits received from other sources will be coordinated," what we're specifically contemplating there in terms of coordination is anything that the employee might receive under Article 30 in terms of short-term disability benefits for on-the-job or off-the-job, workers' compensation that he might be receiving as a result of an on-the-job injury, and we have a specific example in Article 30 that deals with state-provided disability benefits in terms of how that is taken into account based on how much the employee pays for the state-mandated disability benefits.

It is obviously not the Parties' intent under that language that any individual disability benefits that he receives could be taken into account for purposes of guaranteeing that the employee receives at a minimum what's provided in Section 6, b , and there's no intent on the Parties' part obviously by saying "benefits received from other sources" that anything that's been approved separately under the collective bargaining agreement, such as holidays or vacations or anything like that, would ever be taken into account for purposes of the benefits that are set forth in Section 6, b

Under Section 7, "Attendance Policy," the Parties have actually incorporated the attendance policy that the Company has had in place with some exceptions and changes that we've made in that It is a substantial change and movement from the prior contract, because under the prior contract, the attendance policy was simply a Company policy and subject to change by the Company We agreed to the Union's request to actually incorporate that into the contract and make it a contractual provision

We've actually agreed in the Section 7 itself in paragraph g that it cannot be changed during the life of this Agreement except as discussed and agreed to by the Union and the Company, and the only exception to that is if some change is mandated by the law under Section 7, g.

Under Section 7, a , we've put language saying that it is understood that no employee will be disciplined under this policy for legitimate use of sick leave, so the intent obviously is that legitimate use of sick leave would not be counted against the employee "With the exception of the provisions contained in Article 13, Section 6, h., the Parties agree that the following absenteeism guidelines will apply."

The reference to Section 6, h is separate language that we've negotiated to deal with an employee who has attendance problems associated with overtime that may have been awarded to him, and we've agreed that these attendance guidelines will not have any applicability to absenteeism that might occur in the context of awarded overtime shifts; rather, that is separately handled under Article 13 Section 6, h.

TONY COLEMAN Under Section 7, b., we've defined occurrence as any time an employee is late or absent for work on his regular scheduled day which has not been approved by his immediate supervisor as an approved absence Absences due to workers' comp or under FMLA we've agreed contractually shall not be deemed occurrences for purposes of the attendance policy.

We've also agreed that absences due to disability or pursuant to Article 17 shall not be counted as occurrences

Under paragraph d , we've incorporated the Company's practice under the attendance policy that an absence, if it's one day, it's an occurrence, but if it's a continuous absence of four days, it still gets treated as one occurrence, so an occurrence for purposes of the attendance policy is an absence regardless of the length of the absence

Under paragraph e , we specifically deal with how option days will be treated and have agreed that option days requested less than seven days in advance will be considered an occurrence unless approved by the supervisor, so if it is an option day and the supervisor approves the employee taking it off even with less than seven days notice, it would not be treated as an occurrence.

Under paragraph f , "A person who has a combination of six tardies or absences in any rolling six-month calendar period may be subject to a warning letter." We've added "For purposes of progressive discipline under this Section, warning letters may remain in effect for nine months "

We added a sentence, "Once progressive discipline is initiated, stricter absenteeism guidelines may apply," and the intent there was to try to capture what the Parties' practice was under the prior Agreement that once a warning letter kicks in, it's not really a six-in-six policy anymore at that point, as the attendance policy is

often referred to Rather, once an employee has reached a level where he receives a warning letter, stricter absenteeism requirements may be spelled out by the Company in the warning letter for purposes of determining when and/or if progressive discipline would be applied, such as a suspension.

Under paragraph g., we specifically dealt with no-call/no-shows and wanted to make it clear that is not necessarily a part of the six-in-six in terms of the absenteeism policy, but rather, greater discipline might be imposed as a result of no-call/no-shows on the basis that they obviously are more serious and cause the Company more problems in terms of trying to provide coverage

And then paragraph h. that I referred to earlier is simply an incorporation of the Parties' discussion that we can't change the attendance policy at this point going forward unless there is a discussion and agreement with the Union, and the only exception to that is if the law says we have to change something

ARTICLE 24
LAYOFF AND RECALL

Section 1 - Procedures

a When it becomes necessary to reduce the work force by layoff for periods greater than two (2) weeks in duration in any gateway, the employee(s) directly affected in the classification within the gateway will be given at least four (4) weeks notice of any such reduction or pay in lieu thereof, except when such notice is prevented because the layoff is a result of an Act of God, war, strikes including those by another group of employees within the Company, or other circumstances over which the Employer has no control

b A full time employee covered by this Agreement who has completed two (2) years of compensated service under this Agreement immediately prior to being laid off through no fault or action of his own, including layoff resulting from merger or geographical relocation, shall receive severance pay as provided in the table in c below, subject to the limitations and conditions set forth herein. He shall receive no severance pay if any one (1) or more of the following conditions exist:

1. he exercises his seniority in order to remain in the employ of the Company or accepts transfer,
2. he accepts any other employment with the Company or refuses to accept a job for which he holds any classification seniority under this Agreement at his gateway,
3. he fails to exercise his seniority at his present gateway or another gateway within seventy-five (75) miles of his gateway,
4. the layoff is caused by an Act of God, a national emergency, revocation of the Company's operating certificate, grounding of Company aircraft by a governmental agency, or any other circumstances over which the Company does not have control not including the loss of business resulting in a reduction in force; or
5. the layoff is caused by a strike or picketing of the Company premises by non-Local 2727 represented employees or any cessation or slow down in work by Local 2727 represented employees.

c The amount of severance pay due under this Article shall be based on the length of actual straight time compensated service with the Company under this Agreement prior to the layoff. For employees with less than five (5) years of service at the time of layoff, they can only reaccrue severance pay for future layoffs through additional compensated service. For employees with five (5) or more years of service at the time of layoff, they will be credited with a severance allowance based upon their total Company service provided they complete an additional two (2) years of service after recall The severance pay shall be computed on the basis of the employee's regular hourly rate at the time of layoff, as follows:

If the employee has completed:	Severance allowance
Less than 2 years of service	none
2 years but less than 3 years	1 week
3 years but less than 4 years	3 weeks
4 years but less than 5 years	4 weeks
5 years but less than 6 years	5 weeks
6 years but less than 7 years	6 weeks
7 years but less than 8 years	7 weeks
8 years but less than 9 years	8 weeks
9 years but less than 10 years	9 weeks
10 years but less than 11 years	10 weeks
11 years but less than 12 years	11 weeks
12 years but less than 13 years	12 weeks
13 years but less than 14 years	13 weeks
14 years but less than 15 years	14 weeks
15 years or more	15 weeks
14 years but less than 15 years	14 weeks

15 years but less than 16 years	15 weeks
16 years but less than 17 years	16 weeks
17 years but less than 18 years	17 weeks
18 years but less than 19 years	18 weeks
19 years but less than 20 years	19 weeks
20 years but less than 21 years	20 weeks

d A full time employee eligible for severance pay shall begin receiving such pay at the time his layoff becomes effective Payments of the amount due will be made on the employee's regular payroll date and continue until all weeks of pay are exhausted. An employee will not be eligible for severance pay beyond the effective date of recall. even if recall is declined

e. The Company will make every effort to leave the affected employee in his gateway for at least the first seven (7) days of the four (4) week period However, if work is unavailable in his classification at the employee's gateway during the notification period for which the employee is entitled to pay, the employee will be subject to reassignment to available work in his classification at another gateway during such period The cost incurred by the employee for such assignment will be reimbursed in the same manner as temporary duty assignments The employee may elect to waive this reassignment and entitlement for pay. This paragraph shall also apply to any employee who moves to another gateway pursuant to paragraph f below

f If it becomes necessary to reduce staffing on a given shift or at a work center that results in a layoff at the gateway. the affected employees must first displace any junior employee in his classification within the gateway. The Company will post at the work center and then give all the affected employee(s) a lay off notice four (4) weeks in advance of the lay off unless Section 1. a. above applies.

1 The Company will provide each employee with his options under this Article and any forms necessary to indicate his choices to include preference bids to all lower seniority employees at work centers within the gateway for bump and roll.

2 The employees bumping within the work center/gateway and any volunteer(s) exercising the option in paragraph 1. below, will then have up to one (1) week to declare and submit their bid or choice(s)

3. No later than two (2) weeks prior to the lay off date, the employee(s) to be laid off from the gateway. if any. will submit to the Company his preference in accordance with paragraphs g . 1 through 5 below

4 No later than one (1) week prior to the lay off date. the Company will post the bump and roll results to comply with a seven (7) day notice for any schedule changes

5 Once an employee submits the form indicating his preferences. or his decision to volunteer for layoff. it shall be final

6. No employee from outside the gateway shall be permitted to bid into the work center at the layoff gateway until the procedures prescribed by this paragraph are completed

g The employee(s) affected by displacement from the gateway. if any. may exercise their seniority as listed in 1. through 5 below.

1. take the layoff or displace up to two (2) part time employee(s) in that gateway in accordance with Section 1, m of this Article.

2 fill an opening in accordance with Article 14. including one not filled after the normal bidding procedures,

3. a laid off employee may displace the lowest seniority employee in his classification system wide,

4. when the reduction in a gateway results in moving existing work. and when the movement of that work results in the creation of a full time opening at another gateway. the laid off employee(s) will have the right to follow that work and fill the opening before the opening is bid; or

5 a laid off employee may displace any lower seniority employee in his classification at any gateway with more than twenty (20) employees in his classification The employee(s) subsequently affected in that gateway will then have the right to exercise their seniority in accordance with this Section

h To the extent there are Junior AMTs in an affected gateway, they will not be allowed to exercise their seniority outside of the gateway in which they are working even during periods of displacement

i Notwithstanding f above, any employee may volunteer in seniority order to accept the gateway lay off and be laid off from the Company Volunteers must notify the Company of their choice to be laid off from the gateway within one (1) week after the posting specified in paragraph f above

j. In the event there is more than one (1) employee laid off at one (1) time system wide, meaning the effective date of their layoff is the same, each employee in seniority order will have the options above

k If as the result of a layoff, an employee is unable to exercise his classification seniority at his gateway to remain at the gateway, he may exercise his seniority in a lower pay rate classification for which he holds seniority without forfeiting his recall rights to the classification from which he was laid off at his gateway Employees displaced as a result shall then have the options specified in paragraphs g 1 through 5 above.

l. Full time seniority employees laid off for a period of two (2) weeks or less may, in order of seniority, elect to take the work of one (1) or two (2) part time employees by the week, for the duration of the layoff, provided they have more total classification seniority. Said employees shall not be considered for temporary recall on their job during that week In such cases, the full time employees shall be guaranteed a minimum of three (3) hours work at the prevailing rate of pay for each part time employee who is displaced, in addition to all full time benefits

m Full time seniority employees laid off as the result of a reduction in force for a period of two (2) weeks or more and who are unable to maintain a full time position through the exercise of their seniority, may elect in order of their seniority to take the work of one (1) or two (2) part time employees within their gateway for the duration of the layoff, provided they have more total Company seniority accrued under the terms of this Agreement Said employees shall not be entitled to temporary recall on their job during the duration of the layoff In such cases, the full time employees shall be guaranteed a minimum of three (3) hours work for each displacement at the prevailing rate of pay for the classification of work they perform, in addition to all full time benefits in cases where they are performing the work of two (2) part time employees, and, in cases where the employee is performing the work of only one (1) part time employee, be entitled to all benefits with the following stipulations:

1. vacations and option weeks earned as a full time employee in the year previous to the layoff shall be compensated within the calendar year of layoff as full time vacation at the rate of pay for the work classification in which the employee previously worked as a full time employee,
2. vacations accrued within the calendar year of layoff shall be compensated in the subsequent year in accordance with Article 33, Section 2, based on the time worked as a full time or part time employee;
3 holidays for which the employee is eligible shall be paid at four (4) hours straight time at the rate of pay for the classifications of work being performed for each part time employee.
4. Company contributions for the purposes of pension will be in accordance with Article 31; and
5 disability shall be paid at one-half (1/2) the full time benefit

n Nothing herein is intended to provide for the displacement of a full time employee by a part time employee as the result of the layoff of a part time employee

o Employees who cannot exercise the above options shall be laid off.

Section 2 - Eligibility for Unemployment Compensation

If a laid off, full time employee elects to take a layoff rather than exercise the right to displace any junior employee, said employee shall be considered a laid off employee for lack of work for the purpose of unemployment compensation.

Section 3 - Recall

a. Recalls and restoration of work forces shall be in the reverse order of layoff.

b It is understood and agreed that any employee laid off from a gateway or an employee who exercised

his bumping rights in lieu of layoff will have right of recall to his original gateway in seniority order. No employee will be permitted to bid such gateway until all laid off or displaced employees have either returned or refused recall to their original gateway. A laid off seniority employee shall not have such seniority broken and will have recall rights to their original gateway up to seven (7) years after the layoff date. A laid off displaced employee on the payroll shall have permanent recall rights to his original gateway. It is the employee's obligation to indicate on the Standing Bid his right of recall to the gateway in which he was laid off. This right shall not be extended to employees who have used their seniority rights to bid any opening subsequent to the initial move caused by the layoff. An employee laid off from a work center within a gateway and who stays at the gateway shall have recall rights to that distinct work center in seniority order under the terms set forth in this paragraph

c An employee laid off as a result of the reduction in force for a period of two (2) weeks or more shall be given two (2) weeks notice of recall by certified mail, return receipt requested, to the last known address of record The employee must notify the Employer within seven (7) days after receipt thereof, as to whether or not the employee intends to report for work at the designated time Failure to give timely notice to the Employer or to report at the agreed upon time within the designated period will result in the loss of all seniority rights and the employee will be considered terminated

Section 4 - Eligibility to Bid

a The contractual six (6) month limitation in Article 14, Section 1. b on bidding of vacancies does not apply to a move to another gateway as a result of a layoff.

b Laid off employees shall have the right to bid any vacancy. It is the laid off employee's responsibility to have a Standing Bid on file with the Employer.

c. If a new work center or gateway is opened the Company will notify the Union in writing prior to the posting of the bid for purposes of communication with laid off employees.

Section 5 - Notification

The Employer agrees that prior to any change in its operation that will result in the layoff of seniority employees, it will meet with the Union in a timely manner so as to permit the Union to discuss potential alternatives to the resultant layoff At the meeting the Employer shall furnish the Union with documentation demonstrating the loss of work caused by the operational change in question, and specifying the exact shift(s) and number of overstaffed employees at the affected work center.

Section 6 - Moving Expenses

Moving expenses will be paid in accordance with Article 18 for both layoff and recall

ARTICLE 24

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MR COLEMAN: Article 24, the first change in Article 24 dealing with layoff and recall is in Section 1 c. In the prior agreement. the severance allowance had capped out at 15 years. Recognition of the fact that we do have employees in the bargaining unit or craft or class that have more than 15 years of service. we increased that to make it 20 years. . It's now up to 20 weeks of severance pay for one of those individuals with those years of service.

Under Section 1 f., we simply added the word "then" to make it flow better I don't think there was any intent to change the meaning in the paragraph in Section 1.f. We did add a new paragraph at the end of Section 1 f It's Paragraph 6 A clarification to make it clear that no employee from outside the gateway that's having a layoff and going through the process. no employee outside of that gateway is entitled to bid into the gateway or that work center until all the procedures described in the paragraph have been completed

So, basically. it allows the layoff language procedures to run its course before somebody outside the gateway. who is not being affected by the layoff. would have a right to bid a vacancy in that work center

Under g 5. the current language in the 2001 book said that a laid off employee could displace any lower seniority employee in the classification with more than 30 employees in the classification. We've reduced that from 30 down to 20 to give employees who have been displaced more options in terms of where they can displace to.

The next change is in Section 3. Back in the 2001 contract. we had negotiated that an employee who's been moved out of his position in a gateway would have recall rights to that original gateway for up to seven years. We've actually created two different groups here

One is if somebody is actually laid off and is no longer working. that seven years still stays in effect for purpose of the recall back to the original gateway However. if a laid off employee is simply displaced out of the gateway. but they continue working. the parties agreed that the recall back to the original gateway. the right to recall back to the original gateway wouldn't be just seven years. it's actually permanent. They have permanent recall rights back to the original gateway.

Now, there is some other existing language that's already there that would defeat that right to recall. and one of them is obviously if you use your seniority to bid to an opening after you've been laid off out of your original gateway . It is the parties' intent that you would not lose the right of recall to your original gateway as a result of bidding another vacancy within your classification in another work center in the gateway to which you have displaced. For example, an AMT displaced from the Rockford gateway to the line in SDF would not lose his right of recall to RFD as a result of bidding and being awarded a vacancy in the Sheet Metal Work Center in SDF He would lose the right of recall if he bid into another job classification, even if it was in SDF

And then we also added at the very end some language that makes a distinction between center within a gateway. but you stay at that gateway. that you still have recall rights back to that distinct work center.

And the example, I think. that that would be the wheel and brake shop or the sheet metal shop where that's a work center within the gateway, that if you got laid off out of that. that that sentence would now create a new right to say that you would have the ability to be recalled back to the work center You retain the right to recall back to the work center in seniority order

Then, the final change was under Section 5 on notification We've always had the language in Section 5 that says the employer has an obligation to sit down with the Union if there's a potential layoff that's going to occur. We added some additional language to try to capture the practice of what we've been doing and put it in the contract to guarantee that it will continue, that at that meeting would provide the Union with documentation that shows the operational change that's dictating or requiring the — necessitating the layoff and also would provide information to the Union at that time as to which shifts and which number of employees are going to be affected That is the end of Article 24

ARTICLE 24

TONY COLEMAN. This is the joint interpretation on Article 24, Layoff and Recall. In Section 1. a . there was an addition of the words "because the layoff is" in the middle of that paragraph It was just a clarification, because as it read, it said that there would be four weeks notice except when such notice is prevented as a result of an act of God. It's really when such notice is prevented because the layoff is as a result of an act of God, war. strikes, et cetera. so no intent to change the meaning there. just to clean up the language.

In paragraph b.5 . there was a change by the Parties. again the legal clarification that it's not members. but represented employees two places in that paragraph.

In paragraph c. there was a change in the language dealing with severance pay and accrual and crediting of severance pay, an attempt to provide some additional protection for those employees with the high years of service. The language says that for employees with less than five years of service, once they come back to work, they simply reaccrue They start reaccruing severance pay for future layoffs through additional compensated service, which was true for all employees under the current contract The change is that under the new contract. employees who have five or more years of service. once they are laid off. and they come back to work, and they complete two years of service after recall, they will actually at that point be credited under the chart with the total years of service back to the hire date. So as an example. if somebody who has five years or more service at the time of layoff and they were off work for a month and a half. they would receive five weeks of severance pay that they had accrued up to that point in time. Once they returned to work. and they then completed two years of service. they would be in the category between seven years and less than eight years At that point. upon completing two years of additional service. instead of just having two weeks of severance pay accrued, they would actually at that point be credited with full Company service and have seven weeks of severance pay accrued at that point.

Alternatively. if a person has less than five years of service at the time of layoff -- let's say they're at four and a half years when they're laid off -- they would receive four weeks of severance pay. When they returned to work, they would be treated the same as all employees under the old contract in that they would simply start reaccruing service for additional weeks of severance pay until such time as they attain five years of service. If they were then again laid off, at that point they would then fall into the second category where. upon returning to work with two years of service. would be entitled to accrue back to the original.

The other intent is there obviously is a two-year trigger after returning to work before they get full Company credit During that two-year period. they obviously are reaccruing service credit, so if you had a scenario where somebody had five years service. got laid off, they used all their severance pay up, and then came back to work and worked for a year, they would still even in that scenario at least have another week's severance pay to use if they were laid off after only one year

The other question that came up in the context of this paragraph was if somebody is laid off. let's say it's a person with four years of service, and they're only laid off for two weeks and they use two weeks of their four weeks that have been accrued, do they still have the other two weeks that have previously been accrued. and the answer is absolutely

The intent here is this is accrued, and if you get laid off and you don't use everything that's accrued. you don't lose the part that wasn't paid out. so somebody could come back to work and still have some accrued severance basically in their bank.

The other change that was made with regard to severance allowance is that under the old contract, it was limited to 13 weeks for employees with 13 years of service or more. We have added to that at the Union's request so that there is now a 14- and 15-week category based on 14 or 15 years of service with the Company.

Under paragraph d there was a substitution of the word "employee's" for "mechanic's" to just make it clear that it applies not just to AMTs, but all employees under the agreement

Paragraph e., there was a sentence added to the end of that paragraph to put it in context Paragraph e deals with an employee who is given four weeks notice of layoff If there is no work available at his work center and his gateway. that it specifies that the Company can send him to another gateway to perform work and it would be treated the same as TDY The sentence that was added to the paragraph simply clarifies that the paragraph also applies to other employees who may be moved or displaced from a gateway pursuant to para-

graph f below, that employee who's displaced may also be subject to being TDY'd if there's no work in his gateway until the procedure can work all the way through and he can be moved to the separate vacancy that he's going to as a result of the displacement.

With regard to paragraph f., probably more time was spent with regard to that Section than any other The Parties' intent in terms of their discussions and the language that we tried to craft is to try to clarify and streamline the procedure for layoffs to give the employees a better understanding of what their rights are and what their options are and to eliminate confusion in the process so that if there is ever a layoff situation. everybody is clear as to what's going to happen.

With regard to the procedure and the changes in it, the initial step is that the Company would give four weeks notice of the layoff The only exception to that obviously is if the layoff is a result of an act of God or some other event that the Company doesn't control, but normally the layoff notice would be provided four weeks in advance At that point, the affected employees must first displace any junior employee in his classification within the gateway, and the procedure -- in a big picture, that's the first step, and then the displaced employees, which the Parties are in agreement, should always be the junior employees within that classification within that gateway, would then exercise their options under paragraph g to displace or bid to other vacancies that might exist in the system

MIKE RADTKE. Can you pause there?

(Discussion off the record)

TONY COLEMAN The procedure that the Parties have developed to deal with that, as I said, first starts with the four weeks notice of the layoff in the gateway. At that time, the Company will also provide to each of the affected employees a form that will specify what their options are in terms of the more senior people. the preference bidding within the gateway to be able to exercise their seniority to displace other junior employees in their classification in that gateway. We'll also provide to the employees who are in the category of junior in terms of being subject to displacement what their options are with regard to bidding or displacing to other open vacancies within the system That notice, that form is provided to the employees at the same time that the four-week notice of layoff is provided It is also posted within the gateway.

And the reason for the posting of the layoff notice and the options is because the Parties are in agreement that employees who may not be affected by the layoff because of their seniority would also have the option to voluntarily decide to take a layoff, and those employees who might decide to voluntarily take the layoff and the other employees who will be affected in terms of displacing junior employees in their classification in that gateway have one week to provide to the Company what their decisions are in terms of their preference bidding within the gateway or their decision to voluntarily take the layoff and not bump and roll anybody

That information is provided back to the Company within one week after the initial notice is posted Then two weeks prior to the layoff date, two weeks subsequent to the posting of the notice, the employees who are subject to being displaced out of that gateway are obligated to submit to the Company their preferences as specified in paragraph g . and really no change in the options that those employees have at that point. There are five separate options spelled out in g , and the option that they are choosing will be provided to the Company at that two-week deadline

Now, one week prior to the layoff date, the Company will actually post in that gateway the bump and roll results as a result of the information and preferences that the employees have provided to the Company. so that one week prior to the layoffs actually being effected, everybody within the gateway who has been affected by the procedure will have a schedule and know which shift that they are on. and those employees who are being displaced at the gateway will know at that point where they are going to go as a result of exercising their options under g 1 through 5.

Now, taking the process one step further, if some of the employees who are displaced from the gateway exercise their options to displace any lower seniority employee in any classification. or in his classification at a gateway with more than 30 employees, which is one of the options under paragraph g., the four-week process will then start over in that separate gateway in terms of the Company then providing notice to those employees as to who is going to be affected in terms of the bump and roll and in terms of potentially who's going to be displaced

MIKE RADTKE Under the condition that the Company has decided not to absorb the person going into that gateway over 30

TONY COLEMAN That is true The additional layoff procedure that would take place as a result of displacement into a gateway with more than 30 employees is only going to take place if the Company decides that it cannot absorb the additional employee in that gateway and in fact is going to continue into displacement of employees

Now, with regard to the procedure, the form that is provided to the employees at the beginning of the four weeks, initial layoff notice, was something that we'll discuss with the Union and agree what the form looks like, but it's the Company's intent that that form would specify the available shifts for the employees, their option to decide to voluntarily take the layoff, and would also specify the number of employees potentially that are going to be affected by the layoff and subject to displacement

For those junior employees who are potentially subject to displacement, the Company would also obviously provide for them the options that they might have under paragraphs g 1 , through 5., and at that point would most certainly also include the information with regard to what vacancies might exist in the system; if the displacement is occurring as a result of work being moved, where that work is now going to exist and the vacancies that exist there

MIKE RADTKE. If we can pause there for a minute and off the record.

(Discussion off the record)

TONY COLEMAN: In an off-the-record discussion, we agreed that it's also our intent under this language that the information that's included in the form for those employees who potentially are going to be affected by the layoff, that that same information would also be posted so that employees who might decide whether to volunteer to take the layoff would also have as much and the same information as those employees who are being directly affected by the layoff.

It's also obviously the intent that if a sufficient number of employees were to decide to voluntarily take the layoff, then you would never go to the following steps in the process in terms of the actual displacement procedure.

There's also some discussion and the language was crafted with the intent that the deadlines of one week and two weeks are actually deadlines; that in smaller gateways, if the employees return their forms back to the Company with regard to their preferences in terms of bidding shifts within that gateway or their preferences with regard to what options they're choosing in the event of displacement, the Company isn't obligated to wait until two weeks prior to the layoff, for example, in the paragraph f 3., in order to go ahead and effect and post information and move forward with the procedure, that if employees have made their decisions and that information has been relayed to the Company, the Company can go ahead and move forward with the process rather than waiting until the specific dates that are provided here in the procedure

The Parties had a lot of discussion about what if an employee turns a form in, then changes his mind and if the Company has already posted results, et cetera, and to try to deal with that situation, to make sure that everybody is fully aware of their rights and the procedure, we added a sentence saying that once an employee submits his form to the Company indicating his preferences or his decision to voluntarily take the layoff, that at that point that decision is final, the employee doesn't have the right to come back in and say, I've changed my mind, I want to exercise some different displacement right or exercise some different preference bid for a shift within the gateway

The forms themselves that will be provided to the employees will also contain the information and disclaimer that once it's submitted, it's final and can't be changed, and the Parties recognize that employees should take whatever amount of time they need to make the decision that they want to make before they actually turn that form in to the Company

Now, as I said, paragraph g. was set out separately. Under the old contract, all of this was combined together into one section We separated it because paragraph g only applies to those people who are actually being displaced from the gateway. As I said, typically it should be the junior employees in the classification from that gateway who are then being displaced and exercising the options under paragraphs g.1 through 5. The options that are provided in 1 through 5 have not changed from the current contract or the previous contract

And once those options are decided upon and the employee notifies the Company and the Company effects

it, it may result in an additional four-week process taking place at another gateway in the event there are actually layoffs in that separate gateway. Under paragraph g., that was deleted because it was tied into the procedure that existed under the predecessor contract and it's not really applicable anymore.

Under paragraph g , the language has been continued dealing with junior AMTs and their ability to utilize seniority outside their gateway

Paragraphs i. and j. of the previous contract were deleted because they've been covered separately in the new language.

In paragraph h . this actually goes back to and as a part of the procedure under the four-week notice and layoff provision, and it specifically provides that any employee may volunteer in seniority order to accept the gateway layoff and be laid off from the Company. and it specifies that volunteers must notify the Company of their choice within one week after the posting that we discussed and described in the interpretation here Paragraph i. --

MIKE RADTKE Let me go off the record there. Tony

(Discussion off the record)

TONY COLEMAN When we went off the record, we were discussing paragraph i. that deals with employees -- senior employees within the gateway would have the right to volunteer to take the layoff. in which case would not end up with displacements or it may -- if there's multiple layoffs. may not end up with as many layoffs as the list you started with.

As a result of off-the-record discussions, there are a number of things we want to clarify. First. if there is a layoff notice for a specific shift where. let's say. for example, two employees are subject to being laid off on a specific shift. it is the Parties' intent that any employees in the gateway who are senior. albeit they may be on a different shift than the one that the layoff is actually affecting, would have a right under paragraph i to actually volunteer to take the layoff, and we've also had some discussion that in that event that there are volunteers for a layoff and they're on a shift different than the one where the employees are being laid off. that in that case. if there are no employees who are actually going to get displaced from the gateway. at that point we would actually do a preference bid that's identical to the quarterly shift preference bid for that gateway in order to move the employees from the shift where they're being subject to layoff to the openings that might exist.

Now, there may be a situation where you actually have some number of employees who have volunteered and they're also still doing a displacement process because there have not been sufficient volunteers to cover all of the displacements. so you could actually end up in certain scenarios actually doing a quarterly preference bid as well as continuing with the displacement process for that particular gateway. if you had four layoffs and two people volunteered and you still have two people that end up needing to be displaced.

We also had some discussion that in the event the layoffs are as a result of work actually moving from one gateway into another gateway. the senior employees who are beyond the group that was directly affected based on seniority would still have the right to voluntarily decide to take the layoft Once they volunteered to take the layoff, to the extent that vacancies ended up existing in those gateways where the work has been moved to, we're in agreement that the senior people who have taken the layoff have a right to submit a bid for those vacancies, but those vacancies would actually be bid on a systemwide basis, and the fact that you voluntarily decide to take the layoff doesn't give you any greater rights than anybody else in the system in terms of bidding vacancies to that gateway or in that gateway where the work has moved to

In the event that somebody -- probably an extreme scenario. but in the event somebody voluntarily took the layoff and then bid a vacancy and had sufficient seniority in the system to actually get the vacancy in this separate gateway over here where the work has moved to. the Parties are in agreement that that would not then be a paid move under those circumstances if he voluntarily took the layoff and then had seniority to actually obtain that vacancy in the other gateway

MIKE RADTKE· Off the record

(Discussion off the record)

TONY COLEMAN: As a result of some off-the-record discussion. I wanted to clarify the prior statement that that statement was an accurate reflection of the Parties' intent only to the extent an employee would argue that he's in that situation following his work. because it would not be a closing of the gateway and following

his work in the meaning of Article 18 in that circumstance.

However, we are in agreement that even in that circumstance where somebody took the layoff and then used their system seniority to bid the vacancy, if that vacancy as a result of the closing of the gateway resulted in the creation of a new work center or a new gateway, that it would be a paid move under Article 18, and even beyond that, if a person voluntarily takes a layoff and at any point subsequent to that bids a vacancy where it is a new work center or new gateway as defined in 18, then it would be a paid move for him just like it would anybody else bidding to that new work center or new gateway.

Paragraph j. deals with language in the event there's more than one employee laid off at one time systemwide. That actually is not new language. It was part of the previous Section that we had We simply moved that language to a separate paragraph

Paragraph k again is not completely new language. It was a part of a previous section and got moved out to be a paragraph on its own It basically gives the employee a right to stay in his gateway by bumping a lower seniority person in another classification, and we are in agreement that employees can only bump someone in a lower classification in which they have seniority if their seniority does not give them the ability to remain in their classification in their gateway. In that event, they can displace somebody in the lower classification, assuming that they actually hold seniority in that lower classification.

We also added as new language a sentence saying that employees displaced as a result of being bumped by a higher classification person, that that individual then has the options specified in paragraphs g 1 through 5 above in terms of bidding, being displaced out in the system and having those options.

MIKE RADTKE And that would be if the Company chose to not absorb them in that lower classification

TONY COLEMAN: That is true.

(Discussion off the record)

TONY COLEMAN: As a result of off-the-record discussions with regard to what process would be applicable in the event there was an act of God or circumstances beyond the Company's control that would cause it to lay off people with less than four weeks notice, the Parties have agreed that the language in paragraph f does not sufficiently address the urgency of the situation that might exist in that scenario and, as a result, have agreed that they would negotiate a separate letter of agreement to deal with the procedure that would be in place in the event of the Company exercising its rights under Section 1, a and laying off employees with less than four weeks notice.

With regard to paragraph l and m., there was no change in the language other than deletion of the word "fringe" in front of "benefits." The Parties felt that use of that word really wasn't appropriate

There was no change in paragraphs n. and o., the last two paragraphs in Section 1.

Section 2, there was a deletion of some language out of that clause The effect of the deletion is that an employee could still be entitled to unemployment compensation even if there was work available to them in their classification within 50 miles of a gateway There was a request by the Union to delete that, and the Company agreed

Under Section 3, "Recall," there was no change

Section 4, "Eligibility to Bid," there was insertion of a contractual reference, and the reason that that change was made, because under Article 14 there are now two six-month limitations, and we wanted to make it clear which six-month limitation we're referring to there in terms of bidding vacancies

Section 5, "Notification," there was no change.

In Section 6 on moving expenses, the language was clarified. It is the Parties' intent that Article 18 will still be the controlling Article in terms of determining when a move would be a paid move, and this is simply a reference to direct employees' attention to Article 18 for purposes of determining whether a move is going to be paid or not.

ARTICLE 25
FAA MANDATED DRUG AND ALCOHOL TESTING PROGRAM

Section 1 - Drug and Alcohol Program

a It is agreed that the FAA mandated drug and alcohol testing shall be completed in accordance with the existing DOT/FAA regulations as outlined in FAR Part 121, Appendix I and J, and 49 CFR Part 40

b Any changes to the program required by DOT/FAA will be reviewed by the Union and the Company prior to implementation.

c It is further agreed that no employee covered under this Agreement shall be required to wait for a collection vendor more than fifteen (15) minutes after the end of the employee's shift. No random tests will be scheduled within the last thirty (30) minutes of any shift.

d It is understood that the term "employee" in this Article as it relates to random testing refers to Local 2727 represented employees that are working in safety sensitive positions as defined by Federal regulations in Section 1, a above

Section 2 - Procedure Audit

a The Union may request that a meeting be scheduled at any time for the purpose of auditing UPS's random drug/alcohol testing procedures/records, kept in accordance with FAR Part 121 Appendix J, as outlined below, provided that the Union request gives at least three weeks written notice of such meeting to the UPS Anti-Drug Coordinator and the meeting date is mutually agreed upon

b At such meeting, UPS will give the Union representatives present an opportunity to review the drug screen selection data for up to ten (10) Union represented employees who were randomly drug tested during the previous quarter.

c. The above-referenced Union representatives must either be members of the Union Anti-Drug Committee or Union Executive Board The number of Union representatives at such meeting shall not exceed five (5)

d During this review meeting it is agreed that UPS will maintain the confidentiality of all other employees who have been randomly selected for drug screens

Section 3 - Medical Review Officer

a. All positive drug/alcohol screens will be relayed to the employee by the Medical Review Officer (MRO) The MRO shall attempt to contact the employee in accordance with 49 CFR 40.131 The MRO shall not notify UPS until the drug test is verified positive.

b Once the MRO notifies an employee of a positive drug screen, he shall give that employee the option, within a reasonable time period not to exceed the time allowed under 49 CFR 40-131 and 40.133, of having an in-person, face-to-face interview prior to completing a verified positive test investigation If this involves travel from their home gateway to the meeting, the following procedure will be followed:

1 UPS will provide a must-ride roundtrip jumpseat or at the Company's option a roundtrip commercial flight for purposes of meeting with the MRO to discuss a positive test result. UPS will furnish one way commercial travel to return the employee to their home, if the results are verified positive.

2 If an employee is provided a jumpseat and he is bumped, the employee shall notify the MRO or designated management person who will then arrange for a commercial ticket.

3. Upon arrival for the meeting, the MRO or designated management person will have Company provided hotel arrangements made if there is more than an eight hour wait to see the MRO.

4 Upon completion of the meeting with the MRO, the MRO or designated management person will arrange for the employee's quickest return home If the travel arrangements require more than eight hours wait, the MRO or designated management person will arrange for a Company provided hotel.

5 UPS will pay the employee's guaranteed 40 hours pay for any workweek spent traveling to visit, or consulting with, the MRO unless the MRO verifies the test result as positive. When an employee is involved in traveling or lodging on his regularly scheduled days off at the employer's request, he will be paid 8 hours time and one-half pay per 24 hour period if the employee's test is verified negative

6. If the meeting takes place at the employee's gateway, UPS will pay for all time spent meeting with the MRO at the applicable rate, unless the drug test is verified positive and the visit was on a regular scheduled day off

c UPS will confidentially maintain Company records of MRO reported verified positive test results in a secure location, and not with individual personnel or medical files, for a period of time not to exceed five (5) years. Results may be released only to the NTSB, FAA, Federal Air Surgeon, or other persons as agreed to in a signed release form from the employee in conformity with applicable Federal statutes or regulations or as otherwise mandated in the DOT/FAA regulations.

d. When an employee is interviewed by UPS for reasonable cause or in the post-accident context, a Union representative should be made available pursuant to Article 5. If no Union representative is present, the employee may select another hourly paid employee to represent him.

e. No employee shall be required to submit to a reasonable cause or reasonable suspicion test unless the supervisor has received training in observing a person's behavior to determine if the test is required, as mandated by the DOT/FAA regulations. If an individual supervisor, who has met certification under the DOT/FAA regulations, has repeatedly required employees to submit to testing which returns negative results, the Union may process a grievance to System Board level. This will be considered a matter of sufficient urgency and importance that a Board hearing will convene within two (2) weeks of the date of the grievance.

Section 4 - Alcohol Testing

a The UPS Alcohol Testing program covering its safety-sensitive employees will be in full compliance with the regulations issued by the DOT/FAA It details the required tests and circumstances for alcohol testing to include pre-employment, random, post-accident, reasonable suspicion, return to duty, and follow-up testing A copy of the program handbook will be given to all affected employees. UPS may terminate any employee for just cause for refusing to submit to a DOT/FAA required alcohol test.

b Any disciplinary action taken will be pursuant to Article 8

c Discipline for employees testing positive shall be as follows.

1 Positive test results that are 02 or greater but less than 04 will result in the employee being removed from his job for a minimum of eight (8) hours or until he can test under .02 in accordance with the Federal regulation. The employee will also be issued a formal warning letter as outlined in Article 8 and made aware of the substance abuse assistance program available through the Employee Assistance Program (EAP).

2 If an employee tests 02 or above and still has an active warning letter on file related to alcohol use from a previous positive test, he shall be discharged with no right to reinstatement

3. A positive test resulting in an alcohol level at or above .04 will result in the removal of the employee from service in accordance with the applicable regulations and the issuance of a warning letter The employee will also be required, prior to being allowed to return to service, to complete a rehabilitation program as prescribed by a Substance Abuse Professional also in accordance with the applicable regulation.

4. Any employee that tests .04 or above and has tested 04 or above at any time in the past and has attended a Company paid rehabilitation program pursuant to Article 17, Section 7, may be terminated with no right to reinstatement

Section 5 - Drug Testing

a A positive drug test specimen as a result of a DOT random or reasonable cause test will entitle the employee to a one (1) time rehabilitation opportunity in accordance with Section 6 below.

b UPS may terminate any employee for just cause for refusing to submit to a DOT/FAA required drug test

or failing a second drug test (or first positive test result, if the one time rehabilitation has already been utilized) provided that the testing was done in conformity with applicable DOT/FAA regulations, the UPS Drug Testing Program, and this Article. It is acknowledged that the MRO must review any medical records provided by the employee to determine if a confirmed positive test result resulted from legally prescribed or dispensed medication. Should the collection or testing facility commit an error in the handling or processing of a random sample, the employee shall not be required to undergo a repeat random collection, but rather the test shall be canceled, except as mandated in the DOT/FAA regulations.

c. UPS may make allowances as allowed for in the DOT/FAA regulations for valid personal emergencies and in its discretion delay a scheduled drug test with no prejudice toward the affected employee

d Random drug screen collection will be done on the clock

Section 6 - Rehabilitation

a In accordance with Article 17, an employee may seek voluntary rehabilitation treatment through the UPS EAP prior to being notified of a FAA required drug/alcohol test. If such employee successfully completes rehabilitation (in the sole opinion of the MRO) and is released by the MRO to resume his previous safety-sensitive position, the employee will be allowed to return to his job Such treatment unless required by law, will not be reported to any regulatory agency

b An employee testing positive in a random or reasonable cause drug or alcohol screen shall be given the opportunity to undergo Company provided rehabilitation at the direction of the Substance Abuse Professional unless he has previously taken an approved leave of absence and completed a rehabilitation program paid by the Company pursuant to Article 17, Section 7.

Section 7 - Prohibition

The Company agrees that it is expressly prohibited and would be a violation of this Agreement to perform or have performed any blood drawn testing or other body invasive procedure.

Section 8 - Observed Tests

The Company will not require an employee to provide a urine specimen under direct observation except as required under 49 CFR Part 40 67

ARTICLE 25

No change

ARTICLE 25

TONY COLEMAN. This is the joint interpretation on Article 25, FAA Mandated Drug and Alcohol Testing Anybody who reads the tentative agreement with regard to this Article will notice that there are substantial differences in what's in the collective bargaining agreement between the preexisting document and this Agreement. That's as a result of the fact that the Parties incorporated a number of different letters of agreement and wanted to make it all part of the actual collective bargaining agreement. That has been done throughout the Article, resulting in it looking substantially different than it did in the previous contract

With regard to Section 1, a . the Parties changed that language to make a direct reference to the DOT/FAA regulations as outlined in Part 121, Appendix I and J, and the agreement is that the drug and alcohol testing will be done in accordance with those regulations as they currently exist and/or are amended

Paragraph b . there was no changes to that language.

In paragraph c., we put some new language in that put restrictions in terms of how long an employee could be required to wait for a collection vendor As a result of some problems that we had under the previous agreement, we changed the language to say that no employee could be required to wait for a collection vendor more than 15 minutes after the end of the employee's shift If an employee's collection vendor has shown up and there are delays in collecting the sample, the DOT/FAA regulations state that the employee may be required to wait there for an extended period, so this is if the vendor is not there, the employee does not have to wait more than 15 minutes after the end of his shift and at that point can leave

In order to try to avoid any issues with regard to an employee being delayed, we've also added language agreeing that no random test will be scheduled within the last 30 minutes of any shift, so that with those two limitations, employees should not be required to be waiting for a vendor after the end of their regular work shift.

With regard to paragraph d., it was to make it clear that not all Local 2727 employees are necessarily subject to the random testing by the DOT/FAA regulations Rather, it is only those employees who are working in safety-sensitive positions as defined in the federal regulations that are subject to the random testing under Article 25

With regard to Section 2 on procedural audit, that was language that was in a side agreement that was incorporated into the contract The old agreement limited the audit meetings to the last month of each calendar quarter. We've expanded that to basically allow the Union to meet at any time they want to send us a written request to meet, and obviously the meeting is still for the purpose of auditing the random drug-alcohol testing procedures Under the prior agreement, I think it was limited to random drug, and we've expanded that to random alcohol as well

In paragraph b., just a change to agree with paragraph a where we struck out the word "quarterly," and in that same paragraph the word "members" was replaced with "represented employees," as it has been throughout the contract, to more accurately describe the employees represented by Local 2727 paragraph c just was a clarification Otherwise, there was no intent to change the meaning

In paragraph d of Section 2, there is no change and no intent to change how that applied under the previous contract

Under Section 3 on medical review officer, there was quite a bit of change with regard to the first paragraph, and again, the intent, because of new regulations that became effective on August 1, 2001 that more specifically spelled out the MRO's duties in contacting an employee to set up the initial interview with him as a result of a positive test. The regulations themselves specify the time limits, so that the Parties decided just to incorporate and make reference to 49 CFR, Section 40.131, which lays out the time line for the MRO to contact the employee and have their initial interview.

JOE DARMENTO Off the record one second, Tony.

(Discussion off the record)

TONY COLEMAN Section 3, a . the last change there was the language did permit the MRO to notify the Company of a positive drug test after 48 hours had elapsed even though it had not yet been verified. In accordance with the new regulations, the MRO can now only notify the Company of when there is a verified positive test result and cannot do so until it is verified.

Paragraph b. basically changes to make reference to the new regulations that have become effective As you see there, it's 49 CFR 40.131 and 133. Those regulations. detail the procedure by which the MRO is supposed to contact the employee and establish this face-to-face meeting to discuss the positive drug test or alcohol test

Under paragraph b 1 , there was a substitution of the word "round trip" for just "return," and this is the employee who is coming in to meet with the MRO to discuss a positive test We've agreed that it will not just be the return commercial flight for purposes of meeting. but that the Company will actually provide a round trip commercial flight for that purpose.

Under Section 1. "mechanic" was changed to "employee" to reflect the fact that there are other classifications within Local 2727 that are subject to safety-sensitive testing

Under paragraph 2. some clarification that if an employee is provided a jump seat for purposes of meeting with the MRO and is bumped, he will then be provided a commercial ticket for purposes of the travel.

Under Section 3, I don't think that there was any change in intent. but simply a clarification with regard to the Company providing hotel arrangements for the employee once he comes in to meet with the MRO. and obviously all of those paragraphs. the intent is it's for those employees who are living outside of Louisville or the other major gateways where they have to travel for purposes of meeting with the MRO

Paragraph 4 is dealing with the employee meeting with the MRO and the obligation on the Company's part to arrange for his quickest return home commercially or via jump seat If the travel arrangements require more than eight hours wait. the employee has a right to again be provided a Company provided hotel. which means that we'll make the arrangements and it will be at no cost to the employee

Paragraph 5 and 6 basically deal with pay guarantees for employees when they're coming in for purposes of meeting with the MRO. Paragraph 5 deals with if it's during his work week, any time that he spends traveling to visit. meet with the MRO, he is pay protected for that time unless the test is verified positive. in which case he will not be pay protected When an employee is involved with traveling and lodging on his regular scheduled days off for purposes of meeting with the MRO. again, he's paid eight hours time and one-half rate per 24-hour period, provided the test result turns out to be negative rather than positive

Paragraph 6 again deals with pay protection If it's on a day off. an obligation on the Company's part to pay him for his time spent meeting with the MRO if it turns out to be a verified negative test result

Paragraph c. deals with confidentiality of the Company records dealing with drug-alcohol testing, incorporating again the federal regulations that those will be confidentially maintained, separate location. not a part of the regular personnel or medical files The regulations provide that those records will be maintained for at least five years, and that has been incorporated into the agreement The last sentence deals with the releasing of that information to third Parties and basically says that it will not be released except in accordance with the regulations. which say that they can be released to the NTSB. FAA, federal air surgeon. or other persons as agreed to in a signed release from the employee or in conformity with other applicable federal statutes or regulations or as otherwise mandated in the DOT/FAA regulations One that immediately comes to mind is in the regulations, there is a requirement that if an employee goes and applies for employment with some other carrier. then UPS would be obligated to provide those kind of records to those carriers in a preemployment context

By saying "as otherwise mandated in the DOT/FAA regulations." there was a discussion and the intent is that UPS would not release that information to third Parties except as mandated by the DOT/FAA regulations without a signed release from the employee

Under paragraph d . clarification of the language that, again. an "employee" instead of just "mechanic," realizing that some of the utilities and other classifications are subject to the testing requirements, they have a right to a Union representative pursuant to Article 5, and by incorporating Article 5 or referencing Article 5 there. it was our intent to pull in whatever language is negotiated in Article 5 rather than trying to renegotiate it and set it out here separately, so in terms of the right to a Union representative and the procedure for obtaining one, reference should be made to Article 5 rather than here in Article 25 The last sentence is. "If no representative is present, the employee may select another hourly paid employee to represent him "

With regard to paragraph e under Section 3, "No employee shall be required to submit to a reasonable cause or reasonable suspicion test unless the supervisor has received training in observing a person's behav-

ior to determine if the test is required, as mandated by the DOT/FAA regulations " That requirement actually is set forth in those regulations, and the Parties' intent is to incorporate those requirements into the contract with this sentence.

There was some concern expressed on the Union's part with regard to a supervisor who repeatedly determined that a reasonable cause existed for any employee(s). For the record, we'll say that there was not a history of this, but rather simply a concern on the Union's part that if that were to occur, that there should be some ability to expedite relief on the employee's behalf in terms of resolving that kind of a situation, and what the Parties were able to develop is some language that says if that occurs where an individual supervisor has iepeatedly required employees to submit to tests that are returned negative, the Union can process that grievance directly to a System Board level and that this will be considered a matter of sufficient urgency that a Board hearing will be convened within two weeks of the date of the grievance In conjunction with Article 6 and Article 7, the intent there is that this kind of a grievance would go directly to a prescheduled arbitration date that the Parties would have already set up in order to, if this situation were to occur, provide the ultimate amount of protection to the employee that is possible.

JOE DARMENTO: Off the record just one second

(Discussion off the record)

TONY COLEMAN With regard to Section 3, d . an off-the-record discussion that we just wanted to clarify, that the waiver language that exists in Articles 5 and 8 most certainly would be applicable here in this context in terms of being interviewed, whether it's a Union representative or another hourly paid employee, that the waiver provisions in Articles 5 and 8

Under Section 4 for alcohol testing, again, we incorporated a side letter of agreement, again made it clear that it's only applicable to the safety-sensitive employees as that term is defined in the DOT/FAA regulations, and in the last sentence, instead of saying that a copy of the employee program handbook has been made available to all affected employees, we changed that to make it clear that they will be given a copy instead of simply being made available to them to ensure that all the employees have a copy of this and are aware of the program and their rights.

Under Section 4, b., "Any disciplinary action taken will be pursuant to Article 8" was an addition by the Parties, and again, it's just to make it clear that just because it may be an alcohol or drug test that's positive, to the extent that disciplinary action is being taken, all the procedures for discipline that are set forth in Article 8 will still have to be complied with in the context of discipline under this Article

Under paragraph c , again, an incorporation of a side letter of agreement dealing with the discipline of employees who test positive on a random alcohol test. No change in the standards essentially, still positive test results of between 02 and .04 results in the employee being removed from duty for a minimum of eight hours or until he can test under 02 That is an incorporation of the federal regulations The rest of the paragraph is the Parties' agreement that in that scenario, the employee will be given a warning letter as outlined in Article 8 and be made aware of the substance abuse program available through EAP.

Paragraph 2 is if the employee tests 02 or above and still has an active warning letter on file per Article 8 in terms of definition of what is an active warning letter, at that point the employee shall be discharged with no right to reinstatement.

Under paragraph 3. if an employee tests over .04, he shall be removed from service in accordance with the applicable DOT/FAA regulations, which is what we mean when we say applicable regulations, and he will be given a warning letter He will also be required, pursuant to the paragraph, to complete a rehabilitation program as prescribed by the substance abuse professional who is assigned or handling his case before he can return to service.

Paragraph 4 deals with an employee who has tested .04 or above at any time in the past and tests 04 and above again The Company and the Union have agreed in that situation that the employee may be terminated with no right to reinstatement. We've added a qualifier that the employee has attended a Company paid rehabilitation program pursuant to Article 17, Section 7

There was a lot of discussion with regard to the practice that existed under the prior agreement with regard to the employee having a right to "one bite of the apple" and going through a Company rehabilitation program, and the second time that he tests positive, that termination is the penalty at that point.

Under the prior agreement, we had a number of employees who, during vacations, during short periods of time while they were off, would go through a rehabilitation program and not necessarily access the Company's EAP program and not necessarily request or be granted any leave of absence for purposes of going through rehabilitation, but rather would fit a rehabilitation in during what was otherwise normally scheduled time off

The Parties wanted to try to capture a concept to make sure that we were in agreement with regard to what we meant when we said a one-time "bite at the apple," and the language had been crafted to make it clear that if an employee requests time off and a leave of absence for purposes of going through a rehabilitation program that s obviously going to be paid for by the Company's insurance program, that is your one-time right to rehabilitation, and that is the Company paid rehab that is being referenced in Article 25

The Parties realize there may be other occasions where an employee on a week vacation or two weeks vacation may be able to go into a seven-day or ten-day program for alcohol Those programs don't count against the employee in terms of his one-time right to go through a Company paid rehab program It is only when it's a leave of absence that's been granted under Article 17, Section 7 that it counts as a Company paid rehabilitation program For purposes of intent, it doesn't necessarily have to be a rehabilitation program through the Company's EAP, but rather any leave of absence where there's a Company paid rehab will count as the one-time "bite of the apple."

Going into Section 5 on drug testing, "A positive drug test specimen as a result of a DOT random or reasonable cause will entitle the employee to a one-time rehabilitation opportunity in accordance with Section 6 below," had a lot of discussion, and we ended up agreeing under this agreement that reasonable cause test most certainly would also give the employee the opportunity for a one-time rehabilitation, and that was a clarification of the language going forward

Under paragraph b., it provides that UPS may terminate any employee for just cause for refusing to submit to a DOT/FAA required test or failing a second drug test, and we added the parentheses to again capture this concept of the one-time rehab where an employee may be terminated after his first positive test result if the one-time rehabilitation has already been fully utilized It is our intent there that the one-time rehab is a reference to a leave of absence where the employee has gone through a full-blown rehabilitation program, not where the employee on his own time off may have gone somewhere and gone through a shorter rehab program

With regard to refusing to submit to a DOT/FAA required drug test, it's our intent that it is as defined in the regulations, however the regulations define a refusal, and it's our intent to incorporate and rely on how the DOT/FAA defines a refusal

In the middle of the paragraph we struck out the "letter of agreement" and inserted "Article" just to make it coincide with the fact that we've pulled everything into the contract and there are no separate side letters of agreement

At the bottom of the paragraph, it provides that the employee shall not be required to undergo a repeat random collection, but rather, the test shall be canceled except as mandated in the DOT/FAA regulations, and there was again specific discussion by using the word "mandated," that would be only if the DOT/FAA regulations require it. It's not something that if it's permissible on our part, but if the DOT/FAA regulations require retest, a repeat random collection, then and only in that circumstance would a repeat occur

Under paragraph c., UPS may make allowances as provided for in the DOT/FAA regulations for valid personal emergencies. We had a lot of discussion with regard to what if an employee, once he's notified of a random test, has an emergency. I think, again, it's our intent to the extent under the DOT/FAA regulations the employee would be excused from taking the test, then the Parties agree to abide by that If it's not something that would be recognized as an emergency to allow the employee to leave and not provide the specimen under the DOT/FAA regulations, it's our intent that they would have to go ahead and supply the specimen

Paragraph d is simply to make it clear that all random drug screen collections will be done on the clock That was part of the prior agreement and has been carried over

Section 6 deals with rehabilitation, and it's our intent that this should be read in conjunction with Article 17, Section 7 We in fact added to the language here "In accordance with Article 17, an employee may seek voluntary rehabilitation treatment through the UPS EAP prior to being notified of an FAA required drug/alco-

hol test," had a lot of discussion about whether that language "prior to being notified" should be in the contract or not, and again, that doesn't mean that an employee can't go through an EAP rehab program after he'd been notified and taken a drug or alcohol test It just means that he cannot avoid providing the specimen as a result of a required drug or alcohol test by requesting at that point that he wants to go through rehabilitation treatment After he's provided the drug or alcohol specimen, if it is positive and it's his first positive, then the other language would kick in and he would obviously still have a right to participate in an EAP rehabilitation program as using his one-time opportunity to do so. Even if the test result were negative, the employee would obviously still have a right to go seek the program, that "being notified of" simply means that once a person is told "You need to provide a specimen," he can't avoid providing a specimen by saying he wants to take a leave for purposes of rehab

The next sentence in the paragraph, just to make it clear that if it is positive and an employee goes through rehab and once he's released by the MRO to resume his previous duties, that the Company does have an obligation to return him to his job. And the last sentence, "Such treatment, unless required by law, will not be reported to any regulatory agency," is new language, and again, the Company is agreeing that such treatments will not be reported to anyone except to the extent the law requires us to report it

Under Section 6., b., an employee testing positive in a random or reasonable cause drug or alcohol screen shall be given the opportunity to undergo Company provided rehabilitation at the direction of the substance abuse professional unless he has previously taken an approved leave of absence and completed a rehabilitation program paid by the Company pursuant to Article 17, Section 7

MIKE RADTKE Off the record a moment.

(Discussion off the record)

TONY COLEMAN: Paragraph 6.b., again, is to make it clear that if an employee tests positive in a random or reasonable cause drug or alcohol screen, he has the right the first time to undergo rehabilitation, and again, the intent is that if you take the leave of absence for purposes of completing the rehab, that once you complete that, you will be reinstated to your previous job, and that right exists unless the employee has previously taken an approved leave of absence and completed rehabilitation, in which case termination would be the result of the positive random or reasonable cause test.

Section 7 was something that was added as new language in the negotiations "The Company agrees that it expressly is prohibited and would be a violation of this agreement to perform or have performed any blood-drawn testing or any other body-invasive procedure." I think in the prior contract, blood testing was prohibited except under certain limited circumstances. The Parties have agreed in this new agreement that there are no circumstances that would allow the Company to require an employee to submit to blood-drawn testing or any other body-invasive procedure, whatever that might be.

There's also a new Section that was added with regard to observed tests There were some issues under the prior contract with regard to when the Company could require an employee to provide a urine specimen under direct observation Under the new regulations that became effective August 1st, there is very specific language with regard to when an employee can be required to provide a direct observation The regulations actually specify certain circumstances where the collector is required to make sure that the specimen is provided under direct observation There are some other circumstances where it is up to the Company's discretion as to whether direct observation shall be required.

By incorporating this language, it was the Parties' intent that the Company would not require a direct observation except and only in those instances where the regulations say that it has to take place. If the regulations don't require direct observation, then the Company as a matter of Company policy would not step in and say that it has to be under direct observation We can go off the record

(Discussion off the record)

TONY COLEMAN: Just some off-the-record discussion that we want to make sure the record is clear, that there is a sentence that actually was carried over from a letter of agreement and plugged into the new Article saying that random drug screen collection will be done on the clock That most certainly doesn't interfere with our practice that reasonable cause and post-accident testing that may occur is also on the clock for the employee The fact that we simply only reference random drug screens doesn't change the obligation to keep somebody on the clock while a reasonable cause or post-accident testing is taking place.

MIKE RADTKE And reasonable cause would also include somebody who has to be retested. Let's say they somehow spoil the testing of the sample and they had to retest or his came back questionable, the employee's came back questionable, and that's not a random and that's not a post-accident

MR COLEMAN That's just going to be another test.

ARTICLE 26
DEFINITIONS

a Crew - An established work schedule including hours and days off

b. Emergency - unplanned, unforeseen circumstance which requires immediate attention or action.

c Qualifications - shall mean ETOPS, CAT 2/3, Engine Run/Taxi, NDT, aircraft welding or borescope Other special qualifications may be added to this list only upon negotiated agreement between the Company and the Union

d. Qualifications for TDY - may include ETOPS and CAT 2/3 Engine Run/Taxi may be included when used routinely at the gateway.

e. Regular rate or regular hourly rate - in reference to pay, base pay plus all applicable premiums due an employee in accordance with his permanent bid or scheduled start time, whichever is applicable, at straight time rate.

f Technician classifications - classifications other than Utility

g. Work center - a permanent bid location. A work center may be a shop or a gateway. A work center has its own overtime list, Field Service list. Annual Realignment Bid, Quarterly Shift Preference Bid, and vacation bid

ARTICLE 26

No change

ARTICLE 26

TONY COLEMAN This is the joint interpretation of Article 26. Definitions

We did delete definitions that were in the prior contract for license and line pay differential We've deleted those because we've agreed with the Union's request in Article 36 to simply create a base wage rate that takes into account license and line pay differentials without separately setting those forth, and, as a result, no longer have a reason to have a definition for those terms

We've added two definitions for qualifications under Article 26. paragraphs b and c. The first definition for qualifications is intended to be applied specifically in the context of Article 13 and 16 of the collective bargaining agreement. and what we've done is listed out specific qualifications, ETOPS. CAT 2/3. engine runup/taxi, nondestructive testing, aircraft welding or borescope, and we've listed out those qualifications specifically as ones that may be required to perform the work of a particular job in the context of 13 or Article 16 in terms of selecting somebody. that they may need to have those qualifications in order to perform the specific job that's been assigned

We've agreed in the context of paragraph b that other special qualifications can only be added to this list as a result of negotiations and mutual agreement between the Company and the Union, and the difference between paragraph b and c is c is defining qualifications for purposes of TDY, and it's a more restrictive list and can only include ETOPS or CAT 2 or 3 Engine runup/taxi may be included as a qualification for TDY if that work is routinely performed at that gateway

And in the context of both paragraphs b. and c . the Parties' intent is that the Company will not require the qualifications that are listed in paragraphs b. and c unless the job that is being assigned actually requires that qualification in order for that particular assignment to be completed

MIKE RADTKE Off the record

(Discussion off the record)

TONY COLEMAN An example in terms of the last statement. if there's a TDY assignment at a gateway and that gateway does not have aircraft that operate through it that require ETOPS. then the Company could not list ETOPS as a qualification that you'd have to have in order to handle that particular TDY assignment.

The current contract had a definition for part time employees which has been deleted The Parties' intent is that the Article dealing with part time employees now contains sufficient language to define what a part time employee is. and there was no reason to continue a definition in Article 26 on that

Under paragraph d of the new contract, we've carried over from the prior Agreement regular rate or regular hourly rate There was no intent to change how that's applied.

Under paragraph e., work center was, again, in the prior contract We only made one change to that, and that was to add "field service list" to be included in the definition of work center

Under paragraph f , crew, as we have throughout most of the contract, we've tried to change the word "shift" to "crew" and had agreed as we were doing that that we would include a definition in Article 26 for crew. and the definition that we've come up with is "An established work schedule including hours and days off " It is our belief and intent that that would have been basically the same definition of the word "shift" under the prior Agreement. and it's our intent that the word "crew" will be applied in the same way in this Agreement as the word "shift" was applied under the prior Agreement, except where shift referred specifically to the time of day an employee reported for duty, i.e , days/nights.

A new definition was added for ' technician classifications " There should not be much dispute The intent is that all employee classifications currently represented by Local 2727 are included except Utility.

Those are the terms that have been included in Article 26 at this point in time in terms of finalizing the Agreement As we went through the contract, we had a mutual understanding that we would wait until the tentative Agreement was reached before we would worry about what definitions to include in Article 26

We do have an understanding at this point that as we go further to clarify and conclude the tentative Agreement and get it ready for purposes of sending it out to the membership for ratification. there may be some other term that we might agree upon to include in Article 26. and the Parties are in agreement that that option is still open to them in the event something else comes up that needs to be defined

ARTICLE 27
SEPARABILITY AND SAVINGS

Section 1 - Validity

If any Article or Section of this Agreement is held invalid by operation of law or by any tribunal of competent jurisdiction, or in compliance with or enforcement of any Article or Section should be restrained by such tribunal pending a final determination as to its validity, the remainder of this Agreement, the application of such Article or Section to persons or circumstances other than those as to which it has been held invalid or as to which compliance with or enforcement of has been restrained, shall not be affected thereby.

Section 2 - Correction of Invalidity

In the event that any Article or Section is held invalid or enforcement of or compliance with which has been restrained, as above set forth, the Parties affected thereby shall enter into immediate collective bargaining negotiations after receipt of written notice for the desired amendments by either the Employer or the Union for the purpose of arriving at a mutually satisfactory replacement of such Article or Section during the period of invalidity or restraint There shall be no limitations of time for such written notice If the Parties do not agree on a mutually satisfactory replacement within sixty (60) days after receipt of the stated written notice, either Party shall be entitled to seek whatever relief is permitted under the Railway Labor Act.

Section 3 - War, Emergency, Economic Controls

In the event of war, government declaration of emergency, imposition of mandatory economic controls, the adoption of a National Health Program, or any congressional or Federal Agency action which has a significant adverse effect on the financial structure of the Employer, during the life of this Agreement, either Party may reopen the same upon sixty (60) days written notice and request renegotiation of the provisions of this Agreement directly affected by such action There shall be no limitation of time for such written notice Upon the failure of the Parties to agree in such renegotiation, within sixty (60) days thereafter, either Party shall be entitled to seek whatever relief is permitted under the Railway Labor Act If governmental approval of revisions should become necessary, all Parties will cooperate to the utmost to attain such approval The Parties agree that the notice provided herein shall be accepted by all Parties as compliance with the notice requirements of applicable law.

ARTICLE 27

No change

ARTICLE 27

No change.

ARTICLE 28
MAINTENANCE OF STANDARDS

The Employer agrees, except as may be specifically provided in this agreement, that all conditions of employment in its individual operation relating to wages, hours of work, overtime differentials and general working conditions shall be maintained at not less than the highest standards in effect at the time of signing of this Agreement, and the conditions of employment shall be improved for every employee in a classification, wherever specific provisions for improvement are made for a particular job classification as identified in Article 22 It is agreed that the provisions of this Article shall not apply to inadvertent or bona fide errors made by the Employer or the Union in applying the terms and conditions of the Agreement if such error is corrected within ninety (90) days from the date the Union provides notice of the error to the Company by certified mail. Any disagreement between the Union and the Employer, with respect to this matter, shall be subject to the grievance procedure This provision does not give the Employer the right to impose or continue wages, hours, premiums or working conditions less than those provided in this Agreement General working conditions shall only include improvements to pension, 401(k), vacations and holidays

ARTICLE 28

No change.

ARTICLE 28

TONY COLEMAN: This is the joint interpretation on Article 28. Maintenance of Standards There are several different changes in Article 28 The Parties' intent and discussion with regard to the Article is, one. that it will be applicable throughout the duration of the agreement The intent with regard to it in discussion is that during the duration of the agreement, that wages. hours of work. overtime differentials, and general working conditions. which have been defined to include only pension. 401(k), vacation and holidays, shall be maintained at not less than the highest standards in effect at the time of signing of the agreement.

To the extent that the improvements are made for any employee within a work classification. those same improvements will be made for other employees with similar seniority in that classification. an obligation on the Company's part essentially to ensure that it applies the terms of the contract the same to all employees and that no employee within a classification can be treated better than other employees

Also, language in here that to the extent the Company makes an error of some sort in terms of wages for an employee or overtime differentials or whatever. that the Union. once it provides notice to the Company by certified mail of that error. the Company is obligated to correct it within 90 days. and if it does so. then the terms of Article 28 will not become applicable

There is a couple places in the agreement where it says except as may be specifically provided in the agreement Those exceptions are intended to only be in places in the agreement where it specifically allows the Company to do something. An example in terms of not less than the highest standards in effect at the time of signing of the agreement, if there were layoffs or displacements of some kind where the Company is complying with the contract and going through the procedures. then obviously an employee may end up making a wage rate less than what he was at the time of signing the agreement if he gets displaced and now is in a lower classification But it's the Parties' intent that the except clauses are only intended to refer to other parts of the agreement where it specifically is spelled out that the Company has a right to make a change in terms of wages or hours of work or general working conditions as defined in the agreement.

ARTICLE 29
GENERAL AND MISCELLANEOUS PROVISIONS

Section 1 - Tools

a. The Company shall be responsible for replacing the employee's personal tools which the employee is required by the Company to furnish if the personal tools are lost due to theft, fire, or destruction The Company's liability shall not exceed the actual replacement cost of the tools. Employees shall fully cooperate in safeguarding their personal tools. The Company may update the minimum tool list for new employees and non-seniority employees and review the changes with the Union prior to implementation

b The Company will furnish to the employees all cutting tools, such as files, file handles, hack-saw blades, reamers, drill bits, creepers, special tools, air tools such as drill motors, impact wrenches, rivet guns, and all other tools above one-half (1/2) inch drive All stands, platforms, lifts, cranes, hoists, ladders, and safety belts which may be used by employees will be furnished and maintained by the Company in a safe condition.

c Employees covered by this Section shall furnish the Company a complete inventory of their personal tools, subject to verification by the Company, and must keep such inventory list current. Employees shall retain a copy of such inventory Only tools on such inventory list will be considered for replacement In lieu of submitting a written inventory, an employee may request his supervisor to photograph his tools and create an electronic tool inventory. Upon request, the employee may review and verify his electronic tool inventory.

d. The Company will be responsible for the shipping and proper handling of an employee's tools and tool box when shipped on Company aircraft for the purpose of Company business The employee will be responsible for making arrangements for the shipping of such tools and tool box

e Any specialized equipment/tools required by FSTs or AMCs will be supplied by the Company

Section 2 - Use of Hangar in Inclement Weather

a. When Company operated hangars are available, employees shall not be required to perform major work on aircraft in inclement weather such as freezing conditions, thunderstorms, or high winds. This clause shall not apply to emergency work or work on aircraft needed for immediate service Once work has started on an aircraft, the Company shall not be required to move it It is understood that in situations applying to emergency work or work on aircraft needed for immediate service, employees will not be required to work under unsafe conditions in violation of any applicable government regulation or approved Federal Aviation Administration procedure

b. If any maintenance is to be performed at a gateway without Company operated hangars where an aircraft happens to be out of service and inclement weather conditions exist as described in paragraph a above, the Company will make every reasonable effort to make arrangements to use another airline's hangar, if it is expected that the job will last more than six (6) hours Except in cases affecting employee safety it is understood that this use must be practical and such movement of the aircraft to and from the hangar will not extend the out of service time.

Section 3 - Parking

The Company will arrange for safely lighted, secure, adequate parking and reimburse employees for the cost of parking at all work centers where employees are required to park in toll parking lots. Should employees be required to park in an area that requires a transit time in excess of fifteen (15) minutes one-way on a regular basis, the Employer shall meet with the Union to establish alternative means of transportation of fifteen (15) minutes or less.

Section 4 - Work Center Personnel Records

a A current seniority employee shall have the right to request a review of his personnel records maintained

at his work center Such review will be in the presence of a Company representative at a mutually agreed upon time.

b Unless the involved employee denies permission, the Union shall have the right to review and be provided copies of personnel records maintained at the work center of the employee(s) which are reasonably related to an active grievance in accordance with Article 6, Section 3, e. Such review shall be in the presence of a Company representative at a mutually agreed upon time.

Section 5 - Jumpseat Privilege

a. Effective for the duration of this Agreement, the Company will continue to allow current employees to utilize Company aircraft jumpseats for personal use in accordance with the procedures established in the Flight Operations Manual. Local 2727 represented employees will have the same jumpseat priority and seating priority for personal use as flight crewmembers.

b In the event improvements are made to jumpseat for any represented employees or representatives of another union or association, such improvements will be added to this Section

Section 6 - Loss of Company or Personal Property

a Employees shall not be charged for unintentional loss or damage to Company equipment.

b The Company shall reimburse employees for the loss of personal money or property in a holdup while on duty, up to a maximum of one hundred dollars ($100 00) per employee, provided the employee promptly reports such holdup to the Employer and the police and cooperates in the investigation of such holdup Employees will be paid for all investigative time and time spent at court appearances which is required by the Company or government officials as a result of such holdup.

Section 7 - Bonding

Should the Employer require any employee to give bond, cash bond shall not be compulsory and any premium involved shall be paid by the Employer

Section 8 - Lie Detector

No applicant for employment and no employee will be required to take any form of a lie detector test

Section 9 - Identification

Should the Employer find it necessary to require employees to carry full personal identification or airport identification, such requirement will be complied with by the employees The cost of such personal identification, including replacement, shall be borne by the Employer. All management personnel shall wear a name tag identifying them as such while supervising employees covered by this Agreement

Section 10 - Employee Court Appearance and Bail

When an employee is required to appear in any court for the purpose of testifying because of any accident the employee may have been involved in during working hours, such employee shall be reimbursed in full by the Employer for all earning opportunity lost because of such appearance The Employer shall furnish employees who are involved in accidents during working hours with bail bond and legal counsel and shall pay in full for same Employees shall be compensated for time spent in jail at their regular rate of pay Said bail bond and legal counsel shall remain assigned to the employee until all legal action in connection with said accident is concluded, provided the employee is not charged and convicted of criminal negligence This Section shall not apply to employees who are found guilty of drunken driving when involved in an accident during working hours The Employer shall assume all responsibility for all court costs, legal fees, and bail bond fees for any employee who is involved in any accident or accidents during working hours, which result through court action against said employee, except as provided above. In case an employee shall be subpoenaed as a witness in a Company-related case, he shall be reimbursed for all time lost and expenses incurred

Section 11 - Riding on Company Equipment

Except in cases of emergency, the carrying of unauthorized passengers on or in Company equipment/vehicles while on the job, excluding employees of the Company who are being transported through customary means between Company facilities and airport terminals for the purpose of travel, unless authorized by the Company, is prohibited The prohibition of this section shall not apply to the off-duty use of a company supplied rental car in conformity with Grievance settlement 2005-0651.

Section 12 - Medical Examinations

a. Physical, mental, or other examinations required by a government body or the Employer shall be promptly complied with by all employees, provided, however, the Employer shall not pay for any time spent in the case of an applicant for jobs, for return to work examinations not otherwise required by law, or examinations involving Employee Assistance Programs (EAP) All such examinations or tests will be completed during the employee's normal working hours for active employees and the employee will be paid his regular hourly rate of pay. In the event the Employer requests off duty hours for such exams for active employees, the employee will be paid at the applicable overtime rate for the time spent at such examinations The place of examination(s) may be at a medical or Company facility

b. The Employer agrees that prior to requiring an employee to submit to a mental examination that it will provide the Union the information on which the request is based. Such examination will not take place unless the Union agrees Agreement will not unreasonably be withheld. If the Parties disagree, the examination will not occur until an arbitrator decides whether the examination is justified. Such a dispute shall be arbitrated on the next available date with a bench decision. The Company may hold an employee out-of-service with his guaranteed pay during such process

Section 13 - Garnishment

a. In the event of notice to the Employer that a court order has been issued requiring the Employer to withhold a percentage of an employee's wages to satisfy a garnishment, the Employer may take disciplinary action if the employee fails to satisfy such garnishment or wage assignment within a seventy-two (72) hour period after notice to the employee that the Employer is considering disciplinary action. However, the Employer may not discipline any employee by reason of the fact that his earnings have been subjected to garnishment or wage assignment for any one indebtedness An employee may be suspended by reason of the fact that his earnings have been subjected to multiple garnishments or wage assignments for any one indebtedness but any such suspension must be for a fixed, stated period of time

b If the Employer is notified of three (3) garnishments or wage assignments for separate debts within a two (2) year period, irrespective of whether satisfied by the employee within a seventy-two (72) hour period, the employee may be subjected to discipline. However, the employee may not be discharged upon notice of a third (3rd) garnishment under this provision unless and until the Employer has actually begun withholding the employee's wages on a second (2nd) debt

c A garnishment for child support or alimony shall not be considered a debt for purposes of discipline

d. The Employer shall comply with Federal, State, and local law in enforcing the provisions of this Section. Discipline or discharge pursuant to this Section shall be reasonable and non-discriminatory and shall comply with the provisions of Article 8

e The Employer agrees not to charge any employee administration fees or surcharges for the processing of court ordered garnishments for child support, alimony and/or unallocated separate maintenance and support payments, except those charges that are ordered and payable to the State or Federal agency ordering such garnishments and fees or the garnishment is the result of the employee being delinquent in making required payments.

Section 14 - Records Furnished at Separation

Any employee leaving the service of the Employer will, upon request, be furnished with a letter setting forth the Company's record of their job classifications and aircraft training records, stating their length of service and rate of pay at the time of leaving the Company

Section 15 - Company Projects

a If an employee covered by this Agreement volunteers and is selected by the Company to participate in a Company project or program. he will be accepting the schedule advertised with the associated program in lieu of his regular bid crew

b. The period of such project or program shall not exceed six (6) months unless otherwise mutually agreed to by the Company and the Union. The employee(s) will be treated in the same manner as all other employees covered under this Agreement for any other benefits and/or work rules

c The Company agrees to meet with the Union to establish appropriate wage and overtime compensation for the employee during the period of the project

d It is understood that the employee(s) may at any time withdraw from any Company project and return to his normal bid crew without prejudice by the Company.

e. Involvement in special projects by bargaining unit employees shall first be reviewed with and approved in writing on Union supplied form by the Local Union Principal Officer prior to the employee's participation. Should the Employer fail to receive such written approval from the Local Union Principal Officer and the employee is assigned to a special project, the Employer shall immediately return the employee to his regular bid crew upon notification of such unapproved assignment Should the Employer make additional unapproved assignments subsequent to the notification by the Union of such unauthorized special project assignment. the Union may at any time deny future special project requests for the duration of this Agreement

Section 16 - Security and Surveillance

a When entering UPS property, employees covered by this Agreement may be subject to search. restrictions on personal property, or security procedures of no greater scope or degree than the Company's flight crewmembers.

b When exiting UPS property. reasonable search or security procedures may be conducted Local 2727 represented employees shall not be treated differently than other employee groups at any gateway Jumpseating Local 2727 represented employees will be treated the same as flight crewmembers when exiting with them The Parties also agree to create a joint committee to review security procedures and recommend changes at any gateway upon request. Agreement will not unreasonably be withheld

c Upon written request by the Union, the Company shall meet to review the security procedures at any gateway

d There shall be no surveillance cameras or audio recorders used in any area where employees change clothes, take breaks. eat meals or use toilet/shower facilities unless the Union agrees

e The Company will provide the Union within three (3) months of ratification information regarding the health hazards, if any. associated with the exposure to x-ray devices or various metal detectors used on the Company's property. The Company will not require any employee to undergo any procedure if there is a documented health hazard

f. No pregnant employee will be subject to x-ray or other equipment for which medical evidence demonstrates a risk at any time during pregnancy.

g Company recorded telephone conversations by or between employees shall be archived at least 30 days and disclosed to the Union upon request There will not be an unreasonable number of requests There will be indication the conversation is being recorded Such recordings not made available to an employee at a disciplinary hearing shall not be used by the Company at a later arbitration hearing, unless first used by the Union

Section 17 - Public Telephones

The Employer agrees to make available to employees at each facility public telephones. or a secure Company telephone, if a public telephone is unavailable, for use by employees during their off duty and break times to make phone calls. It is agreed that any long distance personal calls will be either collect or put on a personal calling card.

ARTICLE 29

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MR COLEMAN Article 29. Section 1.c is the first change The Union made a request and the Company agreed to include language that allowed an employee who's got tools to actually have the supervisor photograph the tools and create an electronic tool inventory versus the written inventory that had been the only mechanism that was in the prior contract, and that is something we're obligated to do if the employee makes the request.

The next change in the article is in Section 11 This section deals with riding on company equipment And during the duration of the prior agreement, there had been some issue as to the applicability of this language when an employee has a rental car at an outstation where he's doing TDY or field service or whatever.

And, actually, the case was settled through a grievance settlement 2005-0651 And the parties have agreed to make that grievance settlement part of our contractual obligations going forward and basically incorporate it, the grievance settlement, and make it an addendum at the back of the contract and would continue to apply that as it has been applied since it was signed

MR COMBINE. It's a waiver, right? It's a liability waiver, I think it is.

MR COLEMAN The next change in Article 29 is in Section 16.g It's all new language It actually deals with a couple of issues One is how long the Company would keep recorded telephone conversations between members of the Company's supervision and Local 2727 members And by this language, we've agreed that we will keep it a minimum of 30 days and will archive it and maintain it for a minimum of 30 days

During that period, the Union has a right to make requests that we produce the recorded telephone conversations to them

Obviously, I think the intent here was that it would be a written request as to those calls and conversations We had some discussion or there was some discussion during negotiations that the Union would be reasonable in terms of the number of requests they made and there would be a reason for making the request It wouldn't just be without any kind of grievance or dispute that you just come in and start asking for recorded conversations, but rather there would be an underlying rational reason for the request

MR WILDER. That is what I was going to ask If there's an ongoing disciplinary case or a grievance or arbitration, then the question of reasonableness wouldn't come into it under this article, but rather under Article 8, is that correct?

MR COLEMAN I think you would be governed by that language that we have in terms of production of information, but in terms of if there is no grievance, there is no arbitration coming, and there's a request, I think there's — this unreasonable number also kind of encompasses if there's a reason for it I mean, it won't be just asking because you are kind of curious who this person talks to or whatever

MR. COMBINE But there wasn't any stipulation for a written request, though, Tony, because we wouldn't be able to use a written request unless an active grievance was filed So this was at the point of a hearing or point of notification that we could ask right then to have that secured so it wouldn't be taped over. Because it would be sometime later that a grievance could possibly be filed, and that's the only time the Company has said that a request will be granted under an active grievance

MR COLEMAN We agree.

MR. COLEMAN. The second item addressed in this paragraph is there will be an indication the conversation's being recorded I think the discussion there is that there would be a beep or some audible tone or an audible sound that would indicate to a person that it is actually being recorded And then the third item covered by this paragraph is that the Company agreed that if we're having disciplinary hearings with the employee, if we're going to rely on recorded conversations, that we do need to make them available to the employee at the disciplinary hearings that would occur within that initial period before the decision is made to impose discipline, and that if we don't make them available to the employee in that initial time frame, that they won't later be used at any kind of arbitration hearing unless the Union introduces the telephone conversation as a part of its case somehow or another, in which case, the Company has a right to. And that is it for Article 29.

ARTICLE 29

TONY COLEMAN. This is the joint interpretation on Article 29, General and Miscellaneous Provisions Section 1 on tools, paragraphs a , b , c, and d were not changed from the prior contract, and there was no intent to change how those were applied

We added a new paragraph e , "Any specialized equipment/tools required by flight simulator technicians or aircraft maintenance controllers will be supplied by the Company" -- similar language was in letters of agreement that we had on the simulator technicians and maintenance controllers It's our intent on a going-forward basis that we'll continue to take care of that as we have in accordance with past practice in terms of providing whatever equipment/ tools, special equipment/tools that they need in order to perform their job.

Under Section 2, a , there was no change in the language There was quite a bit of discussion with regard to use of hangars and when Company operated hangars are available, employees shall not be required to perform work on aircraft in inclement weather. We didn't change the language. We did have some discussion and agreed to include in the meaning and intent discussion that we're having here that most certainly it's not the Company's expectation that employees should be required to work on aircraft in outdoor conditions where it might create a safety hazard We have included in the last sentence from the prior contract that emergency work or work on aircraft needed for immediate service, employees will not be required to work under unsafe conditions in violation of applicable government regulation or approved FAA procedures, and we just wanted to memorialize that most certainly it's our commitment and intent that even if aircraft are worked on outside in emergency situations, that no employee shall be required or expected or asked to do so if in fact it would create a safety hazard

Under Section 2, b., we struck out some words, if maintenance is performed at a gateway, the prior contract said, "other than SDF or any airport " We just struck that out to say "at a gateway without Company operated hangars where an aircraft happens to be out of service," that the Company still continues to have the obligation to make every reasonable effort to make arrangements to use another airline's hangar

We added language except in cases affecting employee safety, it is understood that this use must be practical and movement will not extend the out-of-service time to again capture our intent that employees should not be required to work on aircraft even in emergency situations if in fact it would create a safety hazard for that employee or employees

Section 3, "Parking," we added some new language in this Section The prior contract simply said the Company will arrange for adequate parking We've added that the Company will arrange for safely lighted and secure, adequate parking to give the employees a greater protection that wherever the parking takes place at different gateways, that it will be lighted and a secure area so that employees don't have any concerns with regard to personal safety or the safety of their personal vehicles

We added at the end of the paragraph a couple of new sentences to deal with a concern that at some locations employees were being required to park at a distance from the gateway and it was taking them a lengthy period of time to actually get into work

The way we tried to deal with that is to say that "Should employees be required to park in an area that requires transit time in excess of 15 minutes one way on a regular basis, the Employer shall meet with the Union to establish alternative means of transportation of 15 minutes or less "

We essentially came up with 15 minutes as an outside length of time in terms of how long it should take an employee to get from the parking lot into the facility On a regular basis, I think the intent there is that if something has occurred and the expectation is that it's going to continue to take 15 minutes. There obviously may be temporary situations that occur where a person, employee may take longer than 15 minutes, but it's expected to not last as a result of construction or something.

The obligation obviously is if it does occur where on a regular basis it's taking more than 15 minutes, the Union has an obligation to bring that to the Company's attention, and then the Company has an obligation at that point to take steps necessary to provide alternate transportation, and the only solution obviously isn't just alternate transportation The Company may have the ability to change the parking location or whatever it is that's necessary to ensure that 15 minutes or less is the standard

Under Section 4, "Work Center Personnel Records," paragraph a , there was no change, and paragraph b , to strengthen the privacy rights of an employee, the prior contract said subject to the permission, the Union

shall have the right to review and be provided copies of personnel records. We changed that to say. "Unless the employee denies permission" in order to give the Union greater ability to access personnel records in order to perform their duties as collective bargaining representatives There has to be an affirmative action by the employee to deny the Union permission

Under Section 5 on jump seat privileges. we've continued the language that the Company will continue to allow current employees to use Company aircraft jump seats for personal use in accordance with the flight operations manual. and we've also added Local 2727 represented employees will have the same jump seat priority and seating priority for personal use of jump seats as the Company's flight deck crewmembers, and we've added a new paragraph b that in the event improvements are made to jump seat usage for any other represented employee or representatives of another Union or association, we are also obligated to provide those same improvements to Local 2727 represented employees.

Section 6. "Loss of Company and Personal Property," there was no change, no intent to change how it's been applied, and the same thing is true for Section 7, 8. 9, 10. 11, and 12, a The language has all been continued over from the prior contract. and we don't intend to change how it's been applied

Section 12, b., there was a substantive change to deal with situations that we had under the prior contract where the Parties ended up having some disagreements and actually an arbitration The issue under Section 12, b deals with requiring an employee to submit to a mental examination, and to try to provide additional protection to the employee, what we've agreed to is that prior to requiring any employee to submit to a mental examination, the Company has an obligation to provide the Union the actual information on which the request is made, and we further have said that once that information is provided. the mental examination cannot take place unless the Union specifically expressly agrees with the Company that it is proper and appropriate to require the employee to undergo a mental examination

We have added language saying that the agreement by the Union will not unreasonably be withheld in those circumstances if the facts substantiate and justify the Company's decision to require the examination Howevei, unlike other places in the contract where we simply left it with the language that agreement will not unreasonably be withheld. we've gone further here and actually said that if agreement cannot be reached between the Company and the Union in these kind of cases, that the examination still will not take place until the issue is put in front of an arbitrator for purposes of him or her deciding whether the examination is justified, and it's our intent in that situation if we get to a point where an arbitrator has to make that kind of decision, that we would use the next available date that we have under Article 7 with the arbitrator for purposes of hearing this case. and the Parties are in agreement that in those cases, the arbitrator would make a bench decision so that the process would not be delayed.

We did agree under this language that if there was disagreement and we had to go through the arbitrator route, that the Company would have the discretion to decide to hold the employee out of service, but that. until the arbitraior actually made a decision. he would continue to receive his guaranteed pay, and that obviously also includes his benefits. his pension contributions, and anything else that he's entitled to under the collective bargaining agreement

Under Section 13 on garnishment. paragraphs a., b . c., and d., there were no changes, no intent to change how that language has been applied. We did come up with some new language in paragraph e where the Company has agreed not to charge any employee administrative fees or surcharges for the processing of court ordered garnishments for child support. alimony, or unallocated separate maintenance and support payments. except those charges that are ordered and payable to the state or federal agency ordering such garnishments and fees or the garnishment is the result of the employee being delinquent in making required payments.

The Union had a concern with regard to employees being charged administrative fees when it was as a result of the court ordering garnishments in the situations that I've described. It does not affect the Company's ability and right to charge administrative fees as a result of employees not paying their debts, not meeting their obligations where it is now a matter of a debtor coming after the employee and garnishing his wages

We did agree with the Union that in situations where the employee really hasn't been at fault, hasn't failed to pay something, but the court just as a normal routine course orders the garnishment, that the administrative fees would not be charged under those circumstances

Section 14 was not changed in terms of records furnished at separation

Section 15 on Company projects, the first paragraph. we, as we have throughout the contract, changed the word "shift" to "crew" We deleted the sentence at the end of the first paragraph about such involvement will be reviewed with and approved by the Union prior to the employee's participation. because we believe that that issue is now dealt with and handled under a new paragraph e to provide additional protection for the Union and employees.

The new paragraph e provides that involvement in special projects by bargaining unit employees has to first be reviewed with the Union and approved in writing by the principal officer of the Union. There is language that says if the Company fails to receive such written approval prior to the employee being assigned to the special project, the Company is obligated to immediately return the employee to his regular bid crew upon notification. and should the Employer make additional unapproved assignments subsequent to notification by the Union of such unauthorized assignments, the Union does have the authority and ability to provide a written revocation to the Company that no employee can be involved in any special project in the future

It is the Parties' intent obviously under this language that the Company would always come to the Union and obtain special approval These additional protections that were added here basically is to give a guarantee to the Union that the Company will not take any steps to try to circumvent the agreement process.

Under Section 16, "Security and Surveillance." -- this Section with a number of paragraphs included. did not exist in the prior contract The first one deals with when entering UPS property. employees covered by this Agreement may be subject to search, restrictions on personal property, or security of no greater scope or degree than the Company's flight crewmembers. That deals with what the standards can be when somebody is entering the property

Paragraph b. deals with exiting the property, and what we've agreed to is that reasonable search or security procedures may be conducted We've. however, agreed that 2727 represented employees shall not be treated differently than other employee groups at any particular gateway, and the intent there is that whatever employees report to that gateway and exit that gateway as a group. that the procedures that would be applicable to 2727 ground employees going into those gateways. that they would be treated the same.

We had some discussion about how crewmembers are treated when they exit the property, and the way we've ended up dealing with that issue is we have agreed that if Local 2727 represented employees are jumpseating and are exiting the property at the conclusion of a jumpseat, that 2727 represented employees will be treated the same as flight crewmembers when they're exiting the property to essentially guarantee that in those circumstances, 2727 employees won't be differentiated or treated differently than the flight crewmembers at the conclusion of a jump seat as long as they exit with the flight crew

We've also agreed in order to try to deal with security and surveillance issues on an ongoing basis, that we'll create a joint committee to review security procedures and recommend changes at any gateway upon request and. as we've done in a number of other places. added the language that "agreement will not unreasonably be withheld."

Paragraph c. is just kind of a followup on that in terms of upon written request. the Company shall meet to review security procedures. that the intent is that that would occur within the context of this joint committee

Paragraph d.. we added some language here that is kind of a followup to the language that was in Article 20 about surveillance cameras The commitment is that no surveillance cameras or audio recorders will be used in any area where employees change clothes, take breaks, eat meals, or use toilet or shower facilities unless the Union agrees. Obviously the intent here is to try to protect the privacy of Local 2727 members Again, "unless the Union agrees," the proviso was added that if there is a particular situation where there is a theft problem or other situation where it makes sense to maybe put a surveillance camera in. that the Company may be allowed to do so. but only with the Union's express agreement

I think the underlying intent there as well. though. is that if the Company goes to the Union and reaches an agreement in those kind of circumstances, that the Union does have some obligation not to broadcast to the world the fact that a surveillance camera may be put into place somewhere to try to deal with a specific theft issue, for example.

Paragraph e , the Company will provide the Union within three months of ratification information regarding the health hazards, if any. associated with the exposure to x-ray devices or various metal detectors used

on the Company's property, and further clarification, obligation that the Company will not require any employee to undergo any procedure if there is a documented health hazard The intent there is to obtain from the manufacturers or other available sources information regarding any health hazards associated with the x-ray devices, metal detectors, and it is our intent to specifically try to obtain information with regard to those devices being used by the Company, not just those type of devices.

The last sentence is kind of a followup to that, that if the information that's obtained and provided to the Union shows that there is some kind of documented health hazard associated with those devices or -- and the paragraph obviously has an ongoing effect -- if there are new devices obtained by the Company at some point, that that would also fall within the scope of this paragraph, and obviously no employee would be required to use that and go through those devices if there is a documented health hazard

We also added a new paragraph f to say that "No pregnant employee will be subject to x-ray or other equipment for which medical evidence demonstrates a risk at any time during pregnancy."

And the final Section is "Public Telephones." We've agreed that we will make available to employees at each facility either a public telephone or a Company telephone that's secure for use by employees during their off duty and break times to make phone calls, and when we use the word "secure" there, the intent is that he has the ability to talk on it without having other people listening.

We've added a sentence at the end of that that if the employee is making personal calls, long distance personal calls on the Company telephone, the employee should be doing it either collect or putting it on a personal calling card. The intent is that by making Company telephones available to employees, the Company should not incur additional long distance telephone costs in doing that The employee does have an obligation to put it either on his personal calling card or to make the call collect

(Discussion off the record)

TONY COLEMAN: Further clarification that we wanted to add to Article 29, Section 5, a , to deal with a couple of issues One, we had a lot of discussion during negotiations of Article 29 about the seating priorities that are provided to flight crewmembers under their collective bargaining agreement, and we specifically added language to Section 5, a to say that the Local 2727 represented employees will have the same jump seat priority and seating priority for personal use as flight crewmembers, because there is no seating priority given to flight crewmembers for purposes of personal use of jump seats, and if there is a change with regard to that, it's the Company's commitment to make sure that Local 2727 represented employees have the same priority if there is ever anything established.

There was a recognition during discussions on this Section that there is confusion and perhaps lack of information available to Local 2727 represented employees as to what the seating priorities that flight crewmembers have when they're actually being moved for purposes of Company business, and as part of the intent here, once the contract is ratified, the Company does have an obligation and will provide information to all of the Local 2727 represented employees as to what seating priorities exist under the pilot agreement so that everybody is on the same page when they're utilizing the Company jump seats and everybody knows what rights exist and nobody is taken advantage of in terms of a person trying to say that they have seating priorities when they don't.

We've also agreed as a part of the intent under Article 29, Section 5, that the Company will not make any modifications to the Flight Operations Manual and/or reach any agreements with the Independent Pilots Association that would have an effect on the jump seating priorities and seating priorities that Local 2727 represented employees currently have, and the only way that those priorities could be changed in the future is with specific mutual agreement between UPS and Local 2727

(Discussion off the record)

TONY COLEMAN: I just want to add to Article 29, Section 5, as a result of some off-the-record discussions that we've had concerning the Company's obligation to provide secure parking lots, we've had some discussion about despite the fact that the Company has the obligation to provide secure parking lots, there have been some locations where Local 2727 represented employees have had their cars vandalized and have experienced, once they turn that in to their insurance companies, increases in premiums as a result of turning those kind of claims in.

Obviously the Company has the obligation to provide secure parking lots Despite that, there are going to

be some occasions where somebody somewhere circumvents security and still vandalizes a car, and we want to make sure the record reflects that it's our intent even in those kind of situations that if the employee has that happen to them and. as a result of turning a claim in, is going to experience some kind of increase in premiums, that it is our intent that that employee should come to the Company. and with the Union if they want to, but bring that to the Company's attention, and that if there is a situation where the employee is going to experience an increase in his insurance premiums as a result of turning that kind of a claim in. that the Company will deal with those cases on a case-by-case situation. that if the employee was not at fault at all in terms of his car being vandalized and is going to incur additional costs as a result of it. that there is an intent that the Company will step in in those kind of cases, and probably the best way to deal with it is to deal with the loss directly rather than having it turned in to the insurance company

ARTICLE 30
HEALTH AND DISABILITY COVERAGE

Section 1 – Health and Disability Coverage

a For seniority employees and their eligible dependents (including, but not limited to, step-children and same-sex domestic partners), the Employer will continue to provide health coverage under the UPS Health and Welfare Package (Plan 524) and associated Summary Plan Descriptions (SPDs/SMMs) which are in accordance with the standards set forth in the Nolan Award, except as specifically modified in this Article. The aforementioned provisions and coverage for active employees set forth in this Article shall continue with no contribution from the employees with the same deductibles, unless noted otherwise herein. Funding shall be provided under the related trusts established by the Employer for these purposes. Eligible retirees who were former full time employees, spouses, and eligible dependents will also be provided coverage as outlined in the UPS Health and Welfare Package for Retired Employees (Plan 525) and associated Summary Plan Descriptions. Retirees with current retiree coverage under the UPS Health Care Package for Retirees (Plan 509) shall maintain coverage under Plan 509.

b. Plan benefits will be maintained at levels no less than those specified in the SPD and other related documents provided to the Union on December 14, 2001 or as amended in this Agreement and shall remain in effect throughout the term of this Agreement. Should it become necessary to adjust the benefit level during the duration of this Agreement, the Company shall meet with the Union to negotiate any change as required under the terms of the Railway Labor Act. The Plan will maintain the availability of retiree coverage at age fifty-five (55) with, at least, ten (10) years of Company, parent, or affiliate service for active or furloughed employees on the payroll as of 10-08-02. In no event will the UPS Health and Welfare Package be changed to prohibit an employee from using an out-of-network provider nor will an employee be required to use an HMO either exclusively or as the only in-network provider. Utilization of any out-of-network provider or HMO will be at the employee's option.

c The Employer shall provide for up to one (1) year health coverage from the date of the disability for full/part time seniority employees and eligible dependents when the employee is absent due to an on- or off-the-job injury/illness.

d The Employer agrees to make available under its Health and Welfare Package plan the coverages outline in this Section with funding under the related trust(s).

e. The Employer will provide to all full time and part time seniority employees new Summary Plan Descriptions in booklet form describing all benefits within 90 days of ratification. All current, applicable SMMs will be incorporated into the new SPD. Employees will also be provided with an explanation of any changes at the time such changes occur. Future, applicable SMMs will be incorporated into the next printed SPD. The Company will provide a replacement copy of the SPD to any employee upon request.

f The Company agreed that in the resolution of problems which employees may encounter with either payment or treatment under the provisions of the health and disability plans provided herein that the Company will address and act upon within seventy-two (72) hours, unremedied problems reported by employees. This includes problems with coverages, including but not limited to, vision care, dental care, major medical, prescription drugs, mental health, substance abuse, life insurance, short and long term disability insurance, and accidental death and dismemberment benefits.

g Any Local 2727 retiree will pay fifty dollars ($50) per month for single or family coverage until they reach the age of 65. This rate will not be increased before January 1, 2013. It will only be increased after that date, during the duration of this agreement, if UPS reaches an agreement with the Teamsters UPS National Negotiating Committee to increase the rate of other retired employees under Plans 524 and 525. In such case the rates will be increased to match that agreed upon rate.

h The maximum lifetime health benefit for the UPS Health and Welfare Package (Plan 524) will be raised to two million ($2,000,000) dollars effective the date of ratification.

Section 2 – Part Time Employees

The Employer will provide full health coverage for part time seniority employees equal to that received by full time employees only with the exceptions detailed in the SPD and Plan Document. There shall not be any duplication of health coverage for part time employees or their covered dependents Part time employees will be covered under the UPS Health and Welfare Package for Retirees.

Section 3 – Long and Short Term Disability Coverage

a. Short term disability coverage shall be provided to full and part time employees in accordance with the UPS Health and Welfare Package for on- and off-the-job injuries or illnesses There shall be no premium for short term disability coverage Short term disability coverage shall be equal to seventy-five percent (75%) of an employee's regular hourly rate times forty (40) hours (times twenty [20] hours for part time or pursuant to the Plan, whichever is greater) up to a total payment of fifteen hundred dollars ($1,500 00) per week. Beginning on the amendable date of this Agreement, seventeen hundred and fifty dollars ($1.750.00) per week.

b. Long term disability coverage equal to seventy-five percent (75%) of an employee's regular hourly rate up to a total payment of fifteen hundred dollars ($1,500 00) per week, shall be available to full time employees who purchase the LTD coverage This shall cover disabilities for on-and off-the job injuries or illnesses The premium for employees for this coverage shall be twelve dollars and fifty-seven cents ($12 57) per week This premium may be increased to a maximum of twelve dollars and ninety-five cents ($12 95) if the Company's costs increase Beginning the third (3rd) year after ratification, the maximum limit shall be increased to seventeen hundred and fifty dollars ($1750) per week The premium shall be increased to thirteen dollars and fifty-nine cents ($13 59) per week This premium may increased to a maximum of fourteen dollars ($14 00) per week for the duration of this agreement, provided the Company's costs increase The twelve dollars and fifty-seven cents ($12 57) and thirteen dollars and fifty-nine cents ($13 59) rates shall be in effect for a minimum of twelve (12) months. Participation in LTD is voluntary. Health insurance coverage will continue up to five (5) years of the LTD coverage

c Once an employee starts receiving LTD, he shall not be required to pay a LTD premium

d The "gainful employment" definition in the Health and Welfare Package for disability eligibility shall also require that the employee can obtain employment generating at least sixty percent (60%) of his pre-disability income before being recognized as gainfully employed

e. Any employee receiving short term disability benefits shall immediately contact the Benefit Service Center at 1-800-UPS-1508 if he fails to receive his billing notice

Section 4 – Full Time Employee Life and AD&D Insurance Coverage

In addition to the basic life insurance included in the SPD, the Company will provide an additional three hundred thousand dollars ($300,000 00) in life insurance coverage to all full time Local 2727 represented employees in conjunction with the UPS Health and Welfare Package. The cost for each full time employee for the employee life insurance will be eight dollars and thirty cents ($8 30) per week for the first two (2) years following ratification of this Agreement. This premium may be increased to a maximum of eight dollars and fifty-five cents ($8 55) per week for the duration of this Agreement if the Company's costs increase All full time seniority employees must participate Additional life insurance above that specified in this Section and AD&D insurance coverage will be available to employees in accordance with the terms of the UPS Health and Welfare Package AD&D insurance may be voluntarily purchased by any seniority employee for twenty-five cents ($0 25) per year per $1.000 of coverage. Additional life insurance may be purchased at the rates provided the Union in the October 2007 SMM. These rates will be in effect for the duration of this Agreement.

Section 5 – Jurisdiction

The terms of the Health and Welfare Package specifically negotiated in this Agreement shall amend or super-

sede the terms of any appropriate Summary Plan Description or Plan Applicable Summary Plan Descriptions or Plans will be amended to reflect any changes agreed to in this Article or elsewhere in this Agreement.

Section 6 – Medical Examiner

For the purpose of any disputed claims concerning STD or LTD under the UPS Health and Welfare Package, the Employer reserves the right to select its own medical examiner or doctor and the employee may, if he believes an injustice has been done, have a reexamination done at the employee's expense If the two (2) doctors disagree, the Employer and the employee shall mutually agree upon a third (3rd) doctor within ten (10) working days whose decision shall be final and binding on the Employer and the employee Neither the Employer nor the Union will attempt to circumvent the decision of the third (3rd) doctor and the expense of the third (3rd) doctor shall be equally divided between the Employer and the employee If the third (3rd) doctor agrees with the employee's doctor, disability benefits will be provided retroactively to the date of the examination by the Employer's doctor and paid to the employee within two (2) business days of the third (3rd) doctor's decision

Section 7 – Coordination of Benefits for STD and LTD

Compensation benefit amounts received from other programs and limitations apply to coverages as outlined in the Summary Plan Description This only includes benefits an employee may obtain from social security, government sponsored or mandated programs other than military pensions and other government service pensions commencing before the disability, statutory disability plans, defined benefit pension plans for which a full pension begins after the occurrence of the disability, Workers' Compensation, and other Employer disability plans. Mandatory State disability plans for which the employee pays the entire cost will not be counted For mandatory State disability plans in which both the Company and the employee contribute, fifty percent (50%) of the State provided disability benefit may be counted for coordination purposes
Example of fifty percent (50%) coordination offset· Employee's regular rate for the week is two hundred dollars ($200.00) He is then eligible for seventy-five percent (75%) of that, or one hundred, fifty dollars ($150 00) disability benefit under the UPS Health and Welfare Package He also is eligible to receive seventy dollars ($70 00) in disability benefit from the State plan to which the employee and the Company both contribute The Company would insure that the employee receives his full State disability coverage, plus his STD/LTD benefit minus the amount equal to one-half of the benefit by the State disability plan, that is

$70.00	from State disability plan
+$115 00	from UPS STD/LTD benefit ($150 minus $35)
$185 00	total to employee

Section 8 – Additional Retiree Medical Coverage

The Company agrees that if at any time during the duration of this Agreement, it or any affiliate as defined in Article 1, enters into a new or successor labor contract which provides post sixty-five (65) retiree medial coverage to union represented employees in the United States, then such coverage shall be provided to current or retired Local 2727 represented employees at the same time on the same terms

Section 9 – Retiree Health Access

To the extent available, the Company shall continue to make the Retiree Health Access Program, as potentially amended, to those 2727 represented employees who have previously retired or who retire in the future from the Company who are age 65 and over. The retiree shall receive the necessary paperwork directly from RHA upon turning age 65. The Company does not contribute towards this coverage. The retiree pays the total cost of this coverage

ARTICLE 30

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MR COLEMAN. The next article in the Joint Interpretation is Article 30, Health and Disability Coverage The first change in Article was in Section 1.d At the Union's request, we've added eligible dependents, the same sex domestic partners as an eligible dependent. That is — the definition for that is as described in the Company's material that the Company previously provided to the Union with regard to the definition for same sex domestic partners

Just a grammatical change where it did say the employer agrees to provide, that was because that was 2001, and we were changing health plans We changed "agrees to provide" to "will continue to provide" to reflect that the agreement going forward is that the same health plan that's currently in existence will remain in existence

In that same sentence, we added SMMs after SPD because there have been a number of summary material modifications that have been issued by the corporate benefits department since 2001 And we've gone through those in terms of which ones are in effect and will remain in effect

We've also agreed that with regard to those SMMs and to any future SMMs that, since we're agreeing to keep the same health plan in effect and the same SPD that we've previously had is going to remain in effect, any SMMs in the future would be judged in accordance with the standards that Arbitrator Dennis Nolan came up with in the original arbitration that we had back in 2003, to determine whether a change that's made in the SMM has any effect or can be effective under this language versus in terms of the criteria that would be applied to determine whether it's effective

The next change was again just a cleanup. Again, under the old plan or last contract, we actually had a new plan coming in, so people who were retired had an option, one time option of switching plans This language now cleans it up to simply say that those retirees will maintain their coverage under Plan 509, which is the one that's in effect. Going into Paragraph Section 1 b, we've added, in terms of availability to retirees, coverage is age 55. At the Union's request, we added active or furloughed to make it clear that the furloughed employees would continue to have the ability and advantage of this language in terms of the retirement coverage.

We also changed on the date of ratification to 10/8/02 That change was necessitated by the fact that we kind of did a bright line in the 2001 contract in terms of eligibility for retiree coverage and said it would be determined by those people that were on the payroll at the date of ratification. That was October 8. 2002 That's why we substituted the actual date It's not changing anything in terms of people's rights. It's recognizing that, basically, the bright line that we drew in the sand back in 2001 and carrying that forward

Under Paragraph Section 1 e, we deleted the first sentence, the terms of the UPS Health Care Package agreed to on December 4 That was, again, old language reflecting the fact that the 509 plan was one that had been agreed to back in what we call the white book We didn't need to carry that language forward anymore

We added some new language basically saying that a new SPD in booklet form will be provided within 90 days of ratification Part of the discussion there was that we would also — there had been a number of SMMs over the years and that those all get incorporated into the new SPD that's going to be issued within 90 days of ratification

And we also added some additional language at the end of that that says, future applicable SMMs would be incorporated into the next printed SPD so that we don't get to a point where we've got a lot of loose SMMs that we're trying to keep with the SPD and then added a sentence at the end that obligates the Company to provide a replacement copy of the SPD to any employee that requests it

Going into Paragraph g. under Section 1, we had a lot of discussion with regard to retiree medical costs and how to deal with those. language that was in the SPD that had created a cap and said that cost over that cap would come into play with the next bargaining agreement and the quid pro quo negotiating process. We ended up with language that basically says that the Local 2727 retirees will remain at the $50 00 per month for single or family coverage that currently is in existence There was a, quote, "me too" clause agreed to

We have negotiated it, and the agreement that we've come up with is that the 2727 retirees will stay at $50 00, but recognizing the fact that the 2727 retirees who have medical coverage actually share a plan or are

covered by the same plan that many other teamster-represented employees or former teamster-represented employees who retired are also covered by, we said, okay, we're not going to make an agreement just for this group by itself now, that rather any increase in cost that they might have would be tied to negotiations for the bigger group that's out there.

And we specifically make reference to the Teamster's UPS National Negotiating Committee, which is the bargaining agent that UPS deals with for the National Master Agreement, and if and when an agreement is reached with them to deal with the retirees under plans 509 and 525, the agreement here is that the 2727 retirees will pay that amount, whatever that amount is, and we'll basically go in lock step going forward with regard to what amount that they paid

MR COLEMAN: Section 1 g actually deals with a request from the Union. The active plan had a million dollar lifetime maximum cap The Union made a request to move it two million dollars, and we agreed to move it to two million dollars. With regard to the terms of what's been tentatively agreed, that's been agreed to

There was some discussion with regard to the fact that the legislation this past year eliminated lifetime maximum caps on health plans effective January 1st of 2011 We recognize that and with the joint interpretation, obviously, on the record, whatever the law is, the law is, and we'll comply with it.

It is our belief that the language in the two million dollars would remain in the contract If for any reason — I would suggest if for any reason the law got repealed or set aside, we're not going to go back down to one million

We'd keep it at two million. So that would be our proposal to leave that in there Obviously, with the Joint Interpretation, we're going to comply with the law to the extent that it's greater. With regard to Paragraph h, there is a language with regard to retiree medical coverage and the cost. There was a significant amount of discussion with regard to language that's in the SPD to the effect that if the retirees ever exceeded the cap that's in the SPD, then the cost would increase effective on the next collective bargaining agreement, but that the parties would have an opportunity to negotiate about that

MR COLEMAN For Article 30, 3.a, the parties made some changes One, we changed — had language in there from the last agreement where the cap went from $1,100 to $1,500. We struck out the $1,100 and agreed that the $1,500 would remain as the cap for purposes of the STD Based on a lot of back and forth discussions, we ultimately reached a TOK that beginning on the amendable date of this agreement, which would be November 1st, 2013, that $1,500 cap would automatically go to $1,750 without having to renegotiate anything and would then remain in effect as a part of this agreement until whatever successor agreement is completed

Going into 3 b, which deals with the long-term disability coverage, we have agreed that it will be increased to $1,500 per week upon ratification in terms of the maximum payments that an employee can receive It's still the same formula, 75 percent of an employee's regular hourly rate It would be determined the same way as it was under the prior agreement.

We also added some language to reflect that the premium for the $1500 is now going to be $12.57 and that may be increased up to $12 95 if the Company's cost increased. Obviously, if there's no increase in cost to the company, then the $12 57 would stay

We also agreed that beginning the third year after ratification, that that maximum limit would be increased from $1,500 up to $1,750, and then with that increase, the premium would go from the — whether it's still $12 57 or maybe $12 95, it would go up to $13 59 at that point and then thereafter, could be increased, but only no more than $14 00 per week would be the maximum that could ever be charged during the life of this agreement

We've agreed, because we had a lot of discussion about, well, how long would the $12 57 and the $13.59 in terms of agreed to rates, how long would they be in effect before the Company could impose any kind of increase And we agreed that they both would be in effect for a minimum of 12 months before the Company would have a right to increase those rates with the understanding that we've got total caps in terms of the total amount that it could ever be increased.

With regard to the change in 3.e. we had some discussions about receiving your LTD billing statement while on STD If an employee during that period is on short-term disability, he will be receiving a billing notice for LTD benefits. If for any reason he didn't receive the billing notice, we wanted to include a phone

number in the contract to make it easier for that employee to follow up in terms of finding out why he didn't receive his billing notice and make sure that nothing would fall through the cracks in terms of him continuing to pay his LTD premium while he's off on STD. We included it in the contract and are including it here in the joint interpretation so that everybody would be on notice that when they're off on STD, they actually should be receiving a billing notice, and if they're not, they should be calling this phone number to make sure that they don't lose their LTD coverage while they're off on STD as a result of not paying the premium

(WHEREUPON AN OFF-THE-RECORD
DISCUSSION WAS HAD.)

MR. COLEMAN: One additional clarification with regard to Article 30.3.e., based on our discussions off the record, in including this language in 3.e, the parties are in agreement that it is not our intent that the change in any way reduces the Company's obligation to provide billing notices to the individuals who are off on STD in a timely manner so that they do receive that notice that they're obligated to make the LTD payments while they're on STD.

Going into Section 4, full-time employee life and AD&D insurance coverage. At the Union's request, we increased the basic life insurance that the Company provides from $200,000 to $300,000. The language reflects that there was a decrease in cost based on the Company's experience with the life insurance that has been provided.

It actually went from $9.23 per week down to $8.30 per week, and we also agreed that that $8.30 per week would remain in effect for at least two years following ratification of the agreement. Then after that, it could be increased, but the maximum increase would only be another quarter that we could ever apply during the life of this agreement for its duration, and, again, that's contingent on the Company's cost actually increasing.

With regard to AD&D, based again on information we've provided as to the Company's cost for that insurance, and it's going to go from 16 cents per year per $1,000 of coverage up to 25 cents per year for $1,000 in coverage.

Additional life insurance could also be purchased, and we agreed that that would be locked in at the rates provided in the October of 2007 SMM that was provided to 2727 and its members, and that that rate would again be available to the members for the duration of the agreement.

The last section that we actually have a TOK in Article 30 on is the Retiree Health Access. Section 8 of the last agreement had a provision that basically said that if we offered any type of coverage to other union representative employees that we would offer the same coverage to 2727.

The retiree health access is something that came into play during the life of the last agreement. The intent of this paragraph, Section 9, is to make that part of the contract going forward and that to the extent that RHA is still out there and available, that we continue to make it available with to 2727 representative employees, and that's a vehicle for post 65 retiree medical coverage. And there's some language in here basically indicating that it is the retiree's responsibility to pay the cost of the coverage, and that there's no dispute with regard to that.

And that's all we have for Article 30.

ARTICLE 30

TONY COLEMAN. This is the joint interpretation on Article 30, Health and Disability Coverage The language of Article 30 has obviously changed in a number of places, and I think Local 2727 members as they read the new Article 30 will, one, recognize that it is much shorter than it was in the prior contract, and part of the reason for that is the agreement by the Parties that the UPS Health Care Package that existed under the prior contract is going to be replaced with the UPS Health and Welfare Package once the new Agreement is ratified, and one of the effects of the Health and Welfare Package being implemented is that the VDI, voluntary disability income protection program that existed under the prior contract will no longer exist and the disability payments, et cetera, will be covered by the Health and Welfare Package itself rather than your needing to have a separate VDI program, and it's our belief based on the SPD and the benefits that are provided in the new health and welfare package that it will be a substantial improvement for the employees as compared to what existed under the prior Health Care Package and VDI combinations that existed under the prior contract.

With regard to specific changes in the language, in Section 1 a there was a substitution of the Health and Welfare Package and the specific plan number in lieu of the Health Care Package that existed under the prior contract, and again, the same language that has been referenced in other parts where it says "except as specifically modified in this Article," because the way the Parties came to an agreement with regard to the Health and Welfare Package was that on December 14th of 2001, there was a presentation by the Company of the details of the UPS Health and Welfare Package and what it would provide to 2727 members and how it worked, and we went through presentation, half a day or more, in terms of going through all the details of that package. A summary plan description was provided to Local 2727 at that point in time on December 14th, and the way the Parties have tried to address the issue and provide protection to Local 2727 represented employees is to make specific reference to the SPD and how it was explained and provided to the Union on December 14th, 2001, so what we did with the language was essentially lock in the package the way it was explained with the SPD as it was provided to the Union on that date

As it was explained to the Union on December 14th, the Health and Welfare Package actually covered about 38,000 Teamster employees who worked for United Parcel Service, and there are some variations that have been allowed and have been negotiated in that Health and Welfare Package as it was presented. It was the Parties' intent that those modifications to the SPD and to the package would be specifically those set forth within this Article

Now, we've continued in Section 1, a the protection that the provisions of the Health and Welfare Package will continue throughout the duration of this Agreement, that no contribution from active employees will be required throughout the duration of this Agreement.

For the 2727 represented employees who have retired previously, the Health and Welfare Package will be made available to those individuals They are not obligated to go under the coverage of the UPS Health and Welfare Package, but rather, retirees will be given the option of either maintaining the Health Care Package that they currently have or going under the terms of the Health and Welfare Package. It is a one-time option and that it's supposed to be made within 60 days of ratification Obviously implicit in that is that once the contract is ratified, the Company will notify the retirees of this option, provide them a copy of the summary plan description

It is our belief, based on the presentation, that the benefits and level of coverage, et cetera, available under the retiree package is of benefit to the retirees, but it will be their choice as to whether they decide to opt into the new plan or not.

Under paragraph b , we've continued the guarantee that plan benefits will be maintained at levels no less than those specified in the SPD and other related documents provided to the Union on December 14th We've added some language here, and this is one of the modifications in the Health and Welfare Package as it currently exists, as it was presented to the Union on December 14th. The package provides that retiree coverage is only available to those individuals age 55 with at least 20 years of service, and what the Company has agreed to modify there is that the retiree coverage will be available to those who are at age 55 with at least ten years of Company or affiliate service, and that's for those employees who are on the payroll at the date of ratification.

Affiliate service was specifically added to take into account those employees who might have worked for United Parcel Service, Inc., for example, who were represented by Local 89 and came over to the airline operation at some point. It's to make it clear that any prior service for any Company that was affiliated with United Parcel Service Co. would be counted for purposes of that ten-year service requirement.

MIKE RADTKE. Off the record.

(Discussion off the record)

TONY COLEMAN. Clarification with regard to the ten years Company service. That would be whether the employee was Union represented or non-Union represented. Basically a ten year service requirement is met by ten years of service for the Company regardless of the particular status.

We've continued the protection in paragraph b., that the new package will not be changed to prohibit an employee from using an out-of-network provider, nor will an employee be required to use an HMO exclusively or as the only in-network provider during the life of this Agreement.

Under Section 1, c., the language was continued from the prior contract in terms of health coverage for employees who have an on-the-job injury and off-the-job injury.

Under paragraph d., simply a change in the reference in terms of the new Health and Welfare Package.

Under paragraph e., it is the Parties' intent that the new Health and Welfare Package will be implemented within 90 days of ratification and that the terms of the Health Care Package, which is the current health insurance coverage for employees, will continue until such time as the Health and Welfare Package is implemented.

We've continued the same language under Section 1, f., to ensure that if there's any problems employees have with their health care coverage, the same protections in terms of being able to provide those or address those issues to the Company and have them addressed within 72 hours.

There was a substantial amount of clean-up in these three Sections. Most of the changes were clarifications. Most of the changes in the language occurred in Section 4. The Parties wanted to make sure everyone understood that the $9.23 per week payment was for the $200,000 life insurance coverage which is additional to that provided by the Health and Welfare Package. The paragraph also provides the rates for purchasing additional life and AD&D coverage. There is a limitation that these rates will only be available through December 31, 2004. New rates will be provided by the Company for periods after December 31, 2004 once we obtain them from the insurance carriers.

Under Section 2, part-time employees, again, simply changed some of the references in terms of what they'll be covered by. The biggest change I guess is that the health care benefit. The UPS Health Care Package that was previously in effect under the old Agreement did not provide any retiree coverage for part-time employees. The new UPS health and welfare package will cover part-time employees as well as full time employees.

Section 3 is "Long and Short Term Disability Coverage." Paragraph a. deals with short-term. The biggest change there as compared to the prior contract is that there is no premium for short-term disability coverage. It is provided as a part of the Health and Welfare Package without the employee paying any kind of premium.

There was a modification in terms of the SPD itself in terms of the level of benefit it provided, and again, this is one of the negotiated modifications. The Health and Welfare Package in terms of short-term disability coverage will actually provide 75 percent of base weekly wage rate up to a total payment of $1,100 per week, and again, the intent with regard to Article 30 is obviously not to spell out all of the terms and conditions of the Health and Welfare Package, but rather, members should obtain and have a copy of it available to them in terms of what all the details of the short-term and long-term disability coverage are going to be.

Paragraph b. deals with long-term disability coverage, and you'll see from the language that it's a little bit different than the short-term. The total cost of $14.62 includes both the Company and employee share. During the first two years of the contract, there is a $4.63-per-week premium for the coverage paid by employees who elect this benefit. The coverage is 75 percent of base weekly wage rate up to a total of $1,100. We've agreed that during the last two years of the contract, that $1,100 cap will be moved to $1,500, and the premium for the last two years, goes from 4.63 to 7.31 per employee per week.

One of the biggest changes in the LTD as compared to the prior contract is it's discretionary. The VDI

required a certain participation level in order for it to be available Under this new contract, employees can choose to have long-term disability coverage or not have long-term disability coverage, and that is an election that can be made on an annual basis under the new UPS Health and Welfare Package Plan.

For purposes of intent in terms of the $1,100 to $1,500, if an employee during the first two years goes out on disability, that $1,100 cap in terms of his payments will continue in effect for the period of his disability, and then if anyone goes out during the last two years of the contract where they go into a long-term disability coverage situation, then the cap is $1,500.

Based on the Parties' calculations, we increased that cap from $1,100 to $1,500 in the last two years of the contract to basically ensure that none of the AMTs would ever receive less than 75 percent of their base weekly guarantee. and we believe by moving the cap from $1,100 to $1,500, we've achieved that

Under Section 3. c , we've added language again as a modification to the Health and Welfare Package to make it clear that once an employee starts receiving the LTD, he is no longer required to make the premium payment that is set forth in Section 3, b

Under paragraph d., again, this was a modification to the Health and Welfare Package as it was presented to the Union based on their concerns The definition that's contained in the plan document itself is that you can lose your right to continue to receive disability payments if you're qualified and able to engage in gainful employment. The Union had concerns about the definition contained within the SPD, so we've modified that by the contract to say that the gainful employment definition for disability eligibility shall be read to require that the employee can obtain employment generating at least 60 percent of his predisability income

Under Section 4, based on the Union's request, they wanted to make sure that the $200,000 life insurance protection that existed under the prior Article 30 continued. and we've basically again modified the health and welfare package by ensuring that everybody who's covered by the package will continue to receive at least $200.000 in life insurance coverage

We've also negotiated and ended up agreeing that the cost for each employee for the health and welfare package with its negotiated changes will be $9 23 per week and that cannot be increased during the life of this Agreement. All seniority employees are covered and must participate in the Health and Welfare Package Additional life insurance, beyond the basic benefit in the SPD and the $200,000 which I have already discussed. and additional AD&D coverage beyond the basic benefit in the SPD is available to the employees in accordance with the terms of the UPS Health and Welfare Package Again, that is all optional on the employee's part

One of the benefits of the Health and Welfare Package is that under the prior contract, in order to opt in and pay the premiums. you had to take the short-term, long-term life insurance and everything. Here a number of those are optional and the employee can pick and choose and can decide whether he wants additional life insurance (above the $200,000) or AD&D coverage or not and buy those based on the costs that are set forth in the Health and Welfare Package, and we've also agreed and have provided to the Union premium rate charts for those with a guarantee that those rates can't change during the four years of this Agreement

Finally, we've also agreed that health insurance coverage for an employee who elects LTD coverage will be continued for up to the five years of the LTD coverage Again. that's a replacement for the five years health insurance continuation that existed under the prior contract and is being provided under this new Health and Welfare Package as an incorporation of the LTD benefit without any additional premium to the employee beyond his LTD premium stated in paragraph b

Section 5, "Jurisdiction," again, just a continuation of the prior protections, and the only changes really there was the reference to Health and Welfare Package

Section 6 on medical examiner, under the prior contract we had agreed that any issues under the VDI coverage, if there came a dispute. it would be subject to a third-doctor procedure, and we've agreed to continue that concept under the new health and welfare package, and again. that was a modification to the health plan so that we actually had to make a reference here in the contract to it. that any disputed claims concerning STD or LTD, it's not just a matter of the insurance carrier being able to make a decision. but rather. that that dispute would be subject to a third-doctor procedure and a third doctor's decision being final and binding on the Company and the employee

New language was added to provide that if the third doctor agrees with the employee's doctor then the

Company would be obligated to pay retroactive disability benefits to the employee The retroactive payment will be Next Day Aired within two (2) business days of the third doctor saying the employee should be receiving the benefits

Section 7 again is a modification that the Union wanted in the Health and Welfare Package. The Health and Welfare Package, actually the terms of it provides that any benefits received, including those from the state provided or mandated disability plans, would be an offset for purposes of the 75 percent It does exclude individual disability plans that an employee might go out and get, but the Union was concerned that employees, since they pay for 50 percent of the state-mandated disability plans in California and Rhode Island, the employees shouldn't lose the benefit of their prior Agreement that the offset would only take into account 50 percent of the disability payment since the Employer only pays for 50 percent of those disability premiums, so we've added additional language in Section 7 to again modify the plan to provide that the Company will only take into account 50 percent of the state-provided disability benefits for coordination purposes, and in fact, the Company, in order to try to meet the Union's requirements and desires there, actually drafted language that the Company itself is going to step in and make up that differential to ensure that the employee received 50 percent of the state disability payments without any kind of offset It's actually going to take place outside the scope of the plan It is the Parties' intent that the Company would arrange that from a logistic standpoint so it's seamless to the employee in terms of what he actually receives.

On coordination of benefits, the Parties' intent was to revert to the language in the prior contract so there would be no dispute on how coordination would work

Section 8.

Retiree medical coverage for post age sixty-five (65) was a major topic of discussions during the last round of negotiations The Company's commitment is that if it enters into a new labor Agreement in the future with any employee group establishing any type of post age sixty-five (65) retiree medical coverage then the same coverage on the same terms will be provided to Local 2727. The intent, basically, is to at least guarantee that if the new post age sixty-five (65) coverage is extended to bargaining unit employees, Local 2727 members would get the same new coverage.

The Company has also agreed to negotiate with its insurance carriers to determine whether any reduced rate coverage at the retiree's cost can be obtained. The commitment has been reflected in a letter from the Company to the Union

ARTICLE 31
PENSION PLAN

Section 1 - Contributions to the UPS/Local 2727 Defined Contribution Plan For Full Time Seniority Employees

a Retroactive pension contributions for the period from November 1, 2009 through the date of ratification will be made within thirty (30) days of ratification The retroactive contribution will be based on the application of the new pay rates in Article 36 and pursuant to this Agreement. The hourly rate for pension purposes shall be the regular hourly rate In addition. for the period from November 1, 2006 through November 1, 2009 the Company will make a retroactive pension contributions based on the wage increases used in Article 36 to generate the retroactive bonus for those years In both cases the pension contribution shall be calculated based on paid hours in accordance with this Article Employees on furlough shall be eligible for the retroactive pension contribution based on their paid hours

b Eligible employees on the payroll at the time of ratification. other than those covered by paragraph c below, will receive a pension contribution of thirteen percent (13%) straight time hours in a week up to forty-five (45) straight or overtime compensated hours per week (for employees who at less than top rate, one hundred one dollars ($101.00)). whichever is greater) However. in no event will an employee under this paragraph receive less than a ninety-one dollar ($91.00) contribution provided he has received compensation for at least one (1) scheduled work day.

c For Utility employees on the payroll prior to December 4, 1996, the weekly pension contribution shall be eighty percent (80%) of the top rate AMT's weekly contribution or one hundred one dollars ($101.00) whichever is greater. Less than forty-five (45) straight or overtime compensated hours in a week shall result in an eighty percent (80%) pro-rated contribution based upon the total number of hours compensated. However, no Utility employee under this paragraph shall receive less than ninety-one dollars (S91 00) as a weekly contribution provided he is compensated between less than forty (40) hours and at least one scheduled work day.

d Utility employees who become AMTs shall receive contributions in accordance with paragraph b or c above, whichever is higher

e For each eligible employee hired after ratification, the pension contribution shall be equal to thirteen percent (13%) of the employee's weekly compensated straight and overtime hours, up to forty-five (45) hours per week Upon reaching top rate, each employee will be covered under paragraph b above

f. Junior AMTs hired after ratification shall become eligible for pension contributions on the date they enter the AMT wage progression. At that time, the junior AMTs will receive pension contributions as provided in paragraph e above. During the first two (2) years of employment. junior AMTs will be covered by the UPS Pension Plan as it applies to this craft or class Subsequent service as a full time AMT shall count toward the vesting and eligibility requirements provided in Sections 3 b 5. and 3 c. If an employee covered by this paragraph ever subsequently bids to a part time AMT position the provisions of Section 3 below shall apply to such part time service.

g Pension contributions will be made for eligible full time employees away from work who have been injured on-the-job for a period of one (1) year and for a period of four (4) weeks for eligible full time employees away from work as a result of illness or injury off the job. Contributions during the absence will be based on the employee's regular hourly rate for hours missed

h Pension contributions for active eligible full time employees taking leave of absence in the U.S. military reserves or National Guard will be made in accordance with Article 17.

i. The employees covered by this Agreement will be treated in the same fashion as other UPS Union represented members and provided an equal opportunity to purchase UPS stock as a portion of their pension plan if such an opportunity is ever offered to other UPS Union represented employees

j Approved crew trades will not count against an employee for pension purposes as long as the employee meets his obligation in the trade

Section 2 - Full Time Employee Pension Under The UPS/Local 2727 Defined Contribution Plan

a Full time employees will be considered fully vested upon enrollment in the pension plan.

b. Upon separation of employment, the employee is entitled to all monies in his account(s) in accordance with the terms of the plan document

c The Company shall distribute the UPS/Local 2727 Defined Contribution Pension Plan Summary Plan Description to all full time employees covered by the Plan when they are hired The SPD will be updated in accordance with the law to reflect negotiated changes provided in this Article

Section 3 - Part Time Employee Pension under the UPS Pension Plan

a The Company will provide pension benefit coverage to part time employees under the terms and conditions as may be contained in the United Parcel Service Pension Plan as required by law and will provide the SPD to all covered employees within thirty (30) days of ratification and new hire employees upon completion of their probationary period

b. Such pension coverage shall include the following provisions.

1 Active Participation - seven hundred fifty (750) hours in any one (1) calendar year.

2. Vesting year - seven hundred fifty (750) hours in a calendar year.

3. Service Credit - Effective August 1, 2001, the hours needed to obtain a service credit year used to calculate retirement benefits shall be seven hundred fifty (750) hours per year. Service credits shall be accrued from August 1, 1999.

4 Monthly benefit - Effective August 1, 2004. the maximum monthly benefit shall be one thousand nine hundred, twenty-five dollars ($1.925 00) per month after thirty-five years of part time (and. if applicable. Junior AMT) service. The benefit formula as of August 1. 2004 shall be fifty-five dollars ($55 00) per month for each year of past and future credited service to the maximum of thirty-five (35) years of service

5. Vesting requirements shall be five (5) years.

c. Part time employees will be eligible for retirement benefits in accordance with the Plan Document when they reach the age of fifty-five (55) years and have completed ten (10) years of service.

Section 4 - FSTs and AMCs

The FSTs, Tech Pub. ECMAs and AMCs added to the craft or class through accretion procedures shall continue to be eligible for credit under their prior pension plans as specified in the initial agreements reached after accretion.

ARTICLE 31

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MR. COLEMAN: Article 31, in Section 1.a, we've got quite a bit of new language, and we also have in the first sentence a strikeout of the 8/1/2001 date that was there and an insertion of the November 1, 2009 date, and they're going to see this November 1st, 2009 as a trigger date in this article and then also in Article 36

And the old language that's still there with regard to retroactive pension contributions, and the intent is that it would work the same way as it did last time with regard to the November 1st, 2009 date through the date of ratification, that the retro pension would be calculated the same as it was last time and applied the same way from that November 1st, 2009 date through the date of ratification

The additional language that was added into paragraph 1.a is to deal with the retroactive pension contributions that the Company has agreed to make for the period from November 1st, 2006 through November 1st, 2009, and the reason for the differential in terms of the two is because in one case, the bonus that's being generated from November 1st, 2006 through 2009 is a bonus rather than something that actually goes into the wage rates, the actual change in wage rates begins on November 1st, 2009.

It is actually our intent with regard to the 2006 through 2009 period of time that we will actually pay pension contributions based on those increased monies that would have been paid based on the formula that we have in Article 36, that it will be paid the same way as it is always paid, which is 13 percent up to the 45 hours in terms of the formula that's in the contract with regard to pension payments generally.

So, actually, for the period from November 1st, '06 through '09, how the pension contribution will be calculated will be the same as it is for November 1st, 2009 through date of ratification The difference is simply the fact that the formula that is used for the '06 to '09 period is based off of an application of wage rates that then don't actually go into the wage rate basically going forward

We've also clarified that the employees on furlough are eligible for the retroactive pension contribution based on any paid hours that they have for that November 1st, '06 all the way up through ratification to the extent that during that time period, they had paid hours that they worked, that they would actually also be eligible for a retroactive pension contribution even though they're not, quote, actively working as of the date of ratification.

And I think within all of this, the agreement is that those monies would be paid within 30 days of ratification, both the 2006 to 2009 period and the 2009 to ratification All those calculations would be done and would be paid within 30 days of ratification Let's go off the record.

(WHEREUPON AN OFF-THE-RECORD
DISCUSSION WAS HAD)

MR COLEMAN Off the record, we actually agreed to a couple of additional clarifications, one on 31.b, Section 1 b where we had stricken out technician and utility and added the word eligible We wanted to clarify it was a cleanup item, but it was one where the reason for the cleanup is the fact that we had more than just technicians and utility employees covered in the craft or class now with tech pub group, in particular, that is now covered by the contract.

The other clarification that we wanted to do for Article 31 was the fact that in 2009, the parties entered into an MOU to try to address laid off employees and bring as many of them back to work as we could, and one of the provisions in that MOU was that anybody who was on the payroll at that time, if they signed up under the MOU and went ahead and retired, we agreed that they would get the benefits of the contract when it got ratified.

So, one of the benefits of the contract for that one person who signed up under that MOU is that they would be eligible even though they're not on the payroll at date of ratification, they would be eligible for the pension contributions that are generated here in Article 31 based on his work up until the date of his retirement. So we wanted to make sure that was on the record and clarified.

MR. COLEMAN: The other change in 31 that's been agreed to was in Section 4. The 2001/2002 contract simply said FSTs and AMCs added to accretion procedures. We've added to that Two other groups have been added via accretion procedures since the last contract. Tech Pub and ECMAs, and gave them the same protection that the FSTs and AMCs had. So that would be Article 31

ARTICLE 31

TONY COLEMAN This is the joint interpretation on Article 31, Pension Plan

Under Section 1, a., there was a lot of language stricken out that was in the prior Agreement and some new language added that says retroactive pension contributions for the period from 8/1/2001 through the date of ratification will be within 30 days of ratification The retroactive contributions will be based on the application of new pay rates in Article 36

We were able in this contract to set forth the retroactivity provision in a much simpler fashion than we were in the prior contract, because in the prior contract, we were actually changing from a flat weekly rate to a percentage rate. Here it's our intent that basically we would go back and apply the provisions for the pension contributions based simply on the new pay rates that we also agreed will become effective as of 8/1 of 2001.

Article 31 was substantially rewritten Rather than going through each of the changes the following just highlights the differences between the last tentative and the new one. The are

(i) Contributions will be based on 13% of straight time and overtime hours up to forty-five (45) hours per week; the contribution will be based on the straight-time regular hourly rate

(ii) New hires will receive 13% up to forty-five (45) hours per week

(iii) We clarified the language that junior AMT's service once they become AMTs will still count for vesting and the ten (10) year retirement eligibility requirement

(iv) Part time employees' maximum benefit was increased to $1.925 per month with thirty-five years service Effective August 1, 2004 the monthly benefit will be fifty-five dollars ($55.00) for each year of service Finally, the Parties agree to reduce the requirement for a year of service from 1,500 to 750 hours.

In paragraph b , there was changes basically to set forth all the different new classifications that we had in terms of FSTs, AMCs, and provide that all of those individuals who are currently on the payroll currently or begin receiving top rate sometime after the ratification of this Agreement, that they would receive a pension contribution equal to 12 percent of straight time hours in a work week up to 45 straight time hours, and the intent there in the change from the prior Agreement is that instead of only 40 hours being taken into account for purposes of pension contribution, we will take into account up to 45 straight time hours per week for purposes of the pension contribution

We've continued the protection that was in the prior Agreement that no employee under this paragraph will receive less than the $91 for any week as long as he's compensated for at least one scheduled workday, and then we included a chart in terms of what the potential contributions per week will be We do want to make sure the record reflects that's the maximum contribution based on a 45-hour-a-week rate, and again, it's just taking the top rate mechanic's hourly rate and multiplying it by 45 and then multiplying it by 12% to come up with what the maximum weekly pension contribution can be for those employees. And we have also included a chart for a 40 hour week rate

Under paragraph c.1., for the full time utility employees who were on the payroll as of December 4th of 1996, have continued the protection for them that they will receive 80 percent of the top rate AMT's weekly contribution or $101, whichever is greater Less than 45 straight time or overtime compensated hours a week shall result in 80 percent prorated contribution. The intent is we'll continue to apply that as we did under the prior Agreement

Paragraph 2 really was not changed, and paragraph 2 covers AMTs who are on the payroll the date of ratification who are receiving less than top rate For those individuals, they, like the top rate AMTs, will receive up to a 45-hour-per-week contribution. The only other change in that paragraph was we deleted references to license premium, since that was included in the base rate

And under paragraph c 3 , for each eligible employee hired after ratification, the pension contribution is equal to 12 percent of his weekly compensated straight and overtime hours, again, up to the 40 hours And utility employees who become AMTs, we struck the language about them becoming junior mechanics, because now utility employees who will have the opportunity to upgrade directly into the AMT classification will not have to go through the junior AMT pay scale at all

Utility employees who become AMTs will receive contributions in accordance with paragraph c 2. or 1.

above, whichever is higher, so that would protect that utility person who has a seniority date of prior to December 4th of '96, he would fall under paragraph c.1., and if it was a utility who was hired after December 4th, 1996 who becomes an AMT, then he would receive the contribution according to paragraph c 2

Paragraph d. deals with junior AMTs, and what we have agreed to with regard to them is that they will actually be covered and have the same schedule of benefits as is provided in the UPS pension plan that is referenced in Section 3, and they will maintain and accrue benefits under that UPS pension plan until such time as they become AMTs, and at that point they will become covered by the defined contribution plan, and it s our intent in terms of how that will work is that under the UPS pension plan, you have to have five years of service in order to have a vested benefit If they continue in the employment of the Company and have five years of vesting service, then at that point they would have two years of vested benefits under the UPS pension plan in addition to the contributions that they would start receiving under the UPS defined contribution plan once they become AMTs

We included language at the end of the paragraph the utility employees or junior mechanics currently on the payroll who will become AMTs will be covered by paragraph c 2. above. That's the tie-in to our agreement in Article 22 that anybody who is currently in the junior mechanic classification who is on the payroll at the date of ratification will automatically become AMTs and move over to the AMT progression based on their time in the classification, and that's regardless of whether they have been a junior mechanic for two months or a year and a half They will automatically move over to the AMT progression, and then their pension contributions will start being made under the terms of paragraphs c.1. or 2.

Under paragraph e., that language was continued without any change We deleted the word "license premium "

And under paragraph f., pension contributions for active full time reserves, we've changed that language Instead of just being for up to four weeks, we said, "in accordance with Article 17," and more specifically in accordance with USERRA in terms of the legal right to continue to be made whole for any pension contributions that might be missed while they're off on military leave

Under paragraphs g. and h , those were not changed from the prior contract, and the intent is that those will continue as they were previously applied

Section 2, is "Full Time Employee Pension Under the UPS/Local 2727 Defined Contribution Plan," and it was continued unchanged in terms of being fully vested and being entitled to the money if they leave

We changed some language in Section 2, c where we had said in the prior Agreement that within three months of ratification, the SPD would be provided We deleted that and changed it to say when new employees are hired, the SPD would be provided to them upon being hired

Section 3 deals with the UPS pension plan. That was unchanged from the prior Agreement, and the intent is that it would continue.

TAMMY MOTLEY. Off the record

(Discussion off the record)

TONY COLEMAN On Section 3, there was an issue that was raised by the Union that we've tried to deal with in terms of an SPD for the UPS pension plan being made available to all the employees, and we've added some new language in Section 3, a. to provide that an SPD for the UPS pension plan would be provided to all current covered employees within 30 days of ratification, and then obviously new hire employees, as new part timers come on, will be provided a copy of the SPD by the time they complete their probationary period. As a result of the change in the language in Section 3, a., we have deleted the preexisting language under Section 3, c.

A new Section 4 was added that pertains to Flight Simulator Technicians and Aircraft Maintenance Controllers Both of those groups were accretions to Local 2727 craft or class during the duration of the prior contract. Both of those groups of employees were covered by the UPS retirement plan prior to becoming Local 2727 represented employees

As a result of the accretions and becoming a part of the mechanic and related employees craft or class, they became covered by the UPS defined contribution plan instead of the UPS retirement plan, and we included in those letters, protection for those employees that if they had not at the point in time of accretion had a vested benefit or vested rights under those prior UPS retirement plan, that their service as a Local 2727 rep-

resented employee would be counted on an ongoing basis so that even if they did not have enough vesting service at the time of accretion. if they subsequently accrued that. then they would obtain a vested right to the benefits that they had accrued under the UPS retirement plan prior to joining the Local 2727 group

What we intended to do with this language in Section 4 was to continue those protections that existed under the letter of agreements throughout the duration of this Agreement as well

(Discussion off the record)

TONY COLEMAN. As a result of off-the-record discussions. we just had a couple further clarifications with regard to Article 31. and the first one deals with Article 31, Section 1, e. That paragraph provides that pension contribution will be made for eligible full time employees away from work who have been injured on the job for a period of one year and for a period of four weeks for eligible full time employees as a result of an illness or injury off the job

Under the prior Agreement. we had an understanding that four weeks was for an annual basis and did not necessarily have to be included as a continuous four-week leave. that essentially it was 160 hours worth of coverage for the employee who has an off-the-job injury or illness so that two days of it could be used, one week as a result of an illness or injury where he's off work, and another week could be used or another three days could be used the next time that he's off the job as a result of injury or illness, that essentially it's 160 hours worth of coverage that is available for the employee as a result of an off-the-job injury or illness on an annual basis.

And the other clarification that we wanted to make was that under Article 31. Section 1, f , the pension contributions for employees who are off on military reserves or National Guard will be made in accordance with Article 17, that Article 17 is the controlling language with regard to the payment of pension contributions for somebody who is off on military leave. and that the only time that USERRA really would kick in. would make a difference. is if that leave lasted more than five years. because the law basically provides protection for a five-year period in terms of even reemployment. much less pension contributions.

ARTICLE 32
HOLIDAYS

Section 1 - Designated Holidays

a All employees shall be paid for the following nine (9) named holidays New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, day after Thanksgiving, Christmas Day, New Year's Eve, and employee's birthday regardless of the day of the week on which the named holiday falls, provided they comply with the qualifications set forth in this Article. Employees working outside the United States as specified in the Preamble to this Agreement will have holidays negotiated The number of days will be the same

b. All employees, including part time employees, shall receive one (1) optional holiday in the amount of nine (9) hours (part time at four and one-half [4&1/2] hours). The date of the optional holiday is to be determined by mutual agreement between the employee and the Company except that there shall be no optional holiday between December 11 to December 24, inclusive. Employees must make their written request for the optional holiday a minimum of seven (7) calendar days in advance.

c. All employees must complete the regular scheduled work day which immediately precedes or follows a holiday, except in cases of proven illness or unless the absence is mutually agreed to.

d The holiday celebrating the employee's birthday shall be any day within the employee's birth month which the employee designates on his vacation election form Approval of the designated day will be made with the vacation award Employees with December birth dates will not have a date approved between December 11 and December 24, inclusive; however, such employees can designate a date outside those dates in December or a date within the last fourteen (14) days of November or the first (1st) fourteen (14) days of January, inclusive The birthday holiday shall not count toward vacation selection minimums. Employees absent from work due to an on- or off-the-job injury or illness will be given the opportunity to reschedule by mutual agreement the birthday holiday upon returning to work Such day shall be scheduled within thirty (30) days of return.

e. An employee may elect to take pay in lieu of time off for the birthday holiday, in which case such day will be paid in conjunction with the work week in which his birthday falls The pay in lieu amount will be eight (8) hours at the regular hourly rate for full time employees and four (4) hours for part time employees.

f If an employee elects pay in lieu of a birthday holiday, and he works his actual birthday, it will be at the straight time regular hourly rate for all regular scheduled hours

Section 2 - Probationary Employees

Employees who are within their first thirty (30) days of their probationary period are not entitled to holiday pay for holidays falling within their probationary period

Section 3 - Paid Holidays Worked

a. It is understood that in order for the Company to advance or delay a holiday, the employee's regularly scheduled work day must be one that crosses into or out of the holiday and the Company must notify the employee in writing seven (7) days in advance of the work week in which the holiday falls. The Company cannot advance or delay an employee's holiday if his regular scheduled shift falls completely within the holiday.

b When an employee works on a holiday, he shall receive holiday pay at straight time, plus time and one-half (1&1/2), for all hours worked

c There shall be no overtime pay due to the holiday for the hours worked on a holiday when an employee's regular scheduled hours partially cross into or out of a holiday, as long as the employee is provided a twenty-four (24) hour period off duty for the purpose of observing the holiday

Section 4 - Paid Holidays Not Worked

a. For full time employees, all holidays falling within the employee's scheduled work week will be paid

at the straight time regular hourly rate for the number of hours scheduled for that day, and the forty (40) hour guarantee shall be reduced accordingly

b. All paid holidays falling outside an employee's scheduled work week, and not worked will be compensated at eight (8) hours times the employee's straight time regular hourly rate, in addition to the forty (40) hour guarantee

c All seniority employees are entitled to holiday pay if the holiday falls within the first (1st) thirty (30) days of absence due to illness or non-occupational injury or layoff or within the first (1st) six (6) months of absence due to occupational injury. Such pay will not reduce or affect the employee's disability payments in accordance with Article 30. Such pay may also be delayed until the employee returns to work The employee will notify his supervisor in writing fourteen (14) days in advance for the purpose of delaying payment of the holiday

Section 5 - Work Required on an Observed Holiday

a If the Company chooses to partially staff a holiday, it will post a sign up list for volunteers to work the holiday at least seven (7) days prior to the holiday Such lists will declare the staffing level for the holiday for each crew If sufficient volunteers are not obtained, the holiday will then be assigned using reverse seniority until the staffing level is met The Company will post the list of awarded or assigned employees at least three (3) days prior to the holiday. Volunteers and assigned employees will be from employees whose regularly scheduled day is the holiday.

b When work is required on an observed holiday not falling within regular bid schedules at the work center, the assignments will be made in accordance with the overtime procedures as per Article 13 Seven (7) days or more prior to the holiday(s), the Company will post a list of the number of employees needed to work such ad hoc hours on the holiday. Employees desiring to work the holiday will sign the posted holiday work sheet. The Company will notify those employees who have volunteered and have been selected to work on such holiday at least three (3) days in advance If there are not sufficient volunteers, the Company shall have the right to assign employees in reverse order of seniority. In an emergency situation, the Company may assign employees in reverse order of seniority without providing three (3) days notice.

Section 6 - Holiday Pay at Separation

In the event an employee leaves the service of the Company for any reason, he shall be paid for any holiday pay which he earned prior to the separation, to be paid within seven (7) calendar days

Section 7 - Tax Deferred Holiday Bank

a Employees will be given the opportunity to defer any money generated by hours earned by working on a holiday by electing not to receive the holiday pay In such cases, the employee will work at the overtime rate and defer the straight time holiday pay There is no limit to the amount of money that can be deferred

b If an employee wishes to credit the money referenced in paragraph a above to his Holiday Bank, he must provide a written election prior to the beginning of the calendar year in which the employee earns the money. An employee who becomes eligible to participate for the first time has up to thirty (30) days to submit his written election for the remaining portion of the year. An employee who again becomes eligible to participate following a period of ineligibility due to termination of employment and rehire, return from a leave of absence or otherwise has up to thirty (30) days to submit his written election for the remaining portion of the year, provided such employee either (i) received his entire balance (if any) in the Holiday Bank, or (ii) has not been eligible to participate for at least twenty-four (24) months at the time he resumes eligibility. An election within such thirty (30) day election period becomes effective and irrevocable for the remainder of the calendar year at the expiration of such thirty (30) day election period An employee's election for the following calendar year must be made during the election period from December 1 through December 31 of each year This election may be modified or revoked up to and including December 31st of the year in which it is submitted, on which date it becomes effec-

tive. Once an election has become effective, the employee may not revoke it for the calendar year to which it applies. Rather. the additional money referenced in paragraph a above will be placed in the employee's Holiday Bank. An election will remain in effect for future calendar years until revoked by the employee. Any revocation will become effective only at the end of the calendar year in which it is filed. After a revocation is filed for the next calendar year, the employee will not be allowed to defer money into his Holiday Bank for that next calendar year or any subsequent calendar year until a new election form is filed prior to the beginning of a subsequent calendar year The employee's election to defer the money referenced in paragraph a. must be for a specifically elected percentage of his straight time holiday pay for the calendar year in which the election applies

c The amounts credited to the Holiday Bank will be based on the hourly pay rate in effect at the time the work was performed The Company will accrue, on behalf of the employee, interest at the rate of five and one-half percent (5 5%) per annum compounded monthly on any monies which the employee has in his Holiday Bank.

d An employee must specify in his election form the deferred payment date. The deferred payment date must be a specified, objective date selected at the time the money is deferred in the employee's Holiday Bank or the election will not be effective The deferred payment date cannot be later than three (3) years from the year in which the money is deferred in the employee's Holiday Bank Distribution of the Holiday Bank will be made in a single lump sum no more than thirty (30) days following the deferred payment date.

e If an employee resigns, is terminated, or retires before the elected deferred payment date, the balance of the employee's Holiday Bank will be automatically paid in a single lump sum no more than thirty (30) days after the date of resignation. termination or retirement If the employee is a "specified employee" under Internal Revenue Code Section 409A. distributions will be delayed by six (6) months from the date of such resignation, termination or retirement

f Money in the Holiday Bank shall be paid in a single lump sum to the employee in the event of a disability. Such payment shall be made no more than thirty (30) days after the date he is determined to be disabled Disability for purposes of this paragraph shall mean the employee is. by reason of any medically determinable physical or mental impairment which can be expected to last for a continuous period of not less than twelve (12) months. receiving income replacement benefits for a period of not less than three (3) months under a Company accident. disability or health plan covering the employee The employee shall submit medical certification of the expected duration of the impairment

g An employee may elect to receive a distribution of money from his Holiday Bank prior to the deferred payment date if the employee suffers an unforeseeable emergency An "unforeseeable emergency" is a severe financial hardship to the employee resulting from an illness or accident to the employee. spouse or dependent, loss of employee property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance); or other similar extraordinary and unforeseeable circumstance arising as a result of events beyond the employee's control For example, the imminent foreclosure of or eviction from the employee's primary residence may constitute an unforeseeable emergency In addition. the need to pay for medical expenses, including non-refundable deductibles. as well as for the costs of prescription drug medication. may constitute an unforeseeable emergency Finally. the need to pay for the funeral expenses of a spouse or a dependent may also constitute an unforeseeable emergency The purchase of a home and the payment of college tuition are not unforeseeable emergencies Whether an employee is faced with an unforeseeable emergency permitting a distribution is to be determined based on the relevant facts and circumstances of each case. but. in any case. a distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise. or by liquidation of the employee's assets, to the extent the liquidation of such assets would not cause severe financial hardship. The amount of payment permitted from the Holiday Bank upon an unforeseeable emergency is limited to the amount reasonably necessary to satisfy the emergency need which may include amounts necessary to pay any income taxes or penalties reasonably anticipated to result from the distribution The facts and circumstances concerning the unforeseeable emergency and

the amount of money necessary to satisfy the emergency need must be submitted to the Company in writing. Based on relevant facts and circumstances of each case and applicable Internal Revenue Code requirements, the Company retains discretion to decide whether an unforeseeable emergency permitting a Holiday Bank payment exists

h If an employee dies before beginning distribution or after beginning distributions but before all the money in the Holiday Bank has been distributed, the remaining balance in his Holiday Bank will be distributed in a single lump sum to his beneficiary designated on the employee's last filed election form or, if no beneficiary designation is made or if the beneficiary predeceases the employee. to the employee's estate no more than thirty (30) days following the date of the employee's death

i The Parties agree that taxes on any monies placed into the Holiday Bank will be handled in accordance with the Internal Revenue Code and all applicable regulations (including Internal Revenue Code Section 409A) If it is determined by a governmental authority that monies placed into the Holiday Bank are not tax deferrable, the Parties will meet to discuss any changes which can be made in this Section to achieve a tax deferred basis. As a clarification. the money that is deferred in the Holiday Bank is subject to FICA in the year the employee earns such money.

j The money in the Holiday Bank will not be assigned as security for a loan, or subject to any sale, transfer. assignment, or encumbrance by the employee or his beneficiaries or subject to attachment or garnishment by creditors of the employee or his beneficiaries Furthermore, the Holiday Bank is unfunded for tax purposes. The employee and his beneficiaries are mere unsecured creditors of the Company and all monies will be payable from the general assets of the Company.

Section 8 - Holiday Pay Contributed to 401(k)

An employee may elect to have his pay for all worked holidays in the year contributed to his 401(k) account to the extent legally permissible. Such election shall be made in November and paid in December.

ARTICLE 32

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MR COLEMAN: Article 32, Holidays, the main primary change in Article 32 dealt with the tax deferred holiday bank The parties have made substantial changes in it It was all as a result of regulations that were issued during the life of the 2001 agreement that dealt with deferred compensation banks and what the rules had to be

Anybody who reads this needs to understand that the rules that are in here were driven by legal requirements This paragraph will give an overview of how the deferred compensation bank will work The amended Section 409A of the Internal Revenue Code and implementing regulations placed new restrictions upon the types of events that permit withdrawals to be made from tax deferred accounts such as the Holiday Bank Section 7 had to be changed because the new law no longer permits deferred compensation to be paid to the employee for most of the purposes permitted by the prior collective agreement, including maternity/paternity leaves, adoption leaves, short-term disability leaves for either on or off-the-job illnesses or injuries, requested days off, or additional vacation days. The new law requires that such deferred compensation may be paid out only on a fixed date specified prior to the deferral of the income, or upon the employee's death, "disability," termination of employment, or upon an "unforeseen emergency" The definitions of "disability" and "unforeseen emergency" in the revised Section 7 are those specified by the amended Internal Revenue Code and regulations. It was the opinion of tax counsel that the fixed date deferral should not exceed three years That's Article 32.

ARTICLE 32

TONY COLEMAN. This is the joint interpretation on Article 32. Holidays

Under Section 1, a., we struck out the word "seniority" and added "all employees." There was a request by the Union to expand the employee group that would be eligible for paid holidays to include some of the probationary employees, and we actually added a new Section 2 language that allows probationary employees who are beyond their thirtieth day of employment to also have holiday pay, so when it says, "All employees shall be paid for the following nine named holidays," it is inclusive now of probationary employees as well who are beyond their thirtieth day of employment.

The holidays stayed the same in this contract as they were in the last one. We did add a sentence at the end of Section 1, a. that "Employees working outside the United States as specified in the Preamble will have holidays negotiated." It was a recognition of the fact that some of the employees, especially in Puerto Rico, and perhaps some of the other locations that we may open up, because of their location, may have different holidays than the employees within the 50 states, and there's an agreement between the Parties that we'll meet and agree specifically on what holidays that they will have in their particular location. We did agree that the number of days will be the same for them as it is for the rest of the employees. It's just that the specific days may be different.

Under paragraph b. again, there's a striking of the word "seniority" to again capture the concept that probationary people beyond their thirtieth day will also have the ability to have paid holidays. In the middle of the paragraph, we're talking about the optional holiday and when that can be scheduled, and we reduced the period of blackout. In the old contract it used to be Thanksgiving and Christmas, the period between Thanksgiving and Christmas. We've more specifically now limited that to the period between December 11th to December 24th, inclusive. We added the word "inclusive" specifically because we wanted to make it clear that December 24th is a blackout date as well in terms of that optional holiday being scheduled. We didn't make any other changes in that paragraph.

Section 1, c., again we struck the word "seniority" to make it again capture those probationary people who are beyond their thirtieth day.

Under paragraph d., we again reduced the blackout period for scheduling of the birthday holiday and again went with the December 11th to December 24th, inclusive, meaning that those days are included within the blackout period, and we also had said "or a date within the last two weeks of November or the first two weeks of January, inclusive," and we changed that to say "14 days" rather than "two weeks." We added language at the end of that paragraph. "Employees absent from work due to an on- or off-the-job injury or illness will be given the opportunity to reschedule by mutual agreement the birthday holiday upon returning to work. Such day shall be scheduled within 30 days of return" to remove any ambiguity about if your birthday holiday was scheduled during a period that you then missed because of an on- or off-the-job injury or illness, that can be rescheduled when you return to work and that has to be done within 30 days of returning to work.

Under paragraph e., we continued the option on the employee's part to take pay in lieu of time off for the birthday holiday, and we specified that the pay will be eight hours at the regular hourly rate for full time employees and four hours for part time employees.

Under paragraph f., we just did a cleanup where we said "regular hourly rate" and struck out "plus applicable premiums." It's our intent that regular hourly rate will be defined in Article 26.

Under Section 2, we changed the language. The old contract used to prohibit probationary employees from having paid holidays at all. Now we have said that employees who are within their first 30 days are not entitled to holiday pay, meaning that even if you're probationary beyond the first 30 days, you will still get your holiday pay.

Under Section 3, "Paid Holidays Worked," we tried to clean up some of the language and clarify exactly how holidays will be paid when the employee is working. We added a new paragraph a. to say that it's understood that in order for the Company to advance or delay a holiday, the scheduled workday must be one that crosses into or out of the holiday, and the Company must notify the employee in writing seven days in advance of the work week in which the holiday falls. There's a prohibition that the Company cannot advance or delay an employee's holiday if his regular scheduled shift falls completely within the holiday.

Under paragraph b., again, we tried to simplify the language and make it clear when an employee works on a holiday, he receives holiday pay at straight time plus one and a half times for all hours worked. That was an additional benefit that was negotiated for the Union, and that under the previous contract, you would not get one and a half times for all hours worked in terms of the holiday Now you do, since they get the holiday pay at straight time plus time and a half for all hours worked. Let's go off the record

(Discussion off the record)

TONY COLEMAN: To clarify for the record, the intent under Section 3. b is that the employee will receive two and a half times his normal hourly rate for all hours worked on a holiday, and however you want to divide that up in terms of holiday pay, it's straight time for all hours worked plus time and a half. The end result is that the employee gets two and a half times his normal hourly rate for all hours worked on a holiday, which is a give on the Company's part and an additional benefit for the employees.

Under Section 3. c , there was no change in the language.

Under Section 4. a , again, just a cleanup Regular hourly rate is defined in Article 26. the same thing in Section 4. b

Section 4. c., new language saying that "All seniority employees are entitled to holiday pay if the holiday falls within the first 30 days of absence due to illness or nonoccupational injury or layoff or within the first six months of absence due to an occupational injury or," and it should be "illness" is included. and the intent is that occupational illness is included as well Such pay will not reduce or affect an employee's disability payments under the terms of Article 30 that we have negotiated And we also added language, "Such pay may also be delayed until the employee returns to work." It's really the employee's option to tell the Company whether he wants the holiday pay to be delayed until he actually returns back to work Let's go off the record

(Discussion off the record)

TONY COLEMAN We also wanted to add into the joint interpretation just a procedural issue in terms of how an employee would effect the delay of the holiday payment Employees should understand that if they're off on an illness, occupational or nonoccupational. the intent of the Parties is that the holiday would automatically be paid. If the employee doesn't want to receive that money at that time, it's his obligation to notify the Company in writing at least 14 days before the holiday occurs so that the Company can then delay the payment until he actually returns to work

Under Section 5. "Work Required on an Observed Holiday," a new paragraph a to try to clarify the intent with regard to how this will happen If the Company chooses to partially staff a holiday, it will post a signup list for volunteers to work the holiday at least seven days prior Such lists will declare the staffing level for the holiday for each crew If sufficient volunteers are not obtained, the holiday will then be assigned using reverse seniority until the staffing level is met The Company will post a list of awarded or assigned employees at least three days prior to the holiday. Volunteers and assigned employees will be from employees whose regularly scheduled day is the holiday.

There's a clarification there in terms of the current practice, which is that under the new language, the forced and the volunteers will first be from those people who are regularly scheduled to work that shift that falls on the holiday rather than going to the employees whose regularly scheduled shifts may fall outside the holiday

Under paragraph b . just a cleanup. Where the current contract had said "regular shift schedules," we added new language, "regular bid schedules at the work center," the same intent We added some new language in the middle of the paragraph, "number of employees needed to work such ad hoc hours on the holiday," just a clarification in terms of how it would work. The rest of the paragraph is the old language in terms of will be applied the same as it was under the previous contract

Section 6, "Holiday Pay at Separation," there was no change in that language at all in terms of employees still being entitled to holiday pay that they earn prior to the separation.

Section 7 introduces a new concept into the contract that did not exist previously The Parties spent a lot of time coming up with and crafting language to create a tax deferred holiday bank. and I want to walk through step by step in terms of how the Parties plan for that to work.

From a big picture standpoint, it was a request of the Union to come up with some method to give employees the ability to obtain additional pay protection during time off that they might have during a particular calendar year, and the methodology that we used to do this is to allow employees to work on a holiday instead

of receiving the pay but defer it into this holiday bank that the Company will create once the contract is ratified.

Under paragraph a , it provides that employees will have the opportunity to bank any money generated by hours earned by working on a holiday, but making an election not to receive the holiday pay. so the amount of money that would go in on a particular day would be the holiday portion of that day. The employee would still get paid -- for example. if it's two and a half times his regular rate for that holiday, he would still get the one and a half times his regular rate as compensation The straight time holiday pay would go into the bank if he's made the decision to utilize the holiday bank.

Then it says, "In such cases, the employee will work at the overtime rate and bank the straight time holiday rate There is no limit to the amount of money that can be banked." so once an employee elects to go into the bank, there is no cap on it in terms of how much he can put in

Under paragraph b , it establishes a procedure as to how the election will work If the employee wants to credit the money, the holiday pay that we've just referenced. he has to give the Company a written authorization prior to the beginning of the calendar year -- that authorization form is something that the Company will come up with and provide to the employees with the Union's approval -- and that once the employee provides that authorization, it's in effect for that full calendar year The employee doesn't have the option of making a decision on a particular holiday, and the underlying reason for that is because of the tax code, which basically says an employee cannot just decide on a day-by-day basis whether to defer income that he's entitled to, so we believe that by making it on an annual basis, the bank will maintain its tax deferred status

Once that election is made prior to the beginning of a year, then any holidays that are worked during the year, the holiday pay that the employee would have earned on that day will automatically, instead of being paid to the employee. will be deposited into the holiday bank

The paragraph does provide that once on an annual basis, the employee can make that election, so even though he does it for the first year, let's say, of the contract, then the second year he could decide he does not want to defer any more money, and he can provide a written authorization to revoke his prior authorization. If an employee, once he authorizes the Company to do it on an annual basis, if he does not provide written notification before the next year begins that he wants to revoke that, then it will remain in effect until such time as the Company does receive a written revocation

Under paragraph c.. it provides that any hours credited to the holiday bank will be given the value of the hourly rate that was in effect at the time the work was performed and that the Company will accrue on behalf of the employee interest at the rate of five and a half percent per annum compounded monthly on the monies that are placed into the bank

Under paragraph d . it deals with how the money will be paid out, and it will be paid out to the employee in the event of a maternity leave. paternity leave, a leave for purposes of adopting a child, a long-term disability, an absence due to an on- or off-the-job injury or illness, or a leave covered by the Family Medical Leave Act. It goes on to say that in the event of a disability, an employee shall not receive any money from the holiday bank until he's disabled for more than one week. and disability for purposes of this paragraph means the same -- that he has a medical condition which qualifies him for disability payments in accordance with Article 30 and the health and welfare plan that we've negotiated under Article 30

It is important for the employees to understand that if they bank the holiday money and they are absent for one of the reasons listed in here, it is not optional on the employee's part whether he receives the money It will automatically be paid out to him for the reasons listed under that paragraph if he's on a leave or absence for that purpose

Under paragraph e, "Holiday bank monies will be paid to the employee to cover the unpaid portion of any of the absences specified in paragraphs d., g., and h. of this Section " Again, the intent here is. for example. the disability, if the disability coverage that's provided in Article 30 kicks in to provide payments already. then the holiday bank money wouldn't be paid out. The holiday bank money would only be paid out in the event that there ended up being a waiting period or in the event. at the end of the disability coverage. the employee still is off work, and at that point the holiday bank would kick in and pay out automatically

Also, payments from the holiday bank will be automatically made to bring the employee up to his applicable 40-hour guarantee until all accrued credit is exhausted, so for example. on the disability. if the employ-

ee was receiving 75 percent of his 40-hour guarantee, then the bank would also be used in that situation to make up the difference until such time as the bank is exhausted.

Under paragraph f, we included a provision saying that all monies in the bank will be paid to the employee seven years from the date of ratification of this agreement, and we noted in the paragraph that provision is there to maintain the tax deferred status of the holiday bank There's some concern on the Parties' part of just deferring this money into the holiday bank and it never getting paid out and the employee does not pay any taxes on it, and we believe that by putting this automatic payment provision in here. that it would protect the tax deferred status of it. Obviously seven years goes beyond the amendable date of the current contract and, thus. is subject to negotiations the next time around.

Paragraphs g and h actually are alternative ways that the money that's within the bank may also be paid out in addition to those that were listed previously in paragraph d For employees at TDY gateways -- and the TDY gateways are obviously those that are referenced in the TDY Article where the Company staffs additional people foi purposes of performing TDY, and TDY gateways would include both the primary and secondary gateways where TDY staffing occurs.

In those gateways. employees who bank holiday pay can have that money paid out for any days off that are approved by the Employer for which the employee has submitted a written request at least seven days in advance, and we do want to make it clear that it's our intent that it has to be a written request by the employee to the Company

We have agreed that a written request by an employee for a day off cannot be denied except if the absence would result in the Company having to cover his shift with overtime or with another employee on TDY, so the intent and discussion that we had under this paragraph is that the Company is willing to allow the holiday bank money to be used essentially to take additional days off during the year and still receive your pay out of the holiday bank, but not if it's going to result in the Company having increased costs of having to cover that shift with overtime or by having to TDY somebody from another TDY gateway to cover for that employee

If the employee's requested day off is one that the Company can handle because it's got TDY employees who are being carried above the shift minimums. then the employee will be allowed to take off that day and the request will not be denied.

We've also added some language saying that use of one or two such days during a calendar year shall not disqualify the employee from the attendance bonus, and then we've added that the number of individual days off that would be allowed where he can use the bank and not suffer any loss of income will be limited to three per year, and again, the intent there is that that's per calendar year

MIKE RADTKE: Off the record

(Discussion off the record)

TONY COLEMAN. I want to further clarify under paragraph g that the language "request may be denied if coverage for the absence would have to be with overtime or TDY." I think earlier I said that if the crew is above minimums and the absence could be allowed without overtime or TDY coverage. At the Union's request. I wanted to clarify that The supervisor, even though he may not be above minimums. if the supervisor decides that he could allow that person to take off and would not have to call in overtime or have somebody TDY'd to cover his absence, that most certainly in those cases as well. the employee would be allowed off. Again. the underlying concept here and intent is that the Company will allow employees to use their banked days to take up to three additional days off per year with pay from the bank, provided the Company doesn't have to then cover that absence with overtime or TDY

And it's that underlying intent with paragraph g that led to paragraph h, which is for employees at non-TDY gateways. The rule is a little bit different, because the Parties agreed and understood that in non-TDY gateways, there's less flexibility on the Company's part in terms of coverage and that it most times would result in overtime or additional TDY to allow somebody to use their banked holidays. so we came up with a different rule foi the non-TDY gateways

In those gateways. the employees will have the option to combine their birthday holiday, optional holiday. eight-year vacation day, and whatever holiday bank money is necessary to bring them up to 40-hour guarantee, to bid an additional week of vacation for the next calendar year, and procedurally, if an employee in a non-TDY gateway decides to do that, that week block would be done as a part of the bidding process for vaca-

tion, and it would be bid the same as a regular vacation.

We did agree that since this is an additional week block for these employees in non-TDY gateways, that the options to bid the vacation will be after all the regular vacation and option weeks are bid. Whatever is left over at that point could then be used by these employees to bid this extra week that they're going to put together And we also agreed within the paragraph that this additional week would be subject to all the bidding rules in Article 33, Section 3, a , and we also agreed that the holiday bank hours be paid to the employee deducted from the bank at one and one-half times his regular rate rather than just straight time

Now, the one and one-half time rate would come out of the bank. It's not that the Company is going to pay the hours that went into the bank at one and one-half, but rather that they would be deducted from the bank at one and one-half times their regular rate, and how much holiday bank money might actually end up being used by the employee depends on whether he also has his birthday holiday and optional holiday, whether he's actually at the eight-year vacation day or not.

It is the Parties' understanding that the employee doesn't have the option to say that he's going to just use his holiday bank money and that alone to create this extra week, that the birthday holiday, the optional holiday, and if he has more than eight years of seniority and has the additional day of vacation, that those would have to be used as a part of this one week in order for him then to bid the week

Under paragraph i , an employee will be paid on his next regular scheduled payday any amount in his holiday bank if he resigns, is terminated, or retires

Under paragraph j., the Parties agree that the taxes on any monies placed into the holiday bank will be handled in accordance with the Internal Revenue Code, and we've got some language saying that if the IRS or any other government authority says that it's not tax deferrable the way that it's structured currently, that we'll get together and discuss whatever changes need to be made in order to achieve a tax deferred status

We also have had some discussions and agree that we're going to run the language that we've agreed to in this Article by some tax attorneys to get a comfort level that it in fact meets the tax deferred status that we're looking for.

Under Section 8, we added some language, "An employee may elect to have his pay for all worked holidays in the year contributed to his 401(k) account." We added "to the extent legally permissible." We feel fairly comfortable, once we get the new 401(k) plan into effect that we've negotiated in Article 34, that there shouldn't be any issue with regard to that, and that such election has to be made in November, and if it's made, then the amount of money that has accrued from the holiday would be paid into the bank -- or be paid into the 401(k) in December.

ARTICLE 33
VACATION

Section 1 - Vacation Pay

a. All employees who meet the eligibility rules and years of service with the Company from date of employment as herein set forth shall be entitled to a vacation with pay as follows:

Less than one Year	Prorated
1 Year	1 Week
2 Years	2 Weeks
6 Years	3 Weeks
11 Years	4 Weeks
18 Years	5 Weeks
25 Years	6 Weeks

b In addition to the above vacation weeks, after completion of eight (8) years of service an employee will receive an additional one (1) accrued vacation day paid at the rate of eight (8) hours times the employee's regular hourly rate (part time employees will receive four [4] hours)

c Vacation pay shall be computed by multiplying the employee's straight time regular hourly rate times the number of hours earned up to a maximum of forty-five (45) hours per week for full time employees and up to twenty-five (25) hours per week for part time employees and up to fifteen (15) hours for part time employees normally scheduled one (1) or two (2) days a week

d. If a holiday falls during an employee's vacation, he may choose to be paid an extra day's pay of eight (8) hours for a full time employee and four (4) hours for a part time employee for the holiday in addition to the vacation pay The employee also has the option of extending his vacation by placing the holiday at the beginning or end of his vacation. The employee will make his choice on the annual vacation bid form In such case the employee will be paid the holiday based on his regular shift hours

e. Vacation pay will be made on separate checks and issued on the pay day immediately preceding the employee's vacation or be paid in normal sequence at the employee's request. Such request must be made a minimum of thirty (30) days prior to vacation.

f Any seniority employee with more than one (1) year of service who resigns or whose services are terminated shall receive within seven (7) days, his vacation pay prorated for the number of hours of vacation as set forth in this Article for his then completed years of service

g. In the event of death of an employee. all monies for unused vacation previously earned and prorated hours up to the date of death will be paid to his beneficiary listed on the Company insurance form or to his estate, in accordance with applicable law

h Employees with two (2) or more weeks of vacation may elect. by signing a designated vacation "sale" form (available to be printed from IMPACTS). to be paid one (1) of the weeks Such election can only be done during the vacation selection process in accordance with Section 3, l Such week will be paid on the second (2nd) Friday of June.

i. Employees failing to select earned vacation in accordance with this Article and employees with partial vacations electing to be paid shall be paid for the first (1st) such week on the second (2nd) Friday of June of each year and the remaining vacation weeks will be assigned to open available weeks after awards by seniority have been completed.

j Vacation pay can only be paid for regular scheduled vacation periods or as otherwise specified in this Section. Any exception for medically substantiated illness or injury exceeding two (2) or more weeks off the job must have the joint approval of both the Manager of Maintenance and the President of the Local Union and such exception can only be paid in increments of a full week

Section 2 - Eligibility and Accrual

a Except as provided in paragraphs b and c below, in order to obtain monthly vacation credit. an employee must work or be credited in a month with at least:

1 eight (8) days in a month for those employees on a three (3) day work week schedule.
2. ten (10) days in a month for those employees on a four (4) day work week schedule.
3 thirteen (13) days in a month for those employees on a five (5) day work week schedule. or
4 for part time employees normally scheduled one (1) or two (2) days a week, one-half (1/2) the scheduled days in a month

b Days worked outside the employee's normal schedule will count toward vacation accrual

c Employee's time off because of off-the-job injury or illness for up to four (4) weeks shall count toward monthly vacation accrual for each calendar year These days apply to any month until monthly vacation credit is satisfied. For example. an employee on a three (3) day schedule will be credited up to twelve (12) work days for the year; with a four (4) day schedule. sixteen (16) days, etc.

d. When an employee is off for an on-the-job injury he shall receive up to twelve (12) months credit to count toward vacation accrual in any year necessary to achieve maximum vacation accrual Any remainder of credit not needed to maximize accrual in the previous year will roll over to the next year

e. Vacation credit will be earned monthly as follows·

1. Worked less than one (1) calendar year from the date of employment by January 1 of the subsequent year.	Four and one-half (4.5) hours a month to a maximum of forty-five (45) hours (PT= 2 5 to 25 or 1 5 to 15)
2. Worked more than one (1) but less than two (2) calendar years from date of the subsequent year.	..Four and one-half (4 5) hours a month to a maximum of forty-five (45) hours (PT = 2.5 to 25 or 1.5 to 15)
3. Worked more than two (2) calendar years from the date of employment by January 1 of the subsequent year	. .Nine (9) hours a month to a maximum of ninety (90) hours (PT = 5 to 50 or 2.5 to 30)
4 Worked more than six (6) calendar years from the date of employment by January 1 of the subsequent year.	Thirteen and one-half (13.5) hours a month to a maximum of one hundred and thirty-five (135) hours (PT = 7.5 to 75 or 4 to 40)
5. Worked more than eleven (11) calendar years from the date of employment by January 1 of the subsequent year	...Eighteen (18) hours a month to a maximum of one hundred eighty (180) hours (PT = 10 to 100 or 6 to 60)
6 Worked more than eighteen (18) calendar years from the date of employment by January 1 of the subsequent year	Twenty-two and one-half (22.5) hours a month to a maximum of two hundred twenty-five (225) (PT = 12.5 to 125 or 7 5 to 75 hours)
7 Worked more than twenty-five (25) calendar years from date of employment by January 1 of the subsequent year.	Twenty-seven (27) hours to a maximum of two hundred and seventy (270) (PT = 15 to 150 or 9 to 90)

f. All vacation earned in a calendar year must be scheduled and taken and/or paid in the subsequent year in accordance with this Article

g. Any full time employee who displaces a part time employee shall be credited and compensated in accordance with Article 24, Section 1, m

Section 3 - Vacation Selection

a Vacations will be bid within the work center by classification The Company shall be obligated to provide a sufficient number of vacation weeks as a part of the annual bid to accommodate the amount of accrued vacation and option week(s). There shall be no vacations allowed from two (2) full weeks prior to Christmas up to and including December 24. FSTs, Tech Pubs and employees assigned to the WBS are exempted from the vacation blackout

1 In work centers of thirty (30) or more employees. employees will be grouped. first by weekends (employees scheduled to work both Saturday and Sunday) and weekdays, then by shift, i.e., days, afternoons or nights A maximum of twelve percent (12%) per group by classification will be allowed vacation during eligible periods. except that a maximum of sixteen percent (16%)per group by classification will be allowed in the months of April. May. June. July. and August. In percentage calculations. fractional vacation allowances will be rounded up to the next whole number. however, no work center, in total, shall exceed the twelve (12) or sixteen (16) limitation, as applicable.

2. In work centers of less than thirty (30) employees, the following formula will apply by classification for the entire eligible period·

Number of employees	Maximum number on vacation
1 - 3	1
4 - 9	2
10 - 19	3
20 - 29	4

3. For the week after Christmas, in the SDF gateway, the Company will allow four (4) weeks of vacation in each TDY group. in all other TDY gateways. one (1) week will be approved for each TDY group. To be approved, the first scheduled work day of the vacation must fall on or after December 25th.

b Each year the Company will post the vacation bid pools for each work center of thirty (30) or more employees prior to issuing the vacation bid selection forms If during the vacation bid year any work center staffing is changed. the original vacation bids will be honored.

c. ONT and SDF QC. to the extent they exceed four (4) employees. shall be considered separate work centers for the purposes of this Article

d. Part time AMTs will not be awarded the same week of vacation selected by a full time AMT in work centers of less than three (3) AMTs Such full time AMTs will receive preference over part time AMTs each round in vacation selections made in paragraph g. below.

e Vacation selection forms shall be made available to all employees by November 1st of each year for vacation selections for the subsequent year. Employees off work on November 1st for workers' compensation, military, or disability leave shall be sent such forms. The selection form shall indicate the number of vacation and option weeks available for each employee. Employees on vacation between November 1st and November 15th shall select a vacation for the following year within forty–eight (48) hours after returning to work

f Vacation selection must be input into IMPACTS or similar system by November fifteenth (15th) and awards made by thefirst (1st) Monday of December of each year

g In order to provide more employees an opportunity to elect summer vacation months, vacations will initially be awarded in seniority order for the employee's first two (2) preference weeks. After this first (1st) award. the remaining vacation/option weeks by preference will then be awarded in seniority order. Individuals failing to select a preference will have earned weeks assigned in accordance with Section 1, 1

h Regular vacation weeks and option weeks can be taken consecutively with one another if seniority entitles the employee to obtain such open weeks in accordance with paragraph g above.

i. To maximize time off, employees will be allowed to select vacations in accordance with consecutive work days of a shift which crosses pay weeks. Where work days cross pay weeks, vacation election will be made in the week ending that has the majority of work days in it Where a vacation election is Friday, Saturday, Sunday and Monday, the Company will declare the selected week The Company agrees to do this in a manner that is most equitable for the employees

j Employees awarded vacation dates who later bid another shift(s) or vacancy(ies) shall carry their vacation award with them. In such cases management will, where possible and in accordance with the percentage limitations outlined in this Article, attempt to align the vacation with scheduled days off

k. Employees hired after January 1 of any year who earn a partial week vacation shall have the option of prorated time off or being paid

l. Employees entitled to two (2) or more weeks of vacation may elect to be paid one (1) week in lieu of time off. Such pay election must be made by signing a designated vacation sale form (available to be printed from IMPACTS). For vacation award purposes, such week will not be considered as a preference week Pay for such week will be made in accordance with Section 1. h , except the employee will be given the option to defer the money to his 401(k) account

m Individuals eligible for and taking full week vacations that cross pay weeks will achieve their guarantee each week by working all remaining scheduled day(s) of the work weeks

n It is understood vacation will begin at the end of the employee's last regular scheduled workday and end on the employee's first (1st) regular scheduled workday at the regular scheduled start time During this period, such employee will not be available or eligible for any work assignments

o Employees absent from work due to personal injury or illness and/or due to an on-the-job injury or illness, whose vacation occurs during their period of absence, will have the option to reschedule their affected vacation upon returning to work provided they return to work in the same calendar year Otherwise, any vacation not taken will be paid on the last Friday in December of that year

p. An employee may submit a vacation change request to his supervisor for consideration by the Company The employee will be informed within seven (7) calendar days from the date of the request whether it has been approved The request will not be denied if it meets the requirements of Section 3 a, including other known absences The Company will not be obligated to approve a vacation for any week that had been previously bought back The employee will be informed of the reason why a request is denied.

Section 4 - Vacation/Option Week Buy Back

The Company will offer to buy back a specified number of weeks of vacation each month of the year. Employees will indicate on by signing a designated vacation/option week buyback form (available to be printed from IMPACTS) at the time of the annual vacation selection their willingness to sell one (1) or more of their bid weeks. Buy backs will be awarded in seniority order after vacation awards are made and seven (7) days prior to the first bid week of the year For each week sold the employee shall receive a one hundred and fifty dollar ($150) bonus If an employee sells two (2) or more weeks he shall receive a three hundred and fifty dollar ($350) bonus The payment will be made before January 31 of the following year

Section 5 – Work Schedule Changes Not To Diminish Vacation Time Off

The Company shall not change an employee's work schedule due to a TDY, Field Service or Training assignment, or assign forced overtime, before or after his awarded vacation if the effect of the schedule change is to shorten the employee's total vacation period, consisting of his regularly scheduled days off in addition to the work days he takes off as vacation and/or option time, unless otherwise mutually agreed by the Company and employee. This shall not apply to an employee holding a relief schedule.

ARTICLE 33

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MR. COLEMAN. Article 33 is the article dealing with vacation. It was signed off as a tentative agreement in September of 2009 The first change in Article 33 is in Section 1.h Added some language, and we'll see in a number of different places in here that the parties have agreed that if a 2727 member wants to sell vacation back. that there will be a form that's available in IMPACTS, it's capital I-M-P-A-C-T-S. that they can print out and use to sell their vacation That is the agreed upon methodology by which that should happen.

MR COMBINE· That they had to sign a form saying they wanted to sell their vacation

MR COLEMAN. We agreed to that process to eliminate any issues about who was selling or wanted to sell The next change was under Section 3 a We added a sentence at the end of 3 a with regard to vacation's blackout period And at the Union's request, we agreed that FSTs, Tech Pubs. and employees in the Wheel and Brake Shop are not covered by the vacation blackout language that's in this particular section, that their work is not necessarily driven by peak season. in the peak operation we have at that point. so we agreed that we could say that the vacation blackout period does not apply to those employees

In 3.a.1, just some changing of the percentages with regard to the maximum vacation What had been ten percent is now 12, what was 15 percent has gone up to 16, and we've also added April in as a month in which the maximum could be 16 Before, with the way it was structured, the April month would have been governed by the ten percent instead of the 16 percent We've also agreed that the rounding would be the 12 and 16 limitations, when applicable

The next change was in Paragraph a 3. Section 3.a.3 And, again. it dealt with the request by the Union to make more weeks available when the periods that otherwise would not be available. And this one specifically deals with the week after Christmas And what we ultimately were able to reach an agreement on is that in Louisville, since it's a known gateway and it's TDY, we've agreed to allow four weeks of vacation in each TDY group within the Louisville gateway, and in all other TDY gateway. one week would be allowed for each TDY group

To be approved, the first scheduled workday of a vacation must fall on or after December 25th. and the days off don't count in terms of how that would be applied For Louisville. we talked about the fact that based on the TDY groupings right now. that would be basically 16 additional weeks of vacation that the four TDY groups that we have that would be additional weeks of vacation made available to the membership In Ontario, based on current TDY groups. there would be four additional weeks of vacation available for bid There would be one additional week in each of the other TDY gateways based on their current TDY groups.

Under Paragraph e, a small change in verbiage - "sent out" versus "made available" But we made that change because, again, the intent is to make the forms available electronically instead of sending them out That created some issues in terms of what if the employee is not here, what if they're not available, and we agreed that if an employee is off work on November 1st. which is when the form would first be available. if you're off work for workers' comp, military. disability leave, that we would actually send the forms out to those individuals. because the assumption is that you just don't take off one day or two days for those reasons, you're likely going to be gone for a some period of time. So we've agreed to send those forms out to those employees.

And then if an employee is on vacation between November 1st and 15th, which is the vacation selection period on that, that person. once they come back. would have 48 hours to turn in their vacation forms

And then Paragraph f, following up with the concept that this is going to be done electronically, the employee would put the information into IMPACTS or a similar system by the 15th day of November. and we would make the award by the first Monday in December

In Paragraph 3 l. again, a reference to the designated vacation sell form documenting our intent that we're looking for that to be on paper so there can't be any dispute about it

Then going down to Section 3 p, it deals with changing vacations. And the language basically was negotiated making clear that the employee has a right to provide that request to the Company and the supervisor. that we will have an obligation to tell him within seven calendar days whether it's been approved or not.

We also kind of tied it in that the request will not be denied if the requirements of Section 3.a are met. and

the 3 a requirements deal with the percentages and the maximum number of people in a gateway that could — one to three is one, four to nine is two, that those criteria would — if those criteria are met, then the vacation change would be approved.

We did agree in that context, when the Company is looking at it, we're entitled to take into account other known absences we have, like military leave, training, somebody's off on a leave of absence, and now you're requesting to change your vacation to that week, those absences can be considered in the context of whether Section 3.a criteria have been satisfied or not.

And then just common sense, we included a prohibition that if we've bought vacation back for a particular week, spent the money to do that because we needed the extra staffing, we wouldn't then be faced with somebody saying, well, I want to change my vacation to that week where we just paid money to eliminate the vacation

And then finally, just protection for the employee that if it is denied, that the Company will provide something in writing as to the reason that it was denied Vacation option week buyback, again, just a reference to the fact that we will use a form that's in IMPACTS for that going forward.

And Section 5 is a new language that deals with some guarantees that the employee's work schedule, an employee will not lose any vacation time they might have if he was on his own home schedule as a result of a TDY assignment, field service, or training assignment, forced overtime, that vacation normally would include the days off before and after the employee's regular scheduled workweek, and that the Company won't impinge on what would otherwise have been scheduled days off as a result of TDY, field service, training assignment, overtime

The one exception there obviously is a relief person who holds a relief schedule because their schedule changes around all the time, so they don't have that same protection with regard to the vacation time off That's Article 33

ARTICLE 33

TONY COLEMAN This is the joint interpretation on Article 33, Vacations The first change in the Article is in Section 1, a. The Parties had a lot of discussion about the number of weeks of vacation based on years of service and have made some substantial movement in terms of -- the four weeks of vacation under the prior contract was only available at 14 years

And we have changed that to now make four weeks of vacation available at 11 years, five weeks at 18 years, and a new category of six weeks available at 25 years and coming up with the availability of vacation weeks based on years of service

It's our belief that we've tried to match the industry standards in terms of what the practice is in the industry for weeks of vacation based on years of service.

Under Section 1. b , you'll see a change that's actually in another place in the Article where the words "including applicable premiums" have been stricken and the word "regular" added in front of hourly rate

That does not take away, but rather it's our intent that regular hourly rates will be defined in the definition Article to include any applicable premiums So nobody should be thinking that they're losing anything

That same change was made in paragraph c

Under paragraph d.. there was a sentence added at the end of the paragraph. 'in such case the employee will be paid the holiday based on his regular shift hours " The intent here is if an employee has a holiday that falls during his vacation or that falls on what would have been a regularly scheduled workday on his vacation or what would have been a regularly scheduled day off, in either case he has a right to receive eight hours pay for that, and that's his option

He also has the option to extend his vacation by placing the holiday at the beginning or end of his vacation If the holiday fell during the vacation period in what would have been a regularly scheduled work day. then if he uses his option to extend it, his guarantee will not be effected. and that's a change from the contract from 1996

It has been that if a holiday fell during vacation regardless of whether it fell on a regularly scheduled work day or day off that if you extended your vacation with that day you will only receive eight hours of pay for it on your regularly scheduled work day that you're now missing, because you've extended your vacation

With this language if the holiday fell during what was a regularly scheduled workday during your vacation and you extend your vacation, your guarantee will not be effected that next work week So it could have been that if you work a 4/10 schedule or a 3/13 schedule under the prior contract, you would have only received eight hours pay. Now you will receive 10 or 13 hours pay. respectively, if you have those shifts. If you work a 5/8 schedule, then obviously you still would receive eight

In Section 1. e , f , g , h , i., j.. there's no change in the language. and no intent to change how they're applied.

Section 2. eligibility and accrual, paragraphs a and b. stayed the same.

In paragraph c . we reworded the language to say that employees time off because of off-the-job injury or illness for up to four weeks shall count towards monthly vacation accrual for each calendar year Then we used an example within the contract. These days apply to any month until monthly vacation credit is satisfied For example, an employee on a three-day schedule will be credited up to 12 work days for a year, with a four-day schedule -- 16 days.

Paragraph d deals with an employee who is missing work as a result of an on-the-job injury, and he receives up to 12 months credit towards vacation accrual in any year necessary to achieve maximum vacation accrual. Any remainder credit not needed to maximize accrual in the previous year will roll over. The intent there is if an employee goes off work in September as a result of an on-the-job injury. then he would receive up to the 12-month credit. Three months of it would be used in the first year. and he would still have nine months left to use in the next year

It's also our intent that once that credit is used up, the employee is only entitled to another 12 months credit if he returns to work and then has a new injury If the employee returns to work and then has some new injury that causes him to be off, he would have another 12 months credit. So it's not just 12-month credit per contract It's a 12-month credit per work-related injury

Under paragraph e., "vacation credit will be earned monthly as follows," and then there's a formula that basically lays out how vacation credit is accrued. There's no change in any of these except down in paragraphs e 5 . e 6 and e 7 . where we added some language We changed the language to reflect the additional weeks of vacation at the 11, 18 and 25-year marks.

Under paragraphs f and g . there was no change from the prior contract except for contractual reference.

Under Section 3, vacation selection, the Union brought up that they were concerned that the vacation and option weeks that are available -- that the Company does not provide sufficient weeks as a part of the bid to accommodate the accrued vacation option

The Company's commitment there is that it's not an option on the Company's part We are obligated to provide a sufficient number of vacation weeks as a part of the annual bid to accommodate the accrued vacation and option weeks, and it would be a violation of the contract if we did not provide sufficient numbers We have continued the blackout period No vacations allowed in the two full weeks prior to Christmas up to and including December 24. and we phrased it that way to make it clear that December 24 is a part of the blackout period We did have some discussions as to the necessity and the reason for the blackout period It is the Company's peak period, and for most of Local 2727 represented employees it is a period of increased activity and increased airline operations

However, we did have discussions and agreed that at least two areas within the Local 2727 membership, the operations in the Training Center and the Wheel and Brake Center and the employees who are working there really do not have any increased work load during that two-week period, and as a result we have agreed that the blackout period will not be applicable to those two groups in terms of scheduling the vacation weeks In paragraph 1 . we also made some changes. The prior contract had provided that vacations would be bid by shift days, afternoons, and nights We've come up with a new grouping to try to more closely align with the TDY groups So in work centers with more than 30 employees, employees will be grouped first by weekends which means employees scheduled to work Saturday and Sunday; and then weekdays by shift, i.e . days, afternoons and nights Then vacations will be bid within those groups We've kept the 10 or 15 percent limitation per group by classification.

We've added some language that was as a result of an agreement under the old contract, in percentage calculations fractional vacation allowances will be rounded up to the next whole number We've included the concept that no work center on the whole -- regardless of how it might be bid within the groups -- that no work center as a whole shall exceed the 10 or 15 percent limitation Again, on a work center basis that would be on a seniority basis in terms of junior employees being the ones who would not be allowed to take a vacation if it caused them to exceed the 10 or 15 percent limitation

In paragraph a.2., we've got the same maximum numbers on vacation, as the prior contract, for work centers with less than 30 employees

In paragraph b., there was no change In paragraph c , we deleted the words "each shop work center" and substituted "Ontario " The intent there is that now both Ontario and SDF Quality control will be treated as work centers for purposes of the maximum numbers on vacation. By deleting each shop work center it is not our intent that other shops like the sheet metal shop for example would not be treated as a separate work center It's just our belief that the definition of work center that we have will continue to apply to allow vacation in those work centers to be bid as separate work centers for purposes of this Article.

Under paragraph d , some changes from mechanics to AMTs just to make it consistent with the rest of the contract. Full time AMTs will also receive preference over part time AMTs in each round of the vacation selection process to make it clear that the full timers get the first choice and the part time AMT's will come in second

In paragraphs e., f , g and h , there was no change from the prior contract and no change in how they're applied

In paragraph i , we've added some language to capture a practice that the Company has had that where a vacation election is Friday, Saturday, Sunday and Monday, the Company will declare the selected week We agree to do this in a manner that is most equitable to the employee so that the employee is given the advantage there.

Paragraph l has some cleanup, and then an additional thought that we've added to this contract is that the weeks that are bought back or that the employee decides to sell, that the employee will have the option of

deferring the money to his 401(k) account, and the Company will have the forms to give to employees to allow that deferral

Paragraph o. has some new language in there, if an employee is absent from work when his vacation is supposed to have taken place, he has the option of rescheduling that vacation upon returning to work provided he returns to work in the same calendar year Otherwise any vacation not taken will be paid on the last Friday of December of that year to make it clear that vacation never carries over from one year to the next. You either have to return in time to take the scheduled vacation If you don't then it's paid in the last Friday of December.

Section 4 is a new concept that we have introduced in this contract called vacation/option week buy back. The Company will offer to buy back a specified number of weeks of vacation each month of the year Employees will indicate on the annual vacation selection their willingness to sell one or more of the bid weeks. Buy backs will be awarded in seniority order after vacation awards are made and seven days prior to the first bid week of the year.

This is an incentive for employees to decide to sell their vacation. The Parties have agreed that if the Company offers and you sell one week of vacation you get a $150 bonus If an employee elects to sell two or more weeks, he receives a $350 bonus We had a lot of discussion in terms of procedurally how this is supposed to work and how it relates to the provision, that if an employee has two or more weeks he may elect to be paid one of the weeks The language that was carried over from the old contract -- the employee with more than two weeks electing to receive pay in lieu for one of them, that is a step that is still in place. In regard to the employees desiring pay in lieu of a scheduled vacation for that week, it doesn't matter whether the Company has offered to buy back vacation or not

The employee always has the option of selling one of his weeks of vacation in lieu of time off and that is an election that would take place before we ever go into the buying back of vacation under Section 4. So if an employee wants to be sure that he's going to be able to sell one of his weeks of vacation, he should make that election under Section 3 paragraph l.

After the vacation bids are completed, the Company will then indicate the number of weeks that it's willing and wants to buy back during the different times of the year There is an obligation with the language to offer to buy back at least some number of vacation weeks of each month.

As we've discussed, the intent obviously is for the Company to focus more on those weeks where there is a heavy vacation, heavy training, staffing needs, or it's exacerbated, so that we're trying to avoid staffing issues by buying back vacation The employees, as a part of the bid process, will indicate whether they're willing to sell their vacation and what weeks they're willing to sell. Then the Company based upon the vacation awards that are made will go in seniority order and buy back those weeks that the employees have indicated they are willing to sell

Because there will be potentially a differential between the number of weeks that employees indicate they're willing to sell and the number of weeks that the Company is willing to buy, those buy backs will be awarded in seniority order from top down so that the most senior people get their first choice in selling vacation. As the language in Section 4 says, that payment would then be made before January 31 of the following year so that the employee receives his vacation money for the weeks that he sold much earlier in the year than he would if he simply waited for the vacation later

A clarification if it wasn't clear the only weeks that the Company is going to buy back are those that the employee has indicated that he is willing to sell and that have been awarded to him But also in his thought process as a part of the bid he'll indicate which weeks he's willing to sell. Then if he's actually awarded those weeks and if it falls within the period where the Company is willing to buy back, then those are the weeks that the Company is willing to buy back.

ARTICLE 34
401(k) PLAN

a The Employer and the Union agree to establish the UPS/IBT Local 2727 401(k) Tax Deferred Savings Plan no later than December 31, 2002 for full time and part time employees. The Employer shall pay one-half (1/2) the record keeping expense for the Plan

b. It is further agreed by the Union and the Employer, that the Employer shall withhold from an employee's earnings, amounts mutually agreed between the Employer and the employee and deposit such monies into a 401(k) account in the employee's name in compliance with the Internal Revenue Code and E R I S A During the term of this Agreement, the Employer will not increase the amount of time which is current practice for the period between deduction and deposit of the employee's 401(k) contributions

c This Plan will be jointly administered by the Local 2727 Union Committee and the Employer as specified in the Plan document

d. The Company shall provide to each eligible employee a match to his 401(k) account in the amount of one hundred percent (100%) of the first three percent (3%) of pretax money saved by the employee This match will be deposited quarterly in each employee's account in the form of a cash contribution Each eligible employee's quarterly statement shall reflect the amount deposited in his account for that quarter

e Participation information shall be given to all new employees and made available to all employees covered by this Agreement

f The Company agrees to establish "Safe Harbor" status for the Plan through the inclusion of a mutually agreed upon QNEC provision in the Plan document.

ARTICLE 34

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MR. COLEMAN. Article 34 is the 401K Plan, and there are some relatively minor changes In 34 b, we added the word "employee's" in front of 401k contributions to be more specific as to whose contributions we're talking about Under 34, Paragraph d, we actually didn't add any language, but we took out two sentences because in the January, 2001/2002 contract, we actually agreed to the 401k match as a part of that agreement and had some language in there that was implementing that match and agreed that that language was not necessary to carry forward.

MR WILDER. Excuse me During the discussion, there are legal requirements that apply to 401K matches and when they came to that, those requirements would apply regardless of the agreement.

MR. COLEMAN: We would agree with that.

MR. COLEMAN. In Article 34, we wanted to add one additional point of clarification. The language really did not change, although the parties' understanding and agreement is that the retroactive wages and bonuses that are going to be paid pursuant to Article 36, that will be income to the employees in 2011

As income to employees in 2011, it will be counted as eligible wages under Article 34 for purposes of the three percent match, and the employee basically, in terms of receiving the three percent match, will simply need to do the deferrals that he needs to do under Article 34 in order to put the money into the plan to achieve the match by the Company

And the percentages of how much of that money can be deferred from bonuses I think is already dealt with in the current document

That is Article 34.

ARTICLE 34

TONY COLEMAN. This is the joint interpretation on Article 34, 401(k) Plan

In the first paragraph, we've changed the language to reflect that the Parties have agreed that UPS and Local 2727 will establish a 401(k) tax deferred savings plan that will be applicable only to the Local 2727 represented employees We have agreed that we will move Local 2727 represented employees from the Teamster 401(k) into this new plan. The language reflects that the new plan will be established within six months of ratification.

For purposes of joint interpretation. obviously the terms of the plan document itself is also something that is subject to agreement between the Parties. and we've had several discussions and exchanged proposals and don't see any issue in terms of agreeing on the terms of that plan document and having it in effect within six months of ratification, and it's our hope and belief that we can get it done before that period of time elapses

We've included language that UPS has agreed to pay one-half of any record-keeping expenses associated with this new 401(k) plan that we're establishing

This Article was maintained with a few changes to reflect the latter effective date of this new agreement The Parties have agreed that the Plan Document will be implemented no later than December 31, 2002 in order to insure that we can still do a retroactive 3% match for the 2002 calendar year

The Parties also added a provision requiring the Company to include a Qualified Non-Elective Contribution (QNEC) clause in the new 401(k) Plan Document. The inclusion of a QNEC provision will insure that no employees' contributions will be kicked out of the Plan because of the non-discrimination testing required by the IRS In essence, in any year in which the Plan fails the discrimination test, a QNEC provision will require the Company to go back and make additional contributions for the non-highly compensated participants in order to meet the test.

Under paragraph b , that was language that was in the prior contract and has been carried over. and essentially the same commitments as current practice between the period of the deduction and when the money will actually be deposited into the 401(k) account The Company's commitment is it will keep that same practice with regard to the new 401(k) plan as it had with the old one

Under paragraph c , we've changed that to reflect that the new plan will be jointly administered by UPS and the Local 2727 Union, who will establish a plan committee in accordance with the terms of the plan document

The substantial new benefit for the employees under Article 34 is the Company's agreement that under this 401(k) plan. the Company will match to the 401(k) account an amount equal to 100 percent of the first three percent of pretax money saved by the employee, and the rest of the paragraph is the mechanics for how that's to take place And what we've agreed to is that it will be deposited quarterly in the employee's account in the form of a cash contribution

We have agreed that the match will become effective January 1st. 2002, even though the plan may not be in effect for three to six months, and we wanted to do that to make sure that the employees understood that even though there may be some delay in actually getting the plan into effect, that they will be fully protected for the year 2002, and whenever the plan goes into effect, the Company will go back and make the three percent pretax money match in the next quarterly payment

We've included language to continue the practice that existed under the Teamster 401(k) of quarterly statements being provided to employees that will reflect the amount that's been deposited into his account for that quarter

And under the last paragraph. we've also changed that to say that participant information shall be given to all new employees and made available to all employees covered by this agreement And that is it for Article 34.

ARTICLE 35
OPTION WEEKS

a. On January 1 of each year of this Agreement, all seniority employees actively on the payroll will be credited up to two (2) option weeks in addition to any vacation weeks due. To be eligible for one (1) option week, an employee must have worked at least seventeen (17) weeks in the prior calendar year To be eligible for two (2) option weeks, the employee must have worked at least thirty-four (34) weeks in the prior calendar year.

b. To accrue a week, an employee must work at least ninety percent (90%) of his scheduled work week. All days worked outside the employee's normal schedule, TDY, field service, military leave, funeral leave, jury duty, holidays, vacation, completed crew trades, option weeks, and option days shall count as accrual toward the forty (40) hour eligibility Late report/early off requests granted by the Company will be counted toward weekly accrual.

c New employees holding seniority by their first July 1 of employment, will receive one (1) option week This option week may be scheduled during available weeks from July 1 up to the two (2) full weeks prior to Christmas or be paid on the first (1st) Friday of December of that year To be eligible, the employee must have worked at least seventeen (17) weeks prior to the option week being scheduled or, if paid, prior to the last week of November

d When an employee is off work for an on-the-job injury he shall receive up to twenty-eight (28) weeks credit to count toward option week accrual in any year necessary to achieve maximum option week accrual Any remainder of credit not needed to maximize accrual in the previous year will roll over to the next year.

e Option weeks referenced in paragraphs a. and c above may, at the employee's option, be paid or have the week(s) scheduled in accordance with Article 33. Full time employees will be paid for the option week(s) at forty-five (45) times their straight time regular hourly rate Part time employees scheduled three (3) or more days a week will receive twenty (20) times their straight time regular hourly rate Part time employees scheduled on one (1) or two (2) days a week will receive fifteen (15) times their straight time regular hourly rate.

f In lieu of scheduling both option weeks of vacation or receiving pay for the weeks, the employee may designate one (1) option week to be used in accordance with paragraph h. below.

g If an employee with two (2) option weeks takes both as pay or has the pay contributed to the employee's 401(k), the first (1st) option week will be paid or contributed on the first (1st) Friday of July, and the second (2nd) on the first (1st) Friday of December. If only one (1) of two (2) weeks is paid or contributed, it will be paid or contributed on the first (1st) Friday of July. If the employee elects to use one (1) option week in accordance with paragraph h below, then that option week or any remaining days of that week will be paid on the last Friday of December of that year.

h During the vacation selection period, an employee may designate that one (1) of his two (2) option weeks will be paid out one (1) day at a time (DAT) up to five (5) days. Such days will be paid to employees whenever they are absent from work for any personal reason, except for approved paid leaves of absence pursuant to Article 17 and absences due to on-the-job injuries. The employee will be required to contact the Company at least two (2) hours prior to the beginning of his regular scheduled shift for illness or injury of the employee or an employee's immediate family member If an option day is used for reasons other than illness or injury of the employee or an employee's immediate family member, there must be a written request submitted for approval by the employee to his supervisor at least seven (7) calendar days prior to the requested day of absence For full time employees such days shall be paid at nine (9) hours times the employee's regular hourly rate in effect on the date the employee was absent Part time employees will be paid at four (4) times the employee's regular hourly rate in effect at the time the absence occurs

i. If a full time or part time employee elects an option week in accordance with paragraph h above and does not use his option week one (1) day at a time (DAT) or uses only a portion of it, pay or contribution will be in accordance with paragraph g. above In addition, if a full time employee does not use any of his option week one (1) day at a time and has not been absent from work for any reason except

approved paid leaves of absence pursuant to Article 17 and absences due to on-the-job injuries, he will be entitled to a bonus of forty (40) hours at his regular hourly rate A part time employee will be entitled to a bonus of twenty (20) hours at his regular hourly rate This bonus will be paid on the last Friday of December of each year.

j If an employee elects to have both option weeks paid and is not absent during the year except for approved paid leaves of absence pursuant to Article 17 and on-the-job injuries, he shall receive either the forty (40) or twenty (20) hours bonus as applicable. If an employee is paid the bonus and experiences an absence between the date of payments and the end of the year that would have disallowed the bonus, such employee will be ineligible for a bonus in the next following year Employees eligible for the bonus must be hired on or before January 1 of the perfect attendance year

k Employees absent from work due to personal injury or illness and/or due to an on-the-job injury or illness, whose scheduled option week(s) occurs during their period of absence, will have the option to reschedule their affected option week(s) upon returning to work provided they return to work prior to Thanksgiving of that same calendar year. Otherwise, any option week(s) not taken will be paid on the last Friday in December of that year

l. An employee must be actively on the payroll at the time the option week(s) are earned, taken or paid However, any accrued option week(s) will be paid to an employee who is disabled once their absence exceeds twelve (12) months, upon retirement or to an employee who cannot exercise his seniority and is laid off The option week(s) are not subject to any prorata provision

ARTICLE 35

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MR. COLEMAN. In Article 35, Option Weeks, again, there was only one change And that was in Section 1, and it's taking out the sentence that referenced on employee's absence not covered by bank holiday monies pursuant to Article 32, Section 7, available day at a time option days would be paid for those absences

The parties agreed to delete that because it would not have been a proper payment under the new law that went into effect dealing with deferred compensation banks, so it was not a matter of bargaining in terms of it would not have been a permissible use of the day at a time money under the bank holiday language in 32

As a result of the fact that we struck out that Paragraph 1, the next four paragraphs have a letter designation one letter ahead of where they were before That is Article 35.

ARTICLE 35

TONY COLEMAN. This is the joint interpretation on Article 35, Option Weeks

Under paragraph b , we substituted the word "crew" for "shift" as we have throughout the contract In the last sentence of the paragraph, prior contracts said "Early off requests granted by the Company will be counted toward weekly accrual." We've expanded that to also say late reports granted by the Company will be counted toward weekly accrual

We've changed the language in paragraph c to try to clean up some of the confusion that we had under the prior contract in terms of which employees were entitled to the additional option week, and we tried to simplify it by saying that if the new employee gains seniority by July 1st of the year in which they've started working, they will then receive one option week The language specifies that option week may be scheduled during available weeks beginning on July 1st up to a two-full-week period that starts prior to Christmas, so the window that they have runs from July 1st until whatever is the two full weeks prior to Christmas, whenever that starts, or they can decide to be paid, and that would be paid on the first Friday of December that year.

And just a clarification, it says, "New employees holding seniority by their first July 1st of employment," so regardless of when the employee is hired, when July 1st of any year falls, if that person has seniority by that date, then they're entitled to that option week for that year to be scheduled as we've just described For example, somebody could be hired in November or December of the prior year, not have worked a sufficient number of weeks in the prior year to actually accrue any option weeks, and if they continue to work and actually have seniority by July 1st, then they would be entitled to the weeks, and similarly, if somebody were hired in January, February, March of a year, they would have enough time to gain seniority by July 1st, and in all of those cases, that individual would then be entitled to the one option week that would be scheduled as we've discussed.

Continuing on with the joint interpretation of Article 35, paragraph c., the last sentence of that paragraph provides that to be eligible for that week, the employee must have worked at least 17 weeks prior to the option week being scheduled or paid prior to the last week of November, so again, the intent is whenever the employee is hired, if he's holding seniority by July 1st of that year and has worked at least 17 weeks in that year prior to being scheduled, then he's entitled to that one week for that year

Under paragraph d., we added some language, "When an employee is off work for an on-the-job injury, he shall receive up to 28 weeks credit," which was an increase from what the prior contract provided, "to count toward option week accrual in any year necessary to achieve maximum option week accrual Any remainder of credit not needed to maximize accrual in the previous year will roll over to the next year" The intent there, for example, is if an employee goes off work in October of a year and he doesn't have his 34 weeks in yet, he would use whatever portion of the 28 weeks credit to get him to 34, and then the remainder of the credit would roll over into the next year and could be used in the next year for purposes of bringing him up to 34 for the next year as well It is a one-time credit per injury, though, so he doesn't get an additional 28 weeks in the next year if that injury has continued into the next year

Our intent, however, is that if an employee has an injury in 2002 and he, let's say, uses 12 weeks of the 28 weeks credit to get him up to the 34 for that year, but then he returns to work and he works the remainder of that year into the next year, and now he goes out again on an on-the-job injury, there would be a new 28 weeks credit, so basically it's per on-the-job injury in terms of the 28 weeks credit that can be used to max out on the option weeks

Under paragraph e , option weeks referenced in paragraphs a and c. above may be paid or have the weeks scheduled in accordance with Article 33, which is current contract language We did want to make it clear that we changed some of the rules in Article 33 in terms of vacation bidding. Those changes would be applicable to option weeks as well as the vacations

We've also added in the meaning and intent with regard to Article 33 that because of the type of work that's performed in the wheel and brake shop and by the flight simulator technicians, that the blackout periods for scheduling vacation did not apply to them, and it's our intent that same logic would apply to scheduling of option weeks for vacation purposes for the employees in the wheel and brake shop and the flight simulator

technicians. We changed some cleanup in terms of striking out "plus applicable premiums" and referencing "regular hourly rate," which will be taken care of in the definitions Article

Paragraph f , we did not change any language in that paragraph

Paragraph g., we changed some language to allow the two option weeks to be deferred to the employee's 401(k) account, and we'll develop a form that will allow them to make that deferral of the option weeks into the 401(k).

Under paragraph h , just some minor cleanup in terms of such days -- we're talking about day-at-a-time (DATs) option days here, will be paid to employees whenever they're absent from work for any personal reason, and we added the word "personal " It was a clarification of the use of day-at-a-time. It was not an intent on our part to change when day-at-a-times will be paid out, but a reflection that when somebody is absent and uses one of their day-at-a-time option days, that it is for personal reasons, because the exception is if it's for paid leaves of absence under Article 17 and the absence is due to on-the-job-injuries, then the day-at-a-times would not be paid out.

The rest of the changes in that paragraph were simply cleanups, and there is no intent to change how that paragraph is intended to apply.

Paragraph i., what we've tried to do with this new paragraph is mesh the banked holiday concept that we introduced in Article 32 with the day-at-a-time option days, and the language that we've added is "If an employee's absence is not covered by banked holiday monies pursuant to Article 32, Section 7, then available DAT option days will be paid for those absences." The intent is that as we went through Article 32 and covered the banked holiday language, there is an ability under that language for an employee to take individual days off and have banked holiday money paid out, and if those days are available and the employee makes the request and the day is then covered by the banked holiday, then the day-at-a-time option would not be paid.

If the employee is absent and hasn't made the request to take the day off as Article 32 specifies or he doesn't have any money in his holiday bank, it's our intent that in that case the option days would kick in and would cover the absences that the person has.

Maybe another way of trying to state that is the holiday bank would be -- if the employee makes the request, would be the first choice and would kick in and cover the day rather than the option days.

Under paragraph j , there was simply a reference to pay or contribution to reflect the fact that we have agreed that if the option weeks aren't used, they can be deferred to the 401(k) plan that we've created

Under paragraph k , we've tried to clarify by adding a sentence at the end of that paragraph that employees eligible for the attendance bonus must be hired on or before January 1st of the perfect attendance year to make it clear that it's our intent that in order to get the perfect attendance bonus, an employee has to have been on the payroll for the entire calendar year, and that if he begins employment sometime after January 1st of any year, he is not eligible for the perfect attendance bonus for that year.

Under paragraph l , we again added some new language there. The prior contract had provided that if an employee missed option weeks because he was absent, that person would be given the opportunity to reschedule the affected option weeks upon returning to work We struck that and said that they would have the option to reschedule the affected option weeks, provided they return to work prior to Thanksgiving of that same calendar year If they don't return to work by Thanksgiving of that same calendar year, then it would be paid on the last Friday in December of that year The employee also obviously has the option, if he misses it due to absence because of an injury or whatever and misses his option weeks, he doesn't have to reschedule. He can opt to simply receive it as pay as well

Under paragraph m , we added some language that any accrued option weeks would be paid to an employee who is off on a disability leave pursuant to Article 30 once their absence exceeds 12 months They will also receive it upon retirement or if an employee cannot exercise his seniority and is laid off. What we did there was try to create some exceptions to the prior contract, because the prior contract had said that he had to be actively on the payroll at the time the option weeks are earned, taken, or paid. We had some discussion that if an employee is off on an extended disability leave or is retiring, he should still be entitled to his option weeks, and we've agreed to those exceptions, and the option weeks would be paid in those cases.

(Discussion off the record)

TONY COLEMAN. One further clarification that we wanted to make with regard to Article 35, paragraph 1., in terms of how option days worked in connection with the banked holiday monies that we've also created

As I said earlier, the banked holiday, if the employee makes a request to have the day off and it's approved, then it will be treated as a banked holiday and the option days won't come into play We wanted to make it clear, though, that if there was not enough money or time in the bank to cover the entire day, that at that juncture, the employee would be treated as taking one of his day-at-a-time option days. The intent is to make sure that he gets full compensation for that day that he's missing, and if there's not enough banked money to do it, then it will fall back to the option days and the bank would stay there until he built it back up and there was enough time in there for him to use it to cover one of his days off

ARTICLE 36
WAGES

Section 1 - Wages

a All full time and part time employees on the payroll at the date of ratification, except as set forth below, will receive retroactive wages or a bonus as specified in paragraphs i through vi. below, based on all hours worked between November 1, 2006 and the date of ratification. All retroactive pay or bonuses will be paid within thirty (30) days of ratification.

i For each employee on the payroll at the date of ratification who was at Top Rate as of November 1, 2006. the Company will calculate retroactive pay for the period from November 1, 2006 to November 1, 2009. as if there was a three (3) percent general wage increase applied to the applicable hourly Top Rate on November 1, 2006, November 1, 2007. and November 1. 2008. A retroactive bonus will be calculated for those three (3) contract years based on the applications of the increases and the employee's actual hours worked.

ii. For each employee on the payroll at the date of ratification who was in progression as of November 1, 2006, the Company will calculate retroactive pay for the period from November 1. 2006 to November 1, 2009. as if there was a three (3) percent general wage increase applied to the applicable progression on each November 1. If an employee reached Top Rate during the period from November 1, 2006 through November 1, 2009, then his retroactive bonus will be determined by paragraph i above for the period after he reached Top Rate The retroactive bonus will be calculated based on the applications of the increases in the progression rates and the employee's actual hours worked.

iii In addition, for the period from November 1, 2009 through the date of ratification retroactive pay shall be calculated for all employees on the payroll at the date of ratification based on all hours worked in this period and the increases in the hourly wage rates set forth elsewhere in this Article.

iv Employees on layoff on the date of ratification who are still on the seniority list at the date of ratification, shall also be eligible for the bonus and or retroactive pay calculated in accordance with paragraphs i.. ii. or iii above. as applicable, based on the actual hours they worked.

v Retroactive pay for employees formerly classified as Engine Condition Monitoring Analyst shall be determined in accordance with the attached Letter of Agreement.

vi Technical Publication Manual Editors and Specialist on the payroll at the date of ratification shall receive retroactive pay for the period from November 1, 2006 through November 1. 2009 equal to five percent (5.0%) of straight time earnings between August 1, 2002 and November 1, 2009 Those individuals who bid to an AMT and returned to a Specialist job will receive the bonus provided in this paragraph or the bonus set forth above. whichever is greater for that time period

b. All employees working afternoon shift will receive a fifty-one cents ($0 51) per hour premium for all hours worked Afternoon shift means any shift with a scheduled starting time between noon and 4 59 p m Employees called into work early will not be entitled to the afternoon shift premium unless their normal starting time is between noon and 4·59 p m

c. All employees working night shift will receive a fifty-eight cents ($0 58) per hour premium for all hours worked Night shift means any shift with a scheduled starting time between 5.00 p.m. and 4·59 a.m. Employees called into work early will not be entitled to the night shift premium unless their normal starting time is between 5:00 p m and 4 59 a.m.

d Shift premiums do not apply to paid travel for TDY and training

e When an employee works a split shift and one of the start times is during any shift other than days, the employee will be paid for the highest shift start time premium for all hours worked on the split shift. In addition, the split shift premium shall be two dollars and seventy-five cents ($2.75) per hour.

f. When AMTs perform RII work. they shall receive Inspector premium for a minimum of one (1) hour

g All Inspectors. and Lead AMTs shall receive the applicable AMT rate plus a one dollar and seventy-five cents ($1.75) per hour technical skill premium. Employees on TDY will receive a two dollar ($2.00) per hour premium added to their regular rate for all time spent preparing, waiting, traveling and working

the TDY gateway assignment Employees working relief/cover positions shall receive one dollar ($1.00) per hour in addition to any other applicable premiums for the shift they are covering

h Utility Workers in the Wheel and Brake Center will receive a fifty cents ($0 50) per hour skill premium in addition to any above rate. This shall only apply to work performed in the Wheel and Brake Center

i AMTs (including Inspectors and Junior AMTs), LSTs, and AMCs will receive six dollars and forty cents ($6 40) License Premium per hour FSTs will receive a Skill Premium equal to the License Premium These premiums are included in the regular hourly rates in the tables below in this Section.

j. In recognition of the Company's request and the Union's agreement that the classifications will be performing more skilled work under the terms of this Agreement, the Company has agreed to the following wages upon ratification of this Agreement·

WAGE PROGRESSION (INCLUDING LICENSE/SKILL PREMIUM) BASED ON YEARS OF TECHNICIAN CLASSIFICATION SENIORITY WITH THE COMPANY FOR AMT/FST CLASSIFICATIONS:

EFFECTIVE DATE		Effective 11/01/09
Step A1	Start	$21 63
Step A2	At Year 1 Anniversary	$23.69
Step A3	At Year 2 Anniversary	$25 24
Step A4	At Year 3 Anniversary	$26 78
Step A5	At Year 4 Anniversary	$28 33
	At Year 5 Anniversary	Top Rate in effect

TOP RATE (INCLUDING LICENSE/SKILL PREMIUM) FOR AMT/FST CLASSIFICATIONS:

11/1/09	11/1/10	5/1/11	11/1/11	5/1/12	11/1/12	5/1/13
$46 01	$46 70	$47 40	$48 11	$48.83	$49.57	$50 31

WAGE PROGRESSION (INCLUDING LICENSE PREMIUM) BASED ON YEARS OF TECHNICIAN CLASSIFICATION SENIORITY WITH THE COMPANY FOR LST/AMC CLASSIFICATIONS EFFECTIVE 11/01/09:

Step L1	Start	$24 40
Step L2	At Year 1 Anniversary	$27 58
Step L3	At Year 2 Anniversary	$30.24
Step L4	At Year 3 Anniversary	$32 36
	At Year 4 Anniversary	Top Rate in effect

TOP RATE (INCLUDING LICENSE PREMIUM) FOR LST/AMC CLASSIFICATIONS:

11/1/09	11/1/10	5/1/11	11/1/11	5/1/12	11/1/12	5/1/13
$49 76	$50.50	$51.26	$52 03	$52 81	$53 60	$54.40

WAGE PROGRESSION BASED ON YEARS OF SENIORITY WITH THE COMPANY FOR UTILITY CLASSIFICATION EFFECTIVE 11/01/09:

STEP U1	Start	$11 85
STEP U2	At Year 1 Anniversary	$12 46

STEP U3	At Year 2 Anniversary	$13.13
STEP U4	At Year 3 Anniversary	$14 21
STEP U5	At Year 4 Anniversary	$15 30
At Year 5 Anniversary		Top Rate in effect

TOP RATE FOR UTILITY CLASSIFICATION:

11/1/09	11/1/10	5/1/11	11/1/11	5/1/12	11/1/12	5/1/13
$22 15	$22.48	$22.82	$23.16	$23.51	$23 86	$24.22

WAGE PROGRESSION (INCLUDING LICENSE PREMIUM) BASED ON YEARS OF SENIORITY WITH THE COMPANY FOR JR AMT CLASSIFICATION EFFECTIVE 11/01/09:

STEP J1	Start	$13 80
STEP J2	At Year 1 Anniversary	$14 94
	At Year 2 Anniversary	Start STEP A1 for AMT/FST

WAGE PROGRESSION BASED ON YEARS OF SENIORITY WITH THE COMPANY FOR SPECIALIST CLASSIFICATION EFFECTIVE 11/01/09:

STEP S1	Start	$17.15
STEP S2	At Year 1 Anniversary	$18 40
STEP S3	At Year 2 Anniversary	$19 49
STEP S4	At Year 3 Anniversary	$20 66
STEP S5	At Year 4 Anniversary	$21.70
	At Year 5 Anniversary	Top Rate in effect

TOP RATE FOR TECHNICAL PUBLICATION SPECIALIST CLASSIFICATION:

11/1/09	11/1/10	5/1/11	11/1/11	5/1/12	11/1/12	5/1/13
$24.00	$24 36	$24 73	$25 10	$25.47	$25 85	$26 24

WAGE PROGRESSION BASED ON YEARS OF SENIORITY WITH THE COMPANY FOR MANUAL EDITOR CLASSIFICATION EFFECTIVE 11/01/09:

STEP E1	Start	$11.50
STEP E2	At Year 1 Anniversary	$12 00
STEP E3	At Year 2 Anniversary	$12 50
STEP E4	At Year 3 Anniversary	$13.20
STEP E5	At Year 4 Anniversary	$14.00
	At Year 5 Anniversary	Top Rate in effect

TOP RATE FOR TECHNICAL PUBLICATION MANUAL EDITOR CLASSIFICATION:

11/1/09	11/1/10	5/1/11	11/1/11	5/1/12	11/1/12	5/1/13
$15 50	$15 73	$15 97	$16 21	$16 45	$16.70	$16.95

Section 2 - Pay Rate When Assigned to a Classification

a When employees are assigned to a lower pay rate classification job, they shall be compensated at their reg-

ular classification rate of pay When employees exercise their seniority in order to take a lower pay rate classification job rather than be laid off, they shall receive the lower pay rate classification rate of pay

b. When an employee is assigned to a higher pay rate classification for more than one (1) hour, the employee shall be compensated at the higher pay rate classification rate for a minimum of four (4) hours. When assigned more than four (4) hours in the higher pay rate job classification, the employee shall be compensated at the higher pay rate classification rate for the employee's entire scheduled day Three (3) or more multiple assignments of less than one (1) hour or less than four (4) hours within a shift shall be accumulated so as to be applicable to this paragraph.

Section 3 - Cost-Of-Living Allowance

a All seniority employees who have completed their appropriate wage progression schedule shall be covered by the provisions of a cost-of-living allowance, as set forth in this Article.

b Employees who have not completed their appropriate wage progression on the effective date of a COLA increase, shall receive the adjustment on a prospective basis on the date they complete their wage progression schedules

c The amount of the cost-of-living allowance shall be determined as provided below on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers, CPI-W (Revised Series using 1982-1984 Expenditure Patterns), All Items (1982-84 = 100), published by the Bureau of Labor Statistics, U.S. Department of Labor" and referred to herein as the "Index "

d Effective November 1, 2010, and every November 1 thereafter during the life of this Agreement, a cost-of-living allowance will be calculated on the basis of the difference between the Index for August 2010 (published September 2010) and every August thereafter, and the base Index for August 2009 (published September 2009) and every August thereafter, as follows

For every two- tenths (0 2) point increase in the Index, over and above the base (prior year's Index) plus three percent (3 0%) there will be a one (1) cent increase in the hourly wage rates payable on November 1, 2010 and every November 1 thereafter. These increases will only be payable if they equal five cents (S 05) or more in a year

e All cost-of-living allowances paid under this Agreement will become and remain a fixed part of the base wage rate for all job classifications A decline in the Index shall not result in the reduction of classification base wage rates

f. In the event the appropriate Index figure is not issued before the effective date of the cost-of-living adjustment, the cost-of-living adjustment that is required will be made at the beginning of the first (1st) pay period after the receipt of the Index

g In the event that the Index shall be revised or discontinued and in the event the Bureau of Labor Statistics, U S. Department of Labor, does not issue information which would enable the Employer and the Union to know what the Index would have been had it not been revised or discontinued, then the Employer and the Union will meet, negotiate, and agree upon an appropriate substitute for the Index Upon the failure of the parties to agree within sixty (60) days, thereafter, the issue of an appropriate substitute shall be submitted to an arbitrator for determination The arbitrator's decision shall be final and binding

ARTICLE 36

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The next article that we wanted to do an M&I on is Article 36. You'll see in Article 36. Section 1.a a substantial rewrite in terms of that section dealing with wages And what we've actually kind of structured here is a number of different buckets and tried to be as clear as we could in terms of dealing with different unique groups in the different buckets.

The initial paragraph starts off by saying that all full-time, part-time employees on the payroll date of ratification. and it says except as set forth below And the reason for the except for the record is the fact that employees under paragraph a 4 who are on layoff on date of ratification will still be eligible for the retroactive pay and bonuses. That's the reason for the except clause in 1 A. will receive either retroactive wages or bonus as specified in the rest of these paragraphs.

The difference in the retroactive pay versus bonuses, again, comes back to the November 1st, 2009 trigger date in terms of how we are intending to draw a line between what's a bonus and then what's retroactive wages And under paragraph a.i. the first paragraph there, that bucket is intended to deal with all of the employees on the payroll date of ratification who are at top rate. And for those people who are at top rate it deals with the period from November 1st of '06 through November 1st of '09

The language is there, but the intent is and the mechanism by which the money is going to be generated is that the Company's going to go in and apply a three percent increase to the $43 00 an hour rate that was in effect on November 1st of 2006 or from November 1st of '06 to November 1st of '07, we'll take that differential that's generated by application of the three percent GWI, and we have the records that would show how many hours of straight time, overtime, time and a half, double time that the employee works, and we'll apply that differential to the hours of work by the employee to generate a sum of money for that one year period.

November 1st of '07, we'll take and apply another three percent wage increase on top of the one that we already applied and then go through the same calculations for the period from November 1st of '07 to November 1st of '08. and then again in November 1st of '08, we'll apply another three percent increase to that hourly rate and apply that new rate and the differential to the hours for the period from November 1st of '08 to November 1st of '09 That is how we would calculate the retroactive bonus for those people at top rate

Paragraph two has the same kind of formula except it actually deals with people who are in progression from November 1st of '06 to November 1st of '09. And, again, the intent is that we would go in and apply a three percent increase to the progression steps that were in the old contract on November 1st of '06, '07, and '08, and then determine as the person reached those years, applied a differential in the wage rates that he would receive to his hours worked to come up with an amount of money that would be paid for him as a bonus

For people who are in progression, they may actually get a different differential through the 12 month period. because they're at a certain wage rate when they start the year. When November 1st of '06 starts, that would increase three percent

At some point during the 12 month period for November 1st of '07, for example, they may actually go up a step in the progression. and the differential in that step may be greater than the differential in the step below it, but that's the concept and intent with regard to how we would figure out the retroactive bonus for people who were in progression

If at some point during that time period they reach top rate, then we would actually — that person would trigger back up under paragraph 1 His wage rate at that point would be figured based on the differential in the top rate that is set forth in paragraph a 1

The third paragraph basically is the trigger date of November 1st, 2009. From that point forward, November 1st of '09 until ratification, we would actually apply the wage rates and then the changes in the wage rates that are set forth in the tables that are included for the different classifications in Article 36

And, again, the intent would be that the retroactive wages from that point forward would be calculated the same as they were last time based on the application on the differential and the higher wage rates versus the wage rate that they were receiving. The formula for the bonus and retroactive wage calculation would include the application of the overtime rate to the differential for those hours worked at the overtime rate.

Paragraph four is simply making clear that if somebody is on layoff, assuming that they're still on the seniority list, it's our intent that they actually would be eligible to participate in the retroactive bonus and/or retroactive wage payments under paragraph i and little ii and iii, depending on where they were during that time period

It is, again, based on the actual hours worked and paid. And obviously, once they go into layoff status, they would no longer be eligible to earn additional retroactive pay or bonus because they were not working. We also wanted to make it clear that if they're not on the seniority list on the date of ratification, then you are not eligible for the retroactive pay or bonus regardless of your work history. I'm not sure if we've got anybody in the category of having been recalled and refused recall and no longer on the seniority list, but those employees would not be eligible.

MR. WILDER. This would not include the retiree who retired pursuant to the 2009 MOU, correct?

MR. COLEMAN: Yeah, that paragraph doesn't specifically deal with the employee who retired under the MOU, but it is for point of clarification just as with Article 31, based on the MOU that we signed, then his retirement at that point, he would be eligible for — I'm not sure whether he was in progression or top rate, but he would be eligible for retroactive bonus and/or top rate monies that were set forth in paragraphs little i, ii, and iii

MR. WILDER Thank you

MR COLEMAN: Section 1 a v simply deals with three individuals who were ECMAs at the time they became part of the craft or class and who became ECMAs, I guess, under this contract We have a separate sidebar agreement that deals with the ECMAs and how they will be treated That also specifies how their retroactive wages will be determined for the period of time that they were ECMAs.

If one or more of the ECMAs were actually in the mechanic classification at any point during the period that we're dealing with here, November 1st of '06 through ratification for that period that they were actually in the mechanic, AMT classification, their retro for that period would be determined in accordance with this language here in 36, Section 1.a.v To the extent that they were actually in the ECMA position, then their retro would be determined in accordance with the letter of agreement that we negotiated on their behalf

The final paragraph deals with the tech publication manual, editors, and specialists on the payroll date of ratification, and as a result of the fact that they had not had a pay increase since sometime in '02, what we agreed to was a five percent bonus based on their straight time earnings in the technical publication editor, specialist job, whatever period of time that they were in that job earning money, that we would do a calculation and figure out what their straight time earnings were in that job from August 1st of '02 to November 1st of '09, and would pay them a bonus equal to five percent of their straight time earning in those jobs

And then some of those individuals may have actually bid out and went into an AMT job for some period of time If they did, then their retro bonus and/or wages would be determined based on Section 1 a , paragraphs i, ii, iii, or iv, as applicable for that period of time Paragraph a vi only applies to somebody who is in the technical publication manual editor, specialist job on ratification who actually had worked in that job at some point for that period, August 1st of '02 to November 1st of '09

It's worded a little strangely in terms of receiving retroactive pay for the period from November 1st, '06 to November 1st of '09, and then it says, and that amount should be their straight time earnings — five percent of their straight time earnings between August 1st of '02 and November 1st of '09.

We did it that way because the contract only became amendable on November 1st of '06, and we did not want to say that we're paying retroactive pay for some date before the contract became actually amendable For the record, we chose the August 1st, 2002 date as a date they're to start the calculation on the five percent bonus, because that's the date that there would have been a wage increase in terms of if it had been under the contract at that point, that's when the wage increase would have — that's when the employees under this contract received the wage increase at that time

There is a reference in paragraph a vi to the specialist who bid to an AMT job receiving the hours under paragraph a.vi or the AMT bonus for that period, whoever is greater for the time period. The intent is that the Company would see what a five percent of straight time earnings at the specialist rate times forty hours would have been if the employee had remained in the job and compare that to the bonus generated by the AMT provisions The employee would be paid whichever is higher.

It says from November 1st, '09 they, like everybody else, will receive retroactive pay for work in the manual editor, specialist job from November 1st, '09 to date of ratification based on the wage rates that are set forth in Article 36 and for the November 1st, '09 forward period, they would actually be covered by Section 1 a iii that is applicable to everybody who is on the payroll on the date of ratification in terms of retroactive pay

With regard to wage rates, I'm not going to go through each of the wage rates The progressions basically were increased by three percent effective on November 1st of '09, and then the top wage rates are set forth there in terms of what the numbers are in terms of percent of increases that were calculated and agreed to.

MR. COLEMAN. This is Article 36, Section 3 dealing with the Cost of Living Allowance.

In Article 36, Section 3, this is the first time ever that we've had in our collective bargaining agreement with Local 2727a COLA that would actually add to the actual wage rate if inflation were to trigger it.

The COLA that we've had in the predecessor agreements, worked so that if inflation had reached certain levels, the formula applied would have resulted in a bonus payment to employees rather than something going into a wage rate. The new cost of living allowance formula was drawn from the national master agreement It applies to all seniority employees who have completed their progression That's paragraph a.

If you have not completed your progression on a date where a COLA increase might be due, you won't get the COLA increase on that date, but you do receive the adjustment once you complete your wage progression.

And that's kind of a protection that both parties agreed they wanted, that you wouldn't have different top wage rates, that COLA's going to go to a top wage rate and you — when employees finish their progression and go to the top wage rate, that COLA will be there in that wage rate so we don't have multiple different wage rates It also gives the person who's in the progression the — they're going to get that COLA money once they get to the top of their progression

Paragraphs c and d set forth the formula for how the COLA is going to be determined and whether it is triggered or not, and it's basically, as a lot of COLA provisions, it's based off a consumer price index

And we've agreed that the measurement period is going to be August to August each year, and we've agreed that the first one that we look to see if there is a COLA difference is between August of '09 index and August of '10 index. And then the COLAs, if there is a trigger in COLA, that those would become effective on November 1st of each year

And it is an agreement that we would do that each year going forward in terms of looking to see if the increase in inflation would trigger a COLA payment. And then in Paragraph d, it basically specifies what the COLA increase would be And it's every two-tenths of a point increase index over and beyond the three percent, there's a one cent increase in hourly wage rates and that they're only payable if they equal five cents or more. So if there's a six, seven, eight whatever, as long as it's above five cents, we would apply that COLA

Paragraph e specifies that the increase goes into the wage rate and stays there. And there is no unCOLA where if inflation goes the other way that we get to take it back Once it goes in, it stays there

There is some language in Paragraph f that most COLA provisions have it, that basically say, look, if something happens that this index figure is not available before the effective date, then if we then get it, we'll apply it the first pay period after receipt of the index And then Paragraph g basically deals with what happens if the U.S. Department of Labor stops publishing the information. We've agreed that the COLA provision would not become ineffective, because we don't have those measurements anymore What we've agreed to do is meet and negotiate to try to agree on a substitute for it, and if we cannot agree on a substitute, it doesn't just go into limbo You get an arbitrator who within 60 days — if we don't agree within 60 days, then the arbitrator would come in and make a determination as to what alternative index would be used and applied

ARTICLE 36

TONY COLEMAN. This is the joint interpretation on Article 36, Wages. There has been a substantial rewrite, redesign of Article 36 as compared to the prior contract. The Company believes that we tried to make it simplified, again, in terms of how it's laid out. Employees should have an easier time to go to the Section that's applicable to them and see what their hourly rate is. We've eliminated license premiums, line premiums, and it was our intent to negotiate a base rate that was inclusive of all of the different premiums so that it's much easier now and reader-friendly in terms of being able to look at the progression and the top rate and figure out what the actual rate is

The one premium that is left in Article 36 is shift premiums, which in the progression portions of the Article are set out in terms of what the rate would be with the afternoon premium and the night premium. That's an overview.

The Article will speak for itself in terms of the new pay rates for each of the listed classifications. Another real difference is that the Parties have established a $6.40 license premium for those possessing an A&P license The same dollar amount has been extended as a skill premium to FSTs. The wages are inclusive of the license/skill premium where applicable

Going specifically to the language, in Section 1, a is language that deals with retro pay, and the intent there is that from August 1st of 2001 until this contract is ratified, the Company has agreed to the Union's request to make a retroactive payment based on hours worked by the various classifications of employees The retro will be calculated by applying the new hourly rates that have been agreed to in Article 36 to the time that was worked by the employee from August 1st until when the new contract becomes effective, and we've also included in there the straight time and/or applicable overtime rate for that entire period of time

(Discussion off the record)

TONY COLEMAN: The retro payment is based on all hours worked, whether it was at straight time or the applicable overtime rate, and the Company's commitment that those retro monies will be paid within 30 days of ratification of the agreement

Paragraphs b and c deal with the shift premium, and the comment was made earlier that there was only one premium left That was directed specifically at the AMTs under this Agreement There are, as we'll get to them in a minute, some different premiums for various classifications, but with regard to the shift premiums, one of the major gives and moves by the Company during the negotiations was to create an afternoon shift premium The previous contract only had a night shift premium. We've created in addition to the night shift an afternoon shift premium of 51 cents per hour, and we defined afternoon shift as any shift with a scheduled starting time between noon and 4.59 p m., and that would be the local time for that gateway.

Employees called into work early will not be entitled to the afternoon shift premium unless their normal starting time is between noon and 4:59 p m That was language that the Parties had in the prior contract for the night shift and has been carried over and also applied in the same way to the afternoon shift

Under paragraph c., all employees working night shift will receive a 58 cent per hour premium for all hours worked That was an increase from the 55 cents to 58 And the intent in terms of the 51 and the 58 is that those were established by basically looking at the airline industry, what were the prevalent rates for the afternoon and the night shifts, and the 51 and 58 were the most prevalent and have been adopted by the Parties as the applicable premiums here

The definition for the night shift did not change from the prior contract It is still between five p m and 4.59 a m , and the same restriction that we've had on the afternoon shift, which is that if you're called into work early, you're not entitled to it unless your normal starting time is, again, between five p.m and 4:59 a m

We've also carried over language that was in the prior contract that shift premiums do not apply to paid travel for TDY and training, and again, the intent there is that if somebody who is going on TDY starts their travel where it might fall within the night shift or the afternoon shift, that the premium would not be paid, whether it's for TDY or travel for training, and the Parties do agree and have discussed that if an employee has got a day shift in Louisville, but he goes on TDY assignment and now is TDY'ing covering somebody who might have a shift that would qualify for a premium, that he most certainly would be eligible and receive that premium for that TDY event; and the same thing with regard to training, that once he's traveled and got

to the location where he's going to go into training, if the training start time is set where it would fall within the afternoon or night shift, then the premium would be paid for that.

Under paragraph e , it's set out separately, but it's still or carried over from the prior contract Let's go off the record

(Discussion off the record)

TONY COLEMAN. I want to go back on the record We wanted to go back and clarify the language that's in paragraph b and c about employees called into work early will not be entitled to night shift premium or afternoon shift premium. That, as the words reflect, is applicable to employees who are just called in prior to the beginning of their work shift. whether it's one hour, two hours, or whatever That sentence in paragraph b. and c does not apply to the employee who is working a shift completely unrelated to his own normal work shift on a day off, and the Parties are in agreement that in those situations, if the shift that he's working on overtime is one that would qualify for the afternoon or the night shift premium, he would receive the applicable premium

With regard to paragraph d , just a reclarification. That sentence precludes the night shift or afternoon premium being applicable to travel time for purposes of going to TDY or going to training If the TDY shift itself or the training start time is one that would fall within the parameters of paragraph b or c. for afternoon or night shift premium, then they would qualify for it.

(Discussion off the record)

MR COLEMAN· With regard to paragraph e., there was language in the prior contract dealing with the split shift and the application of the night shift premium to the split shift if it fell that way We've expanded the language and the concept to be able to protect the employee working a split shift now, whether it's for purposes of the afternoon shift or the night shift, so that if an employee works a split shift and one of the start times is during the afternoon, then he would get the afternoon for both of his split shifts If one of his shifts starts during the period that the night shift covers, then he would be entitled to the night shift premium for both of his split shifts during that day, so basically a guarantee for the split shift person that he would get the highest premium that he could possibly be entitled to based on when either one of his shifts falls. In addition to these shift premiums. if applicable. he will receive a S2.75 premium for all hours worked.

Under paragraph f , we changed the language. Under the prior contract, when an AMT performed RII work, essentially was compensated with the inspector premium only for the actual time spent performing inspector work Under the new contract. we've changed that to say that when an AMT performs RII. he is paid a minimum of one hour of the inspector's premium, and then if he works more than one hour of RII work on a particular shift, he then is actually paid for actual time worked once he goes beyond the one hour. I think it's the Parties' intent that the procedure for reflecting that on his time card and having the Company pay that is the procedure will continue the same as it was under the prior contract Let's go off the record.

(Discussion off the record)

TONY COLEMAN. Picking up with Article 36, Section 1, f , we changed the language to provide that when AMTs perform RII work. they will receive an inspector premium for a minimum one hour, so if a mechanic does 15 minutes of RII work and reflects that on his time card. he will receive at a minimum one hour of the inspector premium, and we really don't deal with it in this paragraph, but skipping ahead to Section 2, just to cover it here, that if the AMT performs more than one hour of actual RII work. under Section 2 he would then be compensated for a minimum of four hours of the inspector premium, and if he goes over the four hours, then he would be actually compensated at the higher rate for his entire scheduled day

Going to paragraph g , all inspectors and lead AMTs shall receive the applicable AMT rate plus a S1.75 per hour technical skill premium. For the inspectors. that's an increase from the 50 cents per hour premium that they had to a S1 75 per hour premium. and again. the Parties in establishing that premium rate looked at the industry and what was most prevalent and decided upon the S1 75 per hour premium. We also included here the other premiums regarding the relief positions created in Articles 22 and 23 and the Cover Controller positions in Article 22.

Under paragraph h , the Parties actually created a premium for utility workers, and specifically it's applicable to those utility workers who are performing work in the wheel and brake center It's 50 cents per hour skill premium for the work that they're doing there. We did add a sentence at the end of that paragraph that this shall only

apply to work performed in the wheel and brake center to make it clear that if a utility person in the wheel and brake center performs overtime on a utility shift outside of the wheel and brake, the premium would not be applicable It is limited to the work that is being performed in the wheel and brake center by the utility employees in recognition of the additional skill that is involved in the work that they're performing there.

Under paragraph 1., simply a lead-in to the wage rates that are set forth

I want to make it clear that the AMT rates that are set forth in that progression will also be applied to the new flight simulator technicians hired after ratification That really is not spelled out in the agreement other than as a lead-in. It says "Base wage progression based on years of service with the Company within AMT/FST classifications " Let's go off the record

(Discussion off the record)

TONY COLEMAN. We've also, for the AMTs and FSTs that are covered by this progression, set out in a column what the base rate plus the afternoon shift premium would be and then the base rate plus what the night shift premium would be Again, in looking at this, the Parties have eliminated any reference to license premium or line premium and where that was different for different people in the years of progression and collapsed all of that back into simply a base rate to try to equalize the rates that AMTs will be receiving and not make any differentials based on license premium or line premiums

At the bottom of the wage progression for AMTs is the top rate, and as it reflects, the base top rate for AMTs as of 8/1 of '01 is 35, and then that is increased on August 1st of each year of this agreement to $36 50 on 8/1 of '02, $38 00 as of 8/1/03, and $40 per hour on 8/1/04 We didn't set it out, but obviously to the extent that employees working an afternoon shift, the 51-cent afternoon shift premium would be on top of the base rate, and the night shift premium, if they're working that shift, will be on top of the base rate

The next progression that is set forth would be applicable to LSTs and also the aircraft maintenance controllers, that the Company has -- and again, it's set forth similarly as the AMTs in terms of going through the start rate and then after four years, the LSTs and AMCs will then go to the top rate We've tried again to simplify things by eliminating the premiums and just putting everything into the base rate and then showing separately the afternoon and night shift premiums.

Again, for the top rate, LSTs and aircraft maintenance controllers starts at $39 90 as of 8/1 of '01 and up to $44 70 in the last year of the contract, and again, for the top rate people, the afternoon and night shift premiums would be on top of the top rate that we specified there.

Dropping down, again, similar progressions set forth for the utility employees Start up through the fifth year of employment is covered by the progression, and then they would go into the top rate in effect, and that top rate as of 8/1/01 would be $17.70 and would top out at $19.60 in the last year of the Agreement, and like with the other top rates, the afternoon and night shift premiums would be on top of that.

The last progression that's provided there is for the junior AMTs that will be allowed under this Agreement, and the intent basically is to spell out the start rate which will be applicable for the first year of employment, and then the second step is after one year, they would go to $14 50 base rate, and then after they complete their second year of employment, the AMT would then go into the progression for AMTs, which would then be start rate up through the fifth year of progression where they then would go to top rate

In Section 2, "Pay Rate When Assigned to a Classification," in paragraph a. and b., actually it's the same language that is in the current contract We did eliminate the restriction that's in the current contract on part time employees because the current contract that was in effect said when full time employees are assigned to a lower classification and when a full time employee is assigned to a higher classification. We eliminated the full time restriction and made those paragraphs applicable to both full time and part time employees when they would be changing classifications in terms of what the pay rate would be

Section 3, "Cost-of-Living Allowance," the concept that was in the prior contract was carried over We simply changed the dates to reflect the new dates that the COLA payments would be made if inflation reaches a point a COLA is due.

ARTICLE 37
DURATION

a. This Agreement shall become effective on the date it is signed by the Parties hereto with retroactivity as detailed in Articles 31, and 36 and shall remain in full force and effect until November 1, 2013 and shall renew itself without change unless written notice of intended changes is served by either Party not earlier than two hundred (200) days prior to November 1, 2013 in accordance with Section 6 of the Railway Labor Act.

b The Parties agree that if agreement over intended changes has not been reached by November 1. 2014 they will jointly request the National Mediation Board's mediatory services in accordance with Section 5 of the Railway Labor Act

This Collective Bargaining Agreement signed and agreed to this 21st day of January 2011

For the Union:
Negotiation Team
Bob Combine, Chairman
Steve Stone
Rob Haysley
J. P Vaughn
Bob Friend

David Bourne
IBT Airline Division Director

Union Executive Board
Bob Combine, President
Steve Stone, Secretary-Treasurer
Dave Cesnik, Vice President
Tim Boyle, Recording Secretary
Brian Stephenson, Trustee
Doug Davis, Trustee
Ed Gronkiewicz, Trustee

For the Company:
Negotiation Team
Chuck Martorana, Co-Chairman
Bob Ragar, Co-Chairman
Tom Baggett

ARTICLE 37

* * * * * * * * * * * *

MR COLEMAN: Article 37, the only change in Article 37, duration, is the dates We changed the amendable date from 2006 to 2013 We decided to adhere to with retroactivity as detailed in Articles 31 and 36 We struck out the reference to Article 34 because last time. there had been actually a retroactive application of the 401K match

This time, as we did on the M&I when we went through 34. it really isn't a retroactive application It's simply the bonus itself is going to be included in the employees' compensation. and then if they do the deferral to the 401K plan, the match would be there. So there's really nothing retroactive about it

It's just as if we paid you $10.000 more this year. it would be included in their wages and compensation for purposes of the 401K plan. That's the reason for the strikeout of Article 34.

ARTICLE 37

TONY COLEMAN. This is the joint interpretation on Article 37, Duration Obviously not a whole lot of meaning and intent with regard to this Article We have changed the dates to reflect the fact that the Agreement we're entering into would run from August 1st of 2001 through July 31st, 2005, and that would become the amendable date of the new Agreement.

We did decide to change the notice provision. The prior contract had provided that the notice had to be between a maximum of 120 and minimum of 60 days prior to the amendable date, and we've changed that to say that the notice will be no earlier than 200 days prior to July 31st of 2005 in accordance with Section 6 of the Railway Labor Act, and we've also continued the provision that was negotiated last time that if the Parties have not been able to reach an agreement over the intended changes by July 31st of 2005, they will jointly request the National Mediation Board's mediatory services in accordance with Section 5

ECMA LETTER OF AGREEMENT

(1) Those employees formerly classified as Engine Conditioning Monitoring Analysts (ECMA's) will be offered a severance package upon ratification of the basic Labor agreement in return for a full release. Acceptance shall be voluntary The package will be equal to a full years pay based on the employee's last hourly wage rate times 2080 It will be paid in a lump sum subject to whatever withholding is required by law. This will be paid within thirty (30) days of an effective full release being provided to the Company. Upon the Release becoming final and receipt of the severance package. the grievance protesting the elimination of the ECMA jobs shall be considered settled and withdrawn. The employee shall retain recall rights pursuant to the Basic Labor Agreement to an AMT job Recall to an AMT job shall be handled in accordance with the Basic Labor Agreement

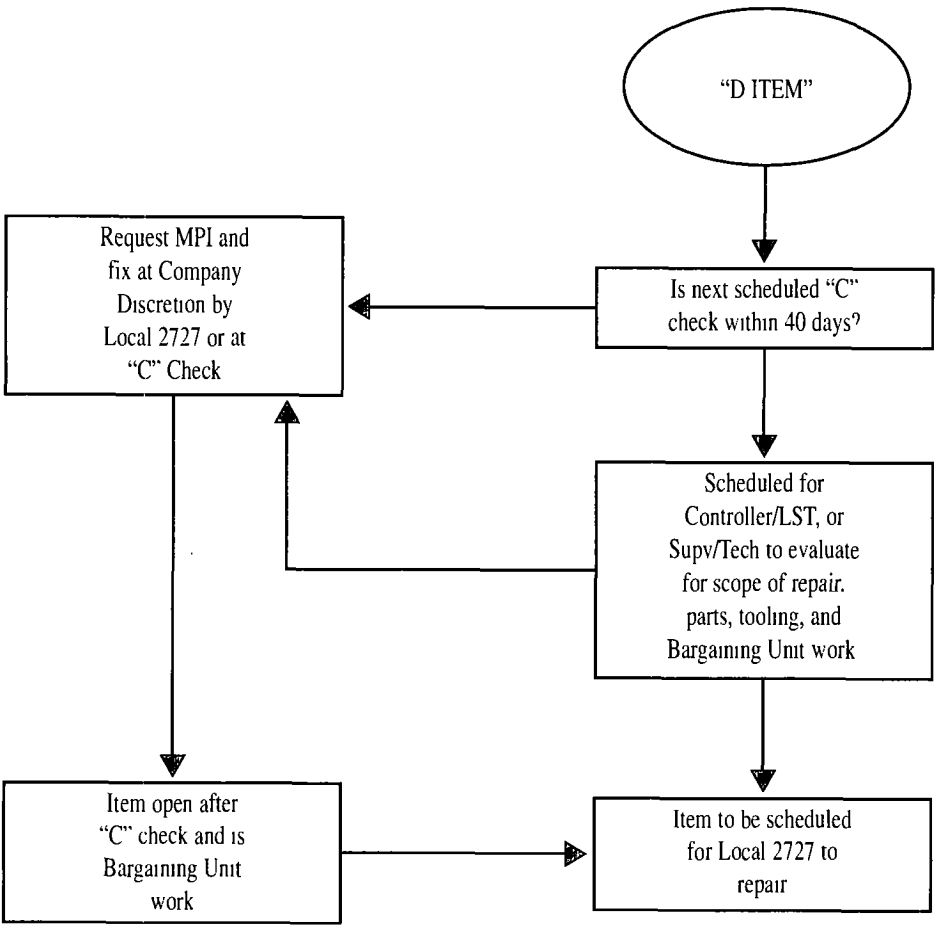
(2) For those former ECMAs who do not accept the severance package described in paragraph (1) above, the Company shall offer the employee a job as a junior LST (JLST). The following terms shall apply to such jobs.

(a) The JLST shall work as directed by the Company, including the completion of whatever training is deemed appropriate by the Company. One to three shifts, as necessary, shall be made available for bid upon ratification of the contract and in future years, as needed Assigned work may include covering open AMT shifts or TDY assignments that would otherwise be covered through the forcing process, assisting LSTs in the performance of their work, and. if qualified, performing LST duties as described in Article 22 Section 1.a. The Company may delay the assignment of open AMT shifts or TDY assignments until such time as the former ECMA is deemed proficient by the Company.

(b) The JLST shall receive a seven percent (7%) general wage increase on November 1. 2009 and then, thereafter, the same percentage wage increases provided in Article 36 as the AMTs. The wage rate the ECMA had at the time of lay off shall be considered his base wage rate. He shall not be eligible for the premiums described in Article 36 unless covering an AMT open time shift or TDY Retroactive pay shall be calculated in accordance with Article 36 Section 1 a 1 for the period from November 1. 2006 through November 1, 2009 using the employee's base wage rate.

(c) The JLST jobs shall disappear and will not be refilled once the former ECMA leaves the job for any reason (e.g. resignation, retirement, termination, or bidding to another job)

Addendum A



Addendum B

On December 6, 2001, the Parties met in Ontario, California for the purpose of reviewing the task cards associated with the "C" check on the Boeing 757 to determine which tasks could be performed with existing equipment and Local 2727 represented employees as part of the B-757 phase check. The parties were able to identify that there were routine task cards which would generate an additional one hundred fifty (150) total man hours, including the non-routines generated from these task cards The implementation team will determine/agree upon the exact cards that will be accomplished.

Specialists or Manual Editors

INTERIM LETTER OF AGREEMENT

United Parcel Service Co (UPS) and Teamsters Local 2727 (Union) agree that, upon the execution of this Interim Letter of Agreement, employees covered or who are hereafter hired and become covered by the NMB's decision in Case Number R-4922, will be allowed to bid vacancies in the AMT, FST, and Utility classifications in accordance with the terms of this LOA and the Basic Collective Bargaining Agreement (CBA).

Those employees classified as Specialists or Manual Editors who have or acquire an A&P License shall be allowed to bid vacancies after the procedures in the basic agreement are exhausted Utility employees who have a seniority date with the Company (UPSCO) prior to November 21, 2002, or are otherwise senior to the Specialists or Editors as determined by Article 3, Section 1(h) of the CBA, shall have the first right to refusal for such openings For employees hired after November 21, 2002, the CBA shall govern as prescribed in Article 3 For the purpose of filling vacancies outside of the Specialist classification, Specialists will be ranked within their department for these vacancies in seniority order predicated on their total time in service within the Specialist position of UPSCO.

Manual Editors and Specialists who do not have an A&P license, shall also have the right to bid Utility or FST vacancies in accordance with the Basic CBA Article 22, Section 1.d.5, shall apply to FST vacancies

Employees interested in exercising their seniority in the pursuit of the above vacancies will submit the necessary bids in accordance with Article 14 of the CBA

Any Specialist or Editor employee accepting either AMT, FST, or Utility vacancies will be slotted into the appropriate pay progression or placed at the "Top Rate" of the classification based upon their total seniority, predicated on their total time in service within the Specialist/Editor position at UPS

Furthermore, employees currently classified as Manual Editors shall have the right to bid and be awarded any vacancy in the Specialist classification prior to the Company filling these positions from any other source The Company shall post any Specialist vacancy in the Department for 14 days, it will then be awarded to the Editor with the most seniority consistent with this LOA who has bid the vacancy

It is further agreed that any Editor who upgrades to Specialist will be provided on the job training, classroom training as deemed appropriate by the Company and quarterly written evaluations over a two year period. An Editor upgrade will only be returned back to the Editor classification if the documented evidence shows that after sufficient training and quarterly evaluations that they are incapable of performing the Specialist job An upgraded Editor shall not be subject to being displaced as a result of inability to do the Specialist job, earlier than six (6) months from the start date as a Specialist The starting pay for the Editor upgrading to Specialist shall be $17.15 per hour However, the parties agree that any increase negotiated in the start rate for Specialist will be applied retroactively to an upgraded Editor

Nothing in this Interim LOA shall prejudice or be cited as evidence in any way in connection with the ongoing negotiations concerning the primary LOA in mediation under the jurisdiction by the NMB In addition, nothing in this agreement is intended to alter any rights, entitlements, or obligations under the terms of the basic and current CBA.

JOINT INTERPRETATION OF THE JANUARY 30, 2004 INTERIM LETTER

Based upon our discussion on March 18, 2004, the parties agree that it is their intent that Specialists on

the payroll who have more than one year heavy jet experience shall not be required to test for an AMT vacancy. Based on the Company records this would include Sam Jones, Gary King. Ed Pratt, Brian Bauer, Eugene Fried, and Eric Kunce. For those Specialists who are required to test, it shall be the same as that used for new hires.

The Company will make the testing available within two (2) weeks of this letter to those Specialists who submit a bid No AMT vacancies will be filled prior to the completion of the testing process If it is discovered that a full time AMT has been hired, the Specialist will be given the AMT seniority date of the signing of the Interim Letter of Agreement

All Specialists who upgrade shall be subject to the one year probationary period provided in Article 14, Section 5 d

Date signed January 30, 2004

LETTER OF AGREEMENT

United Parcel Service Co (UPS) and Teamsters Local 2727 (Union) agree to the following terms in settlement of the grievances identified in Attachment A. The terms of this Letter of Agreement will remain in effect for the duration of the current collective bargaining agreement except as specifically provided otherwise below

1 **Contractually Required Meetings by the Parties**

The parties shall meet the third Monday of each month, beginning March 21, 2005 to cover those matters specified in Article 22, Section 7.c and Article 1, Section 9. In addition, at this meeting the parties shall review the progress and activities associated with the six (6) month trial period established in Section 2 below

2. **Six (6) Month Sheet Metal Trial Period**

a Effective two (2) week subsequent to the execution of this Letter of Agreement, a six (6) month trial period will start in which the Company will utilize the Sheet Metal Shop to repair components removed from aircraft in SDF which are thereafter certified as serviceable parts and placed into inventory for future use.

b Parts covered by this Section shall be limited to those which are removed from aircraft in the SDF gateway and, but for this trial period, would have been sent to a vendor for repair

c The Company shall have the discretion to determine which parts removed from the aircraft will remain in-house for sheet metal repair and certification. The Company commits that there will be a variety of different type parts chosen to work in-house, in order to better determine the extent of the capabilities of the Sheet Metal Shop The Union will designate mechanics on the different shifts in the Sheet Metal Work Center to assist management with the evaluation to determine the nature and extent of the repairs needed on any part covered by this Section as part of the process in determining which parts will be repaired in-house Nothing in this paragraph is intended to require the Company to select any particular part or number of parts for repairs in-house so long as a fair sampling of components are selected each month

d. Nothing in this Section is intended to require the Company to obtain additional equipment, facilities or personnel

e Nothing in this Section is intended to waive or in any way effect the parties' contractual rights with regard to any Sheet Metal work besides that described in paragraph 2 a. above

f Both parties agree that the work performed pursuant to this Section will not be used as evidence that the repairs are or are not otherwise bargaining unit work based on existing contractual parameters

g The purpose of this trial period is to evaluate the feasibility and capability of the Sheet Metal Shop

to perform repairs of parts which are to be returned to inventory The parties will meet at least two (2) weeks prior to the end of the trial period to determine how to deal with these type repairs thereafter If no agreement is reached, the provisions of this Section shall have no further effect and the basic collective bargaining agreement will thereafter control the parties' respective rights

h The Union agrees that during the duration of this trial period, no grievances will be filed concerning a decision by the Company to use a vendor to repair a part described in paragraph 2 a and b above on the basis that the Sheet Metal Shop could have performed the repair work.

3. **Extensive Sheet Metal Work on an Aircraft**

a Article 21, Section 2 a will be applicable to extensive sheet metal jobs However, the following more specific criteria will also be used in determining subcontracting of extensive sheet metal work

(i) One hangar bay is currently in use for extensive sheet metal work

(ii) No hangar bays are available at the time the need is identified.

(iii) Requirements for special tooling such as engine shoring or cradles which UPS does not own or is not available at the time of need.

(iv) The Sheet Metal Work Center overtime list is exhausted due to force, not available etc.

b. In order to facilitate the completion of extensive sheet metal jobs, special crews can be established by mutual agreement with the Union for the purpose of keeping the same mechanics on a job In such event, the total number of scheduled hours will not be less than the total number of hours the mechanic would have normally worked Also by mutual agreement with the Union, the Company may solicit volunteers within the Sheet Metal Work Center for special crews based on the nature of the work to be performed

c The parties recognize that there might be unique situations in which the hangar is currently full, or scheduled to be full, of "drop dead" aircraft that require the hangar during the same timeframe as an extensive sheet metal job In those unique situations, the extensive sheet metal job (if hanger required) will then be subject to the requirements of Article 21, including notice to the Union of the subcontracting "

4, **B757 Pylon Repairs**

Within two (2) weeks of the execution of this Agreement, the Company will use Local 2727 members to perform B757 Pylon repairs related to the work described in E.O. NO B757-5450-20088, as revised. The Company will accomplish the training necessary to perform these repairs during the two (2) week period. In return for the assignment of this work to Union members, the Union agrees it will not use the fact that this work is being performed to argue that other potential work is of the same

"nature. type or category." Conversely. the Union is not waiving its right to argue that it has the right under the basic collective bargaining to perform other pylon repairs based on work other than that described in this paragraph

5 **Grievances Settled**

The grievances set forth in Attachment A shall be considered fully and completely settled based upon the provisions set forth in Sections 1 through 4 above and payment of $50,000 00 dollars. The Union shall designate the employees to receive this money in accordance with Article 6. Section 3 h The settlement of these grievances is on a non-precedent basis and shall not be cited by either party for any purpose except if necessary to enforce this Letter of Agreement

Date signed March 8, 2005

Letter of Agreement

The Company and the Union agree that for the purpose of closing the Annual Realignment Bid under Article 14, Section 3. a 2 , closing time will be Midnight local time for each employee at their home gateway.

Date signed December 6. 2005

Letter of Understanding

At TDY gateways where relief positions are staffed. the Company and Union agree that the relief position will be included in the min/max calculations on the crew they will be assigned Even though the relief position is ineligible to go TDY, he will be counted no differently than the person he is replacing

Date signed February 22. 2006

RELEASE AND WAIVER OF LIABILITY,

In consideration for being permitted to be a passenger at any time in a rental car provided by United Parcel Service Co (referred to herein as "UPS"), the Undersigned, for himself/herself, his/her personal representatives, heirs, assigns, executors, and next of kin:

1 Acknowledges and agrees that s/he is **not** permitted to be a passenger in the rental car at any time the operator of the rental car is in any way in the service of UPS or is on duty for UPS The Undersigned acknowledges and agrees that s/he is permitted to be a passenger in the rental car **solely** at times when the UPS employee and sole authorized operator and driver of the rental car is not on duty for UPS and is not in any way in the service of UPS:

2. Acknowledges and agrees that at any time the Undersigned is a passenger in the rental car, the operator of the rental car shall **not** be considered to be acting on behalf of UPS or to be an agent/contractor of UPS or be performing services for or representing UPS in any way under any circumstances

3. Acknowledges and agrees that s/he will at all times be in compliance with all laws and maintain proper decorum at all times while a passenger in the rental car and will not engage in any illegal conduct or be under the influence of alcohol or illegal substance while a passenger in the rental car, and that s/he shall wear a seat belt at all times while a passenger in the rental car.

4 Knowingly and freely ***DISCHARGES***, **RELEASES, AGREES NOT TO SUE, WAIVES FROM ALL LIABILITY, AND HOLDS HARMLESS** UPS, its officers, employees, agents, related and affiliated companies, shareholders, and owners (referred to herein as the "Releasees"), **WITH RESPECT TO ANY AND ALL INJURY, DISABILITY, DEATH, OR LOSS OR DAMAGE TO *HIS/HER* PERSON OR PROPERTY** that may in any way arise with the Undersigned being a passenger in the rental car, whether or not caused by the conduct, including any negligent conduct, of the operator of the vehicle or any other person, including, but not limited to, any of the Releasees.

5 Acknowledges and agrees that s/he is not permitted to be a passenger in a rental car provided by UPS if s/he does not agree to the terms of this document

7. Warrants and represent that s/he will not in any way operate or drive the rental car.

8. **Should any provision of this Agreement be declared or determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term or provision shall be deemed not to be a part of this Agreement.**

I HAVE READ THIS RELEASE AND WAIVER OF LIABILITY. FULLY UNDERSTAND ITS TERMS. UNDERSTAND THAT IT IS A LEGAL DOCUMENT AND THAT I HAVE GIVEN UP SUBSTANTIAL RIGHTS BY SIGNING IT, AND HAVE SIGNED IT FREELY AND VOLUNTARILY WITHOUT ANY ASSURANCE OR GUARANTEE BEING MADE TO ME AND INTEND MY SIGNATURE TO BE A COMPLETE AND UNCONDITIONAL WAIVER AND RELEASE OF ALL LIABILITY **OF THE RELEASEES** TO THE GREATEST EXTENT ALLOWED BY LAW

Printed Name Signature Date

Date signed May 15, 2007

ECMAs

LETTER OF AGREEMENT

United Parcel Service Co (UPS or Company) and Teamsters Local 2727 (Union) have entered into this Letter of Agreement to define the terms upon which employees covered by the NMB's decision in Case Number R-7099 (referred to hereafter as ECMAs), will be allowed to bid vacancies in the AMT classification in accordance with the Basic Collective Bargaining Agreement (CBA).

No ECMA will be allowed to bid into an AMT position unless s/he possesses a current A & P certificate and has three (3) years of heavy-jet maintenance experience working as an A & P certified mechanic Those ECMAs so qualified, including Mark Stirling, Matt McNew and Craig Ogan, shall be allowed to bid AMT vacancies after the procedures in the basic agreement are exhausted. Utility employees who have a seniority date with the Company (UPSCO) prior to August 8, 2006, or are otherwise senior to the EMCAs as determined by Article 3, Section 1(h) of the CBA, shall have the first right of refusal for such openings For employees hired after August 8, 2006, the CBA shall govern as prescribed in Article 3.

ECMAs interested in exercising their seniority in pursuit of an AMT position will submit the necessary bids in accordance with Article 14 of the CBA. ECMAs who upgrade to AMT shall not be eligible for TDY, Field Service, or Charters or bid other work centers during their probationary period In addition, gateway assignments shall be limited to those gateways with more than fifty (50) AMT's

If the Company does not have the programming in place to allow the ECMA to upgrade to the AMT job at the time it is awarded, the ECMA shall remain in his current job until released by the Company In such event, he shall begin to accrue seniority in the AMT job classification from his bid award date in accordance with Article 3. In addition, whether he begins work in that job or remains in his ECMA position, he shall be placed at the "Top Rate" of the AMT pay progression (or slotted into the AMT pay progression) based on his total time in service within the ECMA classification at UPS, or "red-circled" at his current rate so he does not lose pay until his time in service as an ECMA and an AMT entitles him to be placed at the next highest AMT pay rate

The Company shall have no obligation to fill any ECMA vacancy created as a result of an ECMA bidding to an AMT vacancy.

ECMAs awarded an AMT bid will be subject to a one hundred and eighty (180) day probationary period commencing when they actually begin to perform service in the AMT classification It is further agreed that ECMAs who bid to the AMT classification will be provided on-the-job and classroom training, as deemed appropriate by the Company After sixty (60)) days, a written evaluation will be made. An ECMA awarded an AMT bid will not fail probation unless the evidence shows that after training and evaluation, the Company deems him to be incapable of performing the duties of an AMT

If an ECMA fails his probation, he will be assigned to a Utility position if one is available. Upon entering the Utility classification, he will lose any AMT seniority and his wages will be adjusted to the "Top Rate" of the Utility classification as outlined in Article 36 If a Utility position is not available, he will be furloughed in accordance with Article 24, exercising his time while working as an AMT for purposes of recall to the Utility classification

Date signed May 16, 2007

Settlement Agreement

United Parcel Service Co (UPS) and IBT. Local 2727 (Union) agree to settle Grievance Numbers 2005-0602 and 2005-0605 on the following terms

1 Grievant shall be paid $212 The terms of this paragraph are non-precedential

2 On a precedent setting basis, the parties agree that if an employee is medically unable to fly to a training event, then UPS may not force the employee to drive his personal vehicle to the event.

3 On a precedent setting basis

a The parties agree that if an employee has a previously documented fear of flying or is medically unable to fly to a training event, then UPS may either cancel the training event for the employee or provide the employee with an alternative means of transportation to the training event The alternative means of transportation shall not be such that would be scheduled to result in more actual travel time than what would result with the use of a rental car as calculated using mapquest or similar means.

b. If UPS provides an employee a rental car as an alternative means of transportation, then UPS shall pay for the gasoline used during travel to and from the training UPS shall not pay for lodging during the travel

c. If UPS provides an employee an alternative means of transportation, then UPS shall only compensate the employee for travel time and per diem an amount equal to what he would have been paid had he been medically able to fly, including prep and wrap up time.

d If UPS provides an employee a rental car as an alternative means of transportation, then the employee shall not use the rental car except to travel to and from the training city. Upon the beginning of the first day of the training class, the employee shall submit to his instructor the keys to the rental car and they shall be given back to him at the end of the training event. The employee, however, shall remain eligible to obtain a different rental car pursuant to Article 4. Paragraph d of the Agreement

e If the Company believes that an employee is exhibiting a pattern of abuse by asserting a medical inability to fly to training on four consecutive occasions. UPS shall have the right to verify that employee's medical inability to fly through an independent examination

f This settlement agreement shall apply from the date of signing forward.

Date signed June 12, 2007

Extensive Sheet Metal Special Assignment Procedures

1) Sign-up list posted in sheet metal shop area bulletin board.

   a. At start-up, list will be in seniority order. (30 days from inception)

   b Any additions go to bottom of list. (after the 30 day start-up)

2) Special assignment procedures may be used when repair is expected to last at least three (3) full shifts.

3) Selections process.
   a. On the list, (days to days, nights to nights.) (Answering machines: leave message. you are eligible if you call back prior to list being filled, but only the positions still open.)

   b On the list, off shift. days to nights / nights to days.

   c Acceptance or refusals rotate to the bottom of the list

   d. No rotation for ineligibility. (Ineligible if the special assignments anticipated duration would encroach upon any entitlements or training)

   e Volunteer, not on list. on duty

4) Shift schedules will be for 13 hours

5) Those on special assignment will not be charged overtime hours.

6) Company must back fill for those on special assignment. (Normal schedule will be covered with chargeable overtime)

7) When the special assignment is complete, employee has the option to remain and complete the shift

8) Removal from sign-up list with a 24 hour time stamped notice given to the supervisor prior to being asked

9) Unfilled positions will be assigned each day by the Company

10) This agreement shall not be construed to permit any deviations from the basic agreement other than the procedures set forth above

11) Either party may cancel this agreement with written notice one year from approval date.

Date signed February 29, 2008

PAID MOVES

MEMORANDUM OF UNDERSTANDING

United Parcel Service Co. ("UPS") and Teamsters Local 2727 ("Union") interpret Article 18, Sections 2-4, as follows.

1 To be eligible for a paid move an employee must be moving (i) to a permanent residence within one hundred (100) miles of a gateway to which he is transferring, and (ii) from a permanent residence within one hundred (100) miles of the gateway from which he is transferring

2 If an employee lives more than one hundred (100) miles from the gateway from which he is transferring and he is moving to a permanent residence within one hundred (100) miles of the gateway to which he is transferring, he shall be entitled to the lesser of.

(i) The actual cost of moving from the employee's permanent residence, or

(ii) The cost of moving from the actual gateway from which he is transferring

In determining the allowable costs under this paragraph, the terms of Article 18 shall apply

3 Grievance No. 2008-4232 shall be considered fully and finally resolved based upon the above interpretation of Article 18. UPS shall not be required to reimburse the grievant for his move to RFD

Date signed August 20, 2008

ANC Training Center Staffing Requirements

LETTER OF AGREEMENT

The Company agrees that Flight Simulator Technicians in the Anchorage gateway will be converted to Local 2727 covered employees by ratification of the successor agreement, if qualified employees can be obtained by that date, but in no event shall conversion to Local 2727 covered employment be delayed longer than ninety (90) days from ratification If for any reason the Company fails to comply with this letter of agreement, it agrees to pay damages to the Union equal to the initiation fees and dues for the FST's beginning on the ratification date of the agreement up to and through the date the positions are fully staffed with Local 2727 members.

The Company will have any Utility work in the Training Center performed by Local 2727 members within thirty (30) days of the signing of this LOA.

Date signed November 3, 2009

Index

This index is merely an aid for the reader It is not part of the Agreement between the Parties It does not add to, diminish, interpret, or alter the negotiated Agreement between the Parties and may not be used in any grievance or legal dispute by any party

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YOUR RIGHTS TO UNION REPRESENTATION

If you are called into a meeting, hearing, investigation or conference, you should say:

"If this discussion could in any way lead to my being disciplined or terminated, or affect my personal working conditions, I respectfully request that my union representative or steward be present at this meeting. If this discussion could lead to my being disciplined and you deny my request for representation, I choose not to answer any questions."

Teamsters Local 2727
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(502) 239-1959 Fax