

UPS FREIGHT IBT NATIONAL NEGOTIATIONS- THURSDAY, OCTOBER 25, 2018
COMPANY'S LAST, BEST, AND FINAL OFFER

ARTICLE 25
BENEFITS

Section 1. Medical Plans

~~(a) From August 1, 2013 until January 1, 2014, covered employees, current retirees and employees who retire during this period will be covered by Article 25, Section 1 of the 2008-2013 UPS Freight Agreement.~~

(b) (a) Effective January 1, 2014, health and welfare coverage for all full-time and part-time employees on the payroll at that time and those hired thereafter will be provided through the Central States Southeast and Southwest Areas Health & Welfare Fund (CSH&W). The Company shall make the necessary contributions to the CSH&W to maintain coverage. In the event of a work related injury, contributions shall be continued for one year. Contributions shall be continued for four (4) weeks in the event of off-the-job illness or injury.

(e) (b) Employees covered by CSH&W shall be obligated to pay the following monthly amounts as a premium for the coverage:

Single-----	\$45.00
E/ee Plus-----	\$90.00
E/ee & Family-----	\$135.00

(d) (c) The terms of the medical coverage shall be available from the CS H&W.

(e) (d) Effective January 1, 2014, all future retirees will receive medical coverage through the CS H&W plan.

Section 2. Discretionary Days

Full-time employees shall be eligible to receive four (4) discretionary personal days thirty-two (32 hours) each calendar year. **Casual employees shall be eligible to receive two (2) discretionary personal days (4 hours per day) each calendar year.** These days may be used in scheduling time off for any purpose, including illness, appointments, care of family members, observance of religious holidays, etc. This time shall be taken as a whole day (**eight (8) hours Full-time, four (4) hours Casual**). Except for emergency situations, discretionary time must be scheduled and approved in advance by management. Unused time related to these discretionary personal days may be accrued at the current rate and carried over from year to year for the life of the Agreement. An employee may request payment of any accrued discretionary days; payment will be made within ten (10) days of the request. Discretionary days will be paid at the rate at which they were accrued. All employees entering a full-time job classification will receive four (4) days after one (1) year of full-time employment, and will receive **four (4) discretionary days each subsequent calendar year. All Casual**

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employees will receive two (2) days discretionary after one (1) year of employment, and will receive two (2) discretionary days each subsequent calendar year.

Section 3. 401(k) Plan

All full-time and casual employees shall continue to be eligible to participate in the Teamsters UPS National 401(k) Tax Deferred Savings Plan in accordance with the terms of that Plan. 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 ERISA.

Section 4. Holidays

The Employer will pay full-time employees for the following eight (8) holidays each year provided they work either the day before and the day after the holiday or are on an approved paid absence:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Day after Thanksgiving
- Christmas Eve
- Christmas Day

Casual employees will receive the above holidays plus an additional floating holiday to be taken on any day selected by the employee with his manager's approval.

Full-time employees will be eligible to receive eight (8) hours pay for each of the foregoing paid holidays. Casual employees are eligible to receive holiday pay for those holidays in the amount of one-fifth (1/5) of their week's pay of the work week preceding the week of the holiday.

Employees hired after April 8, 2008 will be eligible for paid holidays only after one year of active employment.

Section 5. Vacations

(a) Weeks of Vacation

Full-time employees will be awarded paid vacation based on service. The first award of vacation is conferred on January 1 following the employee's date of hire. Subsequent awards are conferred on

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January 1 of each year. Incremental increases in vacation days are conferred on January 1 of the year in which the anniversary year of service occurs. The amount of vacation to be conferred on each January 1 will be determined in accordance with Section 5. (b) below. All vacation must be used during the calendar year or it will be lost.

Vacation day awards are set forth in the following schedule:

<u>Years of Service</u>	<u>Days of Vacation</u>
1 year	5
2-7 years	10
8-15 years	15
16-25 years	20
26 or more years	25

(b) Full-time Vacation Accrual

1. To be eligible for employees' full vacation during the first (1st) calendar year in which the employee was employed, an employee must have worked one hundred and fifty-six ~~eighty-two~~ (156-~~182~~) reports, but need not to have been employed for the full calendar year.

If the employee worked less than one hundred and fifty-six ~~eighty-two~~ (156-~~182~~) reports during this calendar year, but did attain seniority, the employee's vacation shall be pro-rated by earning one (1) day of vacation for each forty (40) reports, and taken after the employee has been employed one (1) full year.

The employee who attains one hundred and fifty-six ~~eighty-two~~ (156-~~182~~) reports during the first calendar year shall enjoy a January 1st date of the calendar year they were employed as a vacation anniversary date for accumulating earned vacation. Employees who do not attain one hundred and fifty-six ~~eighty-two~~ (156-~~182~~) reports that year will have a January 1st date of the following calendar year as a vacation anniversary.

2. During each vacation year, the employee must work one hundred and fifty-six ~~eighty-two~~ (156-~~182~~) to earn their vacation. Computation of the one hundred and fifty-six ~~eighty-two~~ (156-~~182~~) reports shall include paid time off such as vacation, holidays, jury duty and funeral leave. Seniority employees who worked less than one hundred and fifty-six ~~eighty-two~~ (156-~~182~~) reports during the calendar year, will be entitled to a pro-rata vacation day for each forty (40) reports times the weeks of vacation that they are entitled to.

(c) Full-time Vacation Selection

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1. The Company will post a vacation schedule for bid by December 1st of each year showing the weeks available for vacation the next calendar year and the number of employees in each classification who may be on vacation each week. The Company will make vacation available for bid based upon the needs of the operation. Employees shall have fourteen (14) days to submit their bid. Awards shall be in seniority order within classification. Insufficient bidders will be assigned vacation week(s). If an employee desires pay in lieu of vacation, he shall be required to indicate such on his bid. The Company shall have the right to accept the offer of pay versus vacation or award the time off. Once scheduled, vacation weeks may only be moved by mutual agreement between the Company and employee or as a result of the application of the Family Medical Leave Act. ~~However, if the Company blocks out weeks for vacation as a part of the annual bid and thereafter determines that some of those weeks can be used for vacation, the Company shall make those vacation weeks available in seniority order.~~ **During the five (5) blackout weeks that will be determined by the Company, a minimum of one (1) employee per classification up to two (2) percent of the employees in the classification will be allowed off on an approved paid absence.**

2. Full-time employees who have earned at least two (2) weeks of vacation will have the option of declaring that he/she wants to split one (1) of the available weeks of vacation into five (5) single days. The employee must declare this option at the time of the vacation selection. Seniority will prevail in the selection of the single day(s). Single vacation days must be selected in writing a ~~minimum of seven (7)~~ **ten (10) to fourteen (14)** working days prior to the day the employee desires off. The Company will approve or deny the request within ~~two (2)~~ **eight (8)** working days **prior to the date requested off of receipt.** Approval shall not be unreasonably withheld. Such vacation days will be paid at the same rate as vacation. Any days not used will be paid off at the end of the year.

(d) Casual Vacations

Casual employees shall be entitled to five (5) days of ~~unpaid~~ **paid** vacation **at four (4) hours per day** after one (1) year of active employment. These days shall be scheduled and taken by mutual agreement with the Company. On the next January 1st after a casual employee attains five (5) years of service, he will be eligible for **ten (10) five (5)** days of paid vacation **at four (4) hours per day.** ~~A day of vacation shall be equal to 1/52nd of the prior years total paid hours divided by five (5).~~ Such vacation will be scheduled, taken and/or paid by mutual agreement with the Company.

(e) Accrued or Unused Vacation

Accrued or unused vacation within any calendar year shall be paid to an employee if he retires or dies. Unused vacation shall not be considered accrued and will not be paid to an employee who resigns or is terminated.

Section 6. Retirement

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(a) Effective January 1, 2008, full-time and casual employees ceased to be covered by the UPS Retirement Plan and instead became covered by the UPS Pension Plan. Until December 31, 2013, the benefit formula for current and future full-time and casual employees will remain unchanged from the benefit formula in effect for the UPS Retirement Plan on December 31, 2007. No additional benefits will accrue under that formula after December 31, 2013, except as may be provided for those employees covered by paragraph (c) below. After that date, additional benefits will be accrued in accordance with paragraphs (b) or (c) below, as applicable.

(b) Effective January 1, 2014 eligible full-time and casual employees who have an hour of service in covered employment on or after January 1, 2014 will earn a monthly accrued benefit payable at normal retirement age equal to the amount of their monthly accrued benefit as of December 31, 2013 (if any) plus one hundred and five dollars (\$105.00) per year times years of UPS Freight Benefit Service earned on or after January 1, 2014. In years in which an employee has less than fifteen hundred (1500) hours, he/~~she~~ shall earn a prorated share of the one hundred and five dollars (\$105.00). There shall be no limit on the number of years for which the one hundred and five dollar (\$105.00) benefit may be earned.

(c) Effective January 1, 2019, eligible full-time and casual employees who have an hour of service in covered employment on or after January 1, 2019 will earn a monthly accrued benefit payable at normal retirement age equal to the amount of their monthly accrued benefit as of December 31, 2018 (if any) plus one hundred and ten dollars (\$110.00) per year times years of UPS Freight Benefit Service earned on or after January 1, 2019. In years in which an employee has less than ~~eighteen~~ fifteen hundred (1500) hours, he/she shall earn a prorated share of the one hundred and ten dollars (\$110.00). This new accrual rate shall apply to future years of service. There shall be no limit on the number of years for which the one hundred and ten dollar (\$110.00) benefit may be earned.

(d) Effective January 1, 2021, eligible full-time and casual employees who have an hour of service in covered employment on or after January 1, 2021 will earn a monthly accrued benefit payable at normal retirement age equal to the amount of their monthly accrued benefit as of December 31, 2020 (if any) plus one hundred and fifteen dollars (\$115.00) per year times years of UPS Freight Benefit Service earned on or after January 1, 2021. In years in which an employee has less than ~~eighteen~~ fifteen hundred (1500) hours, he/she shall earn a prorated share of the one hundred and fifteen dollars (\$115.00). This new accrual rate shall apply to future years of service. There shall be no limit on the number of years for which the one hundred and fifteen dollar (\$115.00) benefit may be earned.

(e e) Effective January 1, 2014, eligible full-time and casual employees who have an hour of service in covered employment on or after January 1, 2014 and who have a Final Average Compensation (FAC), as defined by the UPS Pension Plan, greater than \$73,000.00 as of December 31, 2013, shall be entitled to receive as a retirement benefit equal to the greater of the monthly benefit calculated in

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accordance with paragraph (b) above or the benefit formula referenced in paragraph (a) above that was in effect on December 31, 2007.

(d f) The UPS Pension Plan is governed by the terms of the plan document and trust agreement, both of which are incorporated herein by reference. Any claims for benefits are subject to resolution solely through the UPS Pension Plan administrative claims process.

(e g) Nothing in this section shall affect the provision in the UPS Pension Plan providing that the Monthly Accrued Benefit payable to a Participant who has attained, at least, age fifty-five (55) and completed at least thirty (30) years of Benefit Service as of his or her benefit commencement date shall not be reduced. Further, a Participant who has completed at least twenty-five (25) years of Benefit Service and who has attained at least sixty (60) years of age as of his or her separation from service shall not have his or her Monthly Accrued Benefit reduced.

The UPS Pension Plan is governed by the terms of the plan document and trust agreement, both of which are incorporated herein by reference. Any claims for benefits are subject to resolution solely through the UPS Pension Plan administrative claims process.

Section 7. Other Benefits

Other existing fringe benefit programs such as, but not limited to, safety bonuses, discounted stock purchase plans, educational assistance programs, may be continued, modified or discontinued by the Employer in its discretion.

The parties have affixed their respective signatures below tentatively agreeing to the amended language in Article 25 Benefits. A tentative agreement on any proposal is only tentative until the entire agreement is adopted and ratified.

For the Union:

For the Company:



10-25-18.

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**ARTICLE 26
 WAGES**

Section 1. Full-time Local Cartage Employees

(a) In each of the calendar years ~~2014~~ 2019 through ~~2016~~ 2023, employees on the “Local Cartage” seniority list who have completed their progression wages shall receive the following increases effective the first pay period in January of each year. The general wage increases 2019 through 2023 for ~~2017, and 2018~~ shall be implemented in two (2) equal installments: one-half shall be implemented in the first pay period in January and the second half will be implemented in the first pay period after July 1 of each year.

2014	\$0.50	<u>2019</u>	<u>\$0.40</u>
2015	\$0.50	<u>2020</u>	<u>\$0.40</u>
2016	\$0.50	<u>2021</u>	<u>\$0.45</u>
2017	\$0.50	<u>2022</u>	<u>\$0.45</u>
2018	\$0.50	<u>2023</u>	<u>\$0.50</u>

(b) Employees on the “Local Cartage” seniority list who are still in progression on August 1, ~~2013~~ 2018 shall receive the general wage increases set forth above but shall and will be paid no less than what they are entitled to in accordance with their current progression set forth in the ~~2008-2013~~ 2013-2018 Agreement. Upon completion of that progression the employee shall continue to receive the general wage increases set forth in paragraph (a) above.

For employees in the 2013-2018 progression, the pay rate will be increased to the 2018-2023 progression rate if their progression rate and GWI’s remain below the same progression step in the 2018-2023 Agreement.

(c) Employees entering a full-time Local Cartage job after August 1, ~~2013~~ 2018 (whether promoted from casual or as a new hire) shall be paid in accordance with the following progression when performing jockey, helper or dock work:

Start	\$16.75 <u>\$17.20</u>
Seniority	\$17.25 <u>\$17.55</u>
Twelve (12) months	\$18.25 <u>\$19.50</u>
Twenty-four (24) months	\$19.55 <u>\$22.00</u>
Thirty-six (36) months	\$23.40 <u>\$24.50</u>
Forty-eight (48) months	<u>Top Progression Rate \$28.05</u>

When an employee completes the above progression he/she shall be eligible thereafter to begin receiving the general wage increases set forth in paragraph (a) above. Employees bidding into a new full-time non-CDL position after August 1, 2013, shall be paid eighty percent (80%) of the

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progression rates in (c) above. Once the progression is completed the employee shall receive eighty percent (80%) of the Top Rate, **and in addition, the employee shall continue to receive 80% of each general wage increase received as set forth above in Section (a) above.**

(d) Employees entering full-time Local Cartage job after August 1, ~~2013~~ **2018** shall be paid in accordance with the following progression when performing local driving work:

Start	\$17.20	\$17.70
Seniority	\$17.70	\$18.00
Twelve (12) months	\$18.70	\$20.00
Twenty-four (24) months	\$20.00	\$23.00
Thirty-six (36) months	\$24.00	\$25.50
Forty-eight (48) months	Top Progression Rate \$28.65	

When an employee completes the above progressions he/she shall be eligible thereafter to begin receiving the general wage increases set forth in paragraph (a) above.

Employees classified as City Driver will maintain their applicable Local Cartage driving rate of pay when performing dock work.

(e) The “Top **Progression** Rate” referred to in the full-time schedules in this Article shall be as follows:

	<u>Dock Leadman</u>	<u>Dock Worker (Full-Time)</u>	<u>Jockey</u>	<u>Local/Road Driver</u>
1/1/14	\$26.30	\$26.05	\$26.30	\$26.65
1/1/15	\$26.80	\$26.55	\$26.80	\$27.15
1/1/16	\$27.30	\$27.05	\$27.30	\$27.65
1/1/17	\$27.55	\$27.30	\$27.55	\$27.90
7/1/17	\$27.80	\$27.55	\$27.80	\$28.15
1/1/18	\$28.05	\$27.80	\$28.05	\$28.40
7/1/18	\$28.30	\$28.05	\$28.30	\$28.65
	\$28.30	\$28.05	\$28.30	\$28.65

Once Top Progression Rate is achieved, employee will receive applicable general wage increases as set forth in paragraph (a) above.

Section 2. Full-Time Road Employees

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(a) In each of the calendar years ~~2014~~ **2019** through ~~2016~~ **2023**, employees on the “Over the Road” seniority list who have completed their progression shall receive the following increases. ~~effective the first pay period in January of each year.~~ The general wage increases for ~~2017 and 2018~~ **2019 through 2016** **2023** shall be implemented in two (2) equal installments: one-half shall be implemented in the first pay period in January and the second half will be implemented in the first pay period after July 1 of each year.

2014	.0125	2019	\$0.0025
2015	.0125	2020	\$0.0025
2016	.0125	2021	\$0.0025
2017	.0125	2022	\$0.0025
2018	.0125	2023	\$0.0025

(b) Employees still in progression on August 1, ~~2013~~ **2018** shall receive mileage rate increases set forth above, but shall and will be paid no less than what they are entitled to in accordance with their current progression set forth in the ~~2008-2013~~ **2013-2018** Agreement. Upon completion of that progression, the employee shall continue to receive the mileage rate increases set forth in paragraph (a) above.

For employees in the 2013-2018 progression, the pay rate will be increased to the 2018-2023 progression rate if their progression rate and GWI’s remain below the same progression step in the 2018-2023 Agreement.

(c) Employees first entering the “Over-the-Road” driver classification after August 1, ~~2013~~ **2018** will be paid in accordance with the following progression:

	<u>Start</u>	<u>Seniority</u>	<u>12 Months</u>	<u>24 Months</u>	<u>36 Months</u>	<u>48 Months Top Progression Rate</u>
<u>Single</u>	.4342 .5000	.4468 .5100	.4720 .5250	.5049 .5500	.6058	Top Rate .7232
<u>Sleeper per dvr.</u>	.2290 .2637	.2357 .2690	.2490 .2770	.2663 .2901	.3196	Top Rate .3815
<u>Triple</u>	.4408 .5076	.4536 .5178	.4792 .5330	.5125 .5583	.6150	Top Rate .7342
<u>Sleeper Triple</u>	.2330 .2683	.2397 .2736	.2533 .2817	.2709 .2951	.3251	Top Rate .3881

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To the extent the road driver is paid on an hourly basis, the rates set forth in Section 1 for the local driver (including the “Top Rate”) shall apply.

Upon completion of this progression, the road driver shall be eligible thereafter to begin receiving the mileage rate increases set forth in paragraph (a) above.

Employees classified as a Road Driver will maintain their applicable Local/Road Driver hourly rate of pay when performing dock work, unless the provisions of Article 44 (d) apply.

Section 3. Casual Employees

(a) In each of the calendar years 2014 ~~2019~~ through 2016 ~~2023~~, casual employees who have completed their progression shall receive the following increases ~~effective the first pay period in January of each year.~~ The general wage increases for 2017 and 2018 ~~2019 through 2023~~ shall be implemented in two (2) equal installments: one-half shall be implemented in the first pay period in January and the second half will be implemented in the first pay period after July 1 of each year.

2014	\$0.50	2019	\$0.35
2015	\$0.50	2020	\$0.35
2016	\$0.50	2021	\$0.40
2017	\$0.50	2022	\$0.40
2018	\$0.50	2023	\$0.45

(b) Casual employees still in progression on August 1, 2013 ~~2018~~ shall receive the same general wage increases set forth above but shall and will be paid no less than what they are entitled to in accordance with their current progression set forth in the 2008-2013 ~~2013-2018~~ Agreement. Upon completion of that progression, the employee shall continue to receive the general wage increases set forth in paragraph (a) above.

(c) Casual employees hired after August 1, 2013 ~~2018~~ shall be paid in accordance with the following:

Start	\$12.00 \$13.00
Twelve (12) months	\$13.00 \$14.15
Twenty-four (24) months	\$14.50 \$15.30
Thirty-six (36) months	\$15.50 \$16.50
Forty-eight (48) months	Top Progression Rate-\$17.70

The “Top **Progression Rate**” referred to in the above schedule shall be ~~sixteen dollars and fifty cents (\$16.50)~~ **seventeen dollars and seventy cents (\$17.70)**. Once a casual employee completes that

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progression, he/she shall be eligible thereafter to begin receiving the hourly wage increases set forth in paragraph (a) above. A casual employee who is awarded a full-time job shall begin the full-time progression at the seniority rate if his/her rate is below the seniority rate of the new full-time job. If a casual employee’s rate is higher than the seniority rate of the new job, he/she will be red circled until such time as the calculated progression rate exceeds the employee’s rate.

For employees in the 2013-2018 progression, the pay rate will be increased to the 2018-2023 top progression rate if their top progression rate and GWI’s remain below the same top progression rate in the 2018-2023 Agreement.

Section 4. Clerical Rates

(a) In each of the calendar years 2014 through 2016, **full-time** clerical employees who have completed their progression shall receive the following increases ~~effective the first pay period in January of each year.~~ The general wage increases ~~for 2017 and 2018~~ **2019 through 2023** shall be implemented in two (2) equal installments: one-half shall be implemented in the first pay period in January and the second half will be implemented in the first pay period after July 1 of each year.

<u>2014</u>	<u>\$0.50</u>	<u>2019</u>	<u>\$0.40</u>
<u>2015</u>	<u>\$0.50</u>	<u>2020</u>	<u>\$0.40</u>
<u>2016</u>	<u>\$0.50</u>	<u>2021</u>	<u>\$0.45</u>
<u>2017</u>	<u>\$0.50</u>	<u>2022</u>	<u>\$0.45</u>
<u>2018</u>	<u>\$0.50</u>	<u>2023</u>	<u>\$0.50</u>

In each of the calendar years 2019 through 2023, part-time clerical employees who have completed their progression shall receive the following increases. The general wage increases 2019 through 2023 shall be implemented in two (2) equal installments: one-half shall be implemented in the first pay period in January and the second half will be implemented in the first pay period after July 1 of each year.

<u>2019</u>	<u>\$0.35</u>
<u>2020</u>	<u>\$0.35</u>
<u>2021</u>	<u>\$0.40</u>
<u>2022</u>	<u>\$0.40</u>
<u>2023</u>	<u>\$0.45</u>

(b) Clerical employees still in progression on August 1, 2013 ~~2018~~ shall receive the same general wage increases set forth above but shall and will be paid no less than what they are entitled to in accordance with their current progression set forth ~~in the Addendum~~ in the ~~2008-2013~~ 2013-2018 Agreement. Upon completion of that progression, the employee shall continue to receive the general wage increases set forth in paragraph (a) above.

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For employees in the 2013-2018 progression, the pay rate will be increased to the 2018-2023 top progression rate if their top progression rate and GWI’s remain below the same top progression rate in the 2018-2023 Agreement.

(c) Employees entering a full-time clerical job after August 1, ~~2013~~ **2018** shall be paid in accordance with the following progression when performing clerical work:

Start	\$14.00-\$16.00
Seniority	\$15.00-\$16.50
Twelve (12) months	\$16.00-\$17.00
Twenty-four (24) months	\$17.00-\$17.50
Thirty-six (36) months	\$17.50-\$18.00
Forty-eight (48) months	Top Progression Rate \$20.00

The Top Rate shall be ~~eighteen~~ **twenty** dollars (\$18.00 **\$20.00**).

(d) Employees entering a part-time clerical job after August 1, ~~2013~~ **2018** shall be paid in accordance with the following progression when performing clerical work:

Start	\$10.50-\$11.50
Twelve (12) months	\$12.00-\$12.50
Twenty-four (24) months	\$13.50-\$13.50
Thirty-six (36) months	\$14.00-\$14.50
Forty-eight (48) months	Top Progression Rate \$15.50

The Top Rate shall be fifteen dollars **and fifty cents** (\$15.50~~00~~).

(e) Employees who are classified as an OS&D clerk will receive what they are entitled to according to their current progression, and will receive \$2.00/hr in addition to their progression rate for the period they are classified as an OS&D clerk. Employees must remain in the classification for a minimum of two (2) years. This applies to full-time and part-time clerical employees.

Section 5. Paid for Time

- a) All employees covered by this Agreement shall be paid for all time spent in the service of the Employer. Time shall be computed from the time an employee reports and is available until the time he/she is effectively cleared from duty. Road drivers will be paid on a mileage basis for miles driven and for time incidental to the performance of driving duties, including, but not limited to, any rest breaks to which the employee may be entitled, pre-trip inspections, in-route breaks, in-route tire checks, logging, post trip inspection, vehicle condition report, traffic delays, AVR arrival/dispatches, reporting of breakdown, reporting of accidents, tractor wash,

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check bay time, reefer checks and pre-trip shop time. Except as otherwise specified in this Agreement, all other time spent by a road driver on the clock shall be compensated at the local cartage wage rate for dockwork.

Section 6.

Rates of pay provided by this Agreement shall be minimums.

In those locations in which it is necessary to utilize a Market Rate Progression Adjustment (MRPA), employees in the classification in which a MRPA is implemented that are currently below the MRPA rate of pay will be increased to the MRPA rate of pay. The employees will maintain that rate of pay until their wage progression reaches a rate of pay that is above the MRPA rate of pay.

Only Employees working under a MRPA as of July 31, 2018, will be entitled to the general wage increases pursuant to Article 26.

The parties have affixed their respective signatures below tentatively agreeing to the amended language in Article 26, WAGES. A tentative agreement on any proposal is only tentative until the entire agreement is adopted and ratified.

For the Union:

For the Company:

CH Schudweg 10.25-18

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**ARTICLE 44
SUBCONTRACTING**

(a) For the purpose of preserving work and job opportunities for the employees covered by this Agreement, the Employer agrees that no work or services of the kind, nature or type, and including new operations or buildings, covered by, presently performed, or hereafter assigned to the collective bargaining unit will be subcontracted, transferred, leased, assigned or conveyed in whole or in part to any other plant, person or non-unit employees, unless otherwise provided in this Agreement. The Employer may not subcontract work in any classification for the purpose of avoiding overtime, or to avoid filling existing, or creating additional bargaining unit positions. The Employer may not subcontract work at a facility in any classification if any employee who normally performs such work at that facility is on layoff or is receiving less than his/her appropriate daily guarantee in his/her classification.

(b) The Employer may subcontract work in order to meet service commitments if it does not possess the facility, equipment or personnel to perform such work. In no event shall this paragraph be used as a basis to subcontract Road Driver work.

(c) **The preservation of bargaining unit work is central to this Agreement.** The Employer’s ~~may continue its practice regarding~~ **the use of contractor runs that do not have loads returning to the home domicile shall count toward the subcontracting limits in Article 44, Section (e), and in no way shall diminish the guarantees provided in Article 44, Section (d).** ~~or its practice (including pay equivalency) concerning the reassignment of Company drivers to cover peak periods.~~ However **Furthermore,** if sufficient freight is generated in the future to provide loads returning to the home domicile, the run shall be performed by Road Drivers.

The parties agree these freight loads and/or LTL freight loads assigned to an LHD will be converted to a scheduled run covered by a Road Driver if the two (2) way movements are sufficient to constitute a full-time job; occur for at least four (4) consecutive weeks; and can meet all customer and service commitments. Terminals within thirty (30) mile driving distance from each other shall be considered one (1) terminal for the purpose of determining if there is a “two-way” run.

(d) The number of seniority Road Drivers on the payroll will be red circled at each location where subcontracting exists as of July 31, 2018. Subcontracting locations will be defined as those facilities that average one (1) or more contracted runs per each workday in each year (measured from August 1 to July 31) of this Agreement. No Red Circled Road Drivers will be required at facilities where no subcontracting currently exists. Red Circled Road Drivers will be guaranteed an eight (8) hour daily and forty (40) hour weekly guarantee, unless they have any unpaid absences in the work week, or if they decline driving work, or if prevented by weather events or other Acts of God. The daily and weekly Red Circled Road Driver guarantee will be paid at the applicable Road Driver rate per Article 26. If the Red Circled Road Driver daily or weekly guarantees are not met, any work outside of the Road Driver classification

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performed by a Red Circled Road Driver will be paid at the top Road Driver Mileage rate of \$37.61 / hour pursuant to Article 47, Section 3. All other work beyond these guarantees will be paid at the applicable rate for the work being performed. The Company may continue to have mini-hub road run bids that include dock work, and pay for the dock work will count toward the Red Circled Road Driver’s daily and weekly guarantee, and will be paid at the applicable rate under Article 26 for the work being performed. The number of Red Circled Road Drivers may be impacted where there is a demonstrated loss of volume, a change of operations pursuant to Article 40, or the equipment on a run being upsized. Should these events occur, the matter will be referred to the Union and Company Co-Chairs of the UPS Freight National Grievance Panel for review.

(e) The Company agrees to reduce the current levels of contracted miles, calculated as the average annual total percentage for the year 2017, by a total of four (4) percentage points over the life of this Agreement. The decrease is to be implemented in a reduction of one-half (1/2) one (1) percentage point by July 31, 2019, an additional one (1) one-half (1/2) percentage point by July 31, 2020, an additional one (1) percentage point by July 31, 2021, an additional one-half (1/2) one (1) percentage point percentage point by July 31, 2022, and an additional one-half (1/2) one (1) percentage point percentage point by July 31, 2023.

(f) The Company agrees to add a minimum of one hundred (100) Road Driver jobs over the course of this Agreement as the reduction in contracted miles is implemented. The Road Driver positions will be added at a minimum of thirty-five (35) by July 31, 2019, another thirty-five (35) by July 31, 2020, and another thirty (30) by July 31, 2021.

(d) Line Haul Driver

~~i. — In order to create full time bargaining unit jobs, replace outside vendors utilized on one-way runs permitted under paragraph (c) above, and enhance the Company’s ability to compete, the Company may create a new classification of employee named line haul driver (LHD). The attached Addendum shall control how LHD’s are used and their terms of employment. Any run assigned to an LHD pursuant to paragraph (c) above shall be assigned to a Road Driver once the LTL freight volume meets the criteria set forth in that paragraph for determining two-way runs.~~

~~ii. — If a Road Driver’s job is cut for the day, the Road Driver will have the option, in addition to those set forth in Article 5, Section 2(c), to displace any LHD provided he will be able to meet his next bid start time. If a Road Driver’s job is cancelled more than five (5) days in a calendar month, then the Road Driver shall have the right, in addition to the other rights set forth in Article 5, to take the job of any junior LHD who is domiciled in that facility. In such event, the Road Driver shall maintain his regular rate of pay and benefits. The displacement rights in this paragraph do not in any way diminish the Road Drivers’ seniority rights set forth in Article 5. If a Road Driver displaces a LHD pursuant to this paragraph, the displaced LHD shall be allowed to displace the junior LHD. If~~

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~~the facility is one in which a LHD only terminates his run, the Company will re-domicile the LHD run to that facility if it can do so and still meet customer commitments.~~

~~iii.— In order to ensure that Road Driver jobs are protected from the implementation of LHD positions, the following rules will apply in those terminals into or out of which a LHD operates:~~

~~The Company will guarantee at each such terminal the number of Road Driver positions in existence as of ratification. This number shall not be subject to reduction except for a demonstrated loss of volume, a change of operations pursuant to Article 40 or the equipment on a run being upsized. Any disputes regarding such reduction shall be subject to review and approval by the IBT/UPSF Competition Committee. No Road Driver position will be eliminated as a result of the creation of a LHD position.~~

- ~~1. The Company shall not use a LHD to perform work assigned to a Road Driver or to avoid creating an additional Road Driver position at any terminal where the volume of freight increases sufficiently to require the creation of a full-time job.~~
- ~~2. The Joint UPSF/IBT Competition Committee will review and approve or reject any LHD runs that may be proposed by UPS Freight. A LHD run will not be approved unless it replaces a vendor. In the event the parties do not agree, the LHD run shall not be implemented.~~
- ~~3. The UPSF/IBT Competition Committee will review on a quarterly basis the use of LHDs to ensure they are not being used to perform work that contractually should be performed by Road Drivers. In the event the Committee finds that any LHD runs were created without eliminating subcontracting, those runs shall be bid as Road Driver runs pursuant to Article 5.~~

~~(e) As part of this Agreement, the Company will recall all Road Drivers to full employment within their classification or the LHD classification as per the memorandum of understanding, at all facilities where subcontractors are being used no later than ninety (90) days from the ratification of this Agreement. Full employment shall be defined as a Road Driver receiving his/her daily guarantee in his/her classification. The recall shall include Road Drivers laid off to the street as well as those working outside their classification. Once a Road Driver is returned to work all provisions of the contract will apply. The Company will guarantee at each terminal that Road Drivers recalled pursuant to this paragraph shall not be subject to layoff except for a demonstrated loss of volume, a change of operations pursuant to Article 40 or the equipment on a run being upsized. Any disputes regarding such reduction shall be subject to review and approval by the IBT/UPSF Competition Committee. No recalled Road Driver position will be eliminated as a result of the creation of a LHD position.~~

~~(f) (g) In addition to the protections set forth above, the Company agrees that it will provide to the Union Chair of the TNUPSFNC a monthly report in writing detailing the number of runs completed and loads pulled by outside vendors sorted based on the origination and destination terminals. These monthly reports will also include a system wide comparison of the total miles run **and percentage of**~~

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miles moved by contractors by outside vendors versus the Company’s Road Drivers. Each report will include the described data for the prior calendar month and will be provided within fifteen (15) calendar days of the beginning of the following calendar month. If the percentage of total annual contracted miles in the 12-month period ending July 31 of any contract year exceeds the limits described in Section (e) above, the Company shall create an additional twenty-five (25) Red Circled Road Driver positions for each one (1) full percentage point above the scheduled reduction, in the following calendar year. The Company retains the sole right to assign these drivers to facilities as it deems appropriate.

The parties have affixed their respective signatures below tentatively agreeing to the amended language in Article 44 Subcontracting. A tentative agreement on any proposal is only tentative until the entire agreement is adopted and ratified.

For the Union:

For the Company:

C.H. Schindler 10.25.18

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