

UPS CARTAGE SERVICES, INC.

Freight Pickup and Delivery Supplement Agreement

For the Period Beginning August 1, 2013 through July 31, 2018

covering:

The parties reserve the right to correct inadvertent errors and omissions.

Where no reference is made to a specific Article or Section thereof, such Article and Section are to continue as in the current Master Agreement, as applied and interpreted during the life of such Agreement. Additions and new language are **bold and underlined**.

Preamble

The Teamsters United Parcel Service National Negotiating Committee on behalf of the following affiliated Locals: 17, 25, 41, 70, 71, 89, **100, 107**, 135, 162, 174, 222, **243, 251**, 294, 295, 317, **340**, 344, 385, 391, 406, 407, 413, **470**, 480, 500, 509, **516**, 519, 542, **549**, 560, **592, 597**, 600, **633**, 638, 651, 657, 667, 671, 688, 710, 728, 745, 769, 776, **822, 851**, 901, 957, 986 and 988 (hereinafter collectively referred to as the "Union") and United Parcel Service, Inc. (an Ohio Corporation) and its subsidiary UPS Cartage Services, Inc. ("CSI") (hereinafter collectively referred to, in this Supplement, as the "Employer") agree that the following provisions shall constitute the UPS Cartage Services, Inc., Supplement (hereinafter "CSI Supplement") to the National Master United Parcel Service Agreement (hereinafter "NMA")

Article 2

Applicable NMA Articles

The parties agree that the elections each Local Union made pursuant to Article 2 of the 2008-2013 CSI Supplement shall remain in effect for the duration of this NMA.

~~The parties acknowledge that there are numerous articles within the NMA and the Addenda which cover substantially the same subject areas. Prior to this CSI Supplement being disseminated for a ratification vote, each Local shall indicate in writing to the Employer and the Teamsters UPS Negotiating Committee whether it intends to adopt an Article of the NMA or continue to apply existing language in its Addenda on the same subject. (e.g. If the Addenda Article is titled Funeral Leave, but it also contains language that covers other subjects such as Sick Leave and Personal days; and the Local elects Article 29 Section 2 (Funeral Leave) of the NMA, then the~~

~~remaining Sick and Personal Day language in the Addenda shall survive.) Any disputes as to whether language in an Addenda and the NMA cover the same subject will be resolved by mutual agreement between the Co-Chairs of the CSI Supplemental Negotiating Committee prior to the ratification vote. This shall be a one time election which shall remain in effect for the duration of the NMA. The election shall be on an "entire Article" basis, except that a Local may elect to adopt Sections of the following Articles as specified in this and the following paragraph: Article 3 may be excluded or adopted in whole or with Section 6 excluded; 14; 16; 29; and 35 Sections 1 and 2 may be individually selected or excluded but 35 Sections 3 and 4 must be adopted or excluded as a whole. For the purposes of this selection process, subsections of an Article are to be considered as within the Section (e.g. Article 16 subsections 3.1, 3.2, 3.3 and 3.4 are all within Section 3 and cannot be individually selected or excluded).~~

With respect to **its prior elections** ~~other available NMA Articles~~, a Local cannot elect to apply one or more Sections from an Article in its Addenda and also select portions of the NMA Article covering the same subject. Further the parties agree that the following Articles within the NMA shall **continue to** not be applicable to operations covered by this CSI Supplement ~~or available for selection by the Locals~~: 1.4; 2; 3 Section 7; 6 Section 5; 10; 18; 26; 32; 37 Section 1(b) and (c); 39; 40; 43 and 44. Articles 22, 34 and 41 of the NMA will apply only to the extent they contain provisions specifically addressing CSI employees.

Article 3: Health & Welfare and Pension

a. In those Addenda which provide Teamster Health & Welfare and/or Pension Funds, the negotiated monetary increases set forth in Article 34, Section 1(a) of the NMA shall

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be applicable. In addition, the terms of Article 34, Section 1(a) and (f) of the NMA shall be applicable to determine any necessary allocations.

b. Employees covered by Addenda which have Employer sponsored plans for pension, or health and welfare coverage shall continue to be covered by the existing UPS sponsored plans.

For those full-time or part-time employees who have received health and welfare benefits from the Company Health & Welfare Plan, benefits on and after January 1, 2014 will be provided by the Central States Health & Welfare Fund (CSH&W Fund), under the terms set forth in Article 34 of the National Master Agreement. The Company will continue to provide health & welfare benefit coverage under the existing plan through December 31, 2013.

(c) Part-time and full-time employees covered by a Teamster Health and Welfare Fund will continue to be covered by those funds.

(d) Any eligible employee covered by this Section who retires effective January 1, 2014 or thereafter shall be provided retiree medical benefits through the CSH&W Fund.

(e) Current retirees who are receiving benefits through a UPS sponsored plan shall receive coverage on and after January 1, 2014 under the terms of the Memorandum Concerning UPS Sponsored Plans, attached to the National Master Agreement.

(f) Contributions to pension funds will be made in accordance with Article 34 of the National Master Agreement.

e. (g) Full-Time employees of UPS Cartage Services Inc. (CSI) who were participants in the Central States Southeast and Southwest Areas Pension Fund (CS Plan) as of December 26, 2007, and all future full-time employees who would have been covered by the CS Plan absent this agreement, shall be covered by the UPS/IBT Full-Time Pension Fund as set forth in Article 34, Section 1(l) of the National Master Agreement (effective upon ratification) and the related Plan Documents and Trust Agreement. ~~As of December 26, 2007, CSI will cease to have an obligation to contribute to the CS Plan upon ratification of this Agreement and will have no other obligation to provide such employees with future benefit accruals under the CS Plan.~~ Any provision in any Addenda to the CSI Supplement specifying participation in the CS Plan shall be null and void.

Article 4

Joint National UPS CSI/Teamsters Committee

A The Joint National UPS CSI/Teamsters Committee shall continue to meet as necessary to oversee be appointed for

~~the purpose of reviewing the progress of~~ the integration of the local contracts into the NMA and **resolve** any unforeseen problems that may arise.

Article 5: Rates of Pay

Section 1 **Full-Time** CSI employees ~~entitled to a General Wage Increase (GWI) under the terms of their addenda~~ shall be eligible to receive the GWI as set forth in Article 41, Section 1 of the NMA, ~~and set forth below in Section 2 as appropriate.~~

All Addenda shall modify their top wage rates to incorporate the GWI as well as the effective dates of wage increases, in accordance with Article 41 Section 1 of the NMA.

Section 2

~~The minimum base wage rate for full time Drivers or full time Driver/Dockworkers in any Addenda shall be \$22.62 and shall increase by the amount of the GWI in Article 41 Section 1 of the NMA in the following years of the Agreement.~~

~~In any Addenda whose top wage rate for full time Drivers or full time Driver/Dockworkers is less than \$22.62 as of July 31, 2008, such top wage rate shall be modified to incorporate an incremental wage increase in addition to the GWI increase in Section 1 above. The incremental wage increase shall be calculated on the basis of the difference between the Addenda's current top wage rate (as of July 31, 2008) and the \$22.62 base wage rate divided by ten (10). The resulting incremental increase shall be paid on each of the ten (10) GWI dates.~~

~~EXAMPLE: Full Time Driver/Dockworker wage is \$21.00 per hour as of 7/31/08. \$22.62 minus \$21.00 equals \$1.62. \$1.62 divided by ten (10) equals 16.2 cents. The final incremental increase will reflect the final base wage of \$26.62 (\$22.62 + \$4.00 GWI)~~

The progression in NMA Article 41 section 2(c) shall apply to full-time employees at UPS CSI, hired after July 31, 2013. The Local Addenda progression shall remain in effect for all employees in that progression as of July 31, 2013.

The top rate referenced in Article 41, Section 2(c) shall be the rate in effect on July 31, 2013 for those employees who have completed the progression, plus all subsequent General Wage Increases, including COLA, if applicable. This shall not affect any Addenda that have a higher "Top Rate".

Section 3

Part-time CSI employees entitled to a General Wage Increase ("GWI") under the terms of their Addenda shall be eligible to receive the GWI as set forth in Article 22 of the NMA **on the dates specified.**

Article 8, Section 7 Compensation Claims

Notwithstanding Article 2 of the Supplement, the parties agree that Article 14.2 of the National Master Agreement shall supersede any provision on compensation claims in any Addendum. The Company may continue to maintain a modified work program at all Locals on a non-discriminatory basis. This program is designed to provide temporary work opportunities to those employees who are unable to perform their normal work assignments due to an on-the-job injury. Notwithstanding any provision in any Addenda, the Company shall pay employees on TAW 100% of their regular rate of pay. To be assigned, temporary work must be available and within the employee's medical restrictions.

Article 10

Modify Section 2 as follows:

Section 2

Notwithstanding any language to the contrary in any Rider or Addenda, the following provisions shall apply:

a) The Employer may utilize subcontractors at its discretion for outlying geographic areas when shipments and revenues are not sufficient to justify the cost of operating the Employer's vehicles. Upon ratification of this Agreement and, at least once every six (6) months thereafter the Employer shall meet with the Union to review cost and volume data related to existing subcontracts. The work will be assigned to the bargaining unit if it can be performed at equal or lesser cost by the bargaining unit. The Employer shall have the right to move any work assigned to the bargaining unit as a result of the subcontracting review meeting. Nothing within this section shall allow the Employer to remove work assigned to the bargaining unit prior to the next scheduled review meeting. Furthermore nothing within this Section shall allow the Employer to remove work being performed by the bargaining unit as of ~~the date of ratification~~ **December 19, 2007.**

b) The Employer shall notify the Union of any subcontracting.

Article 11 Short haul

Notwithstanding any language to the contrary in any Rider or Addenda, the following provision shall apply:

Bargaining unit members shall have the right to perform short haul work (i.e. runs to and from CSI facilities and/or hubs) which can be completed within a shift if it can be performed at an equal or lesser cost than the available vendors. The Employer shall have the right to remove any work assigned pursuant to this paragraph from the bargaining unit if it

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becomes more expensive to use bargaining unit members **than available vendors. However, the work will not be removed within one year from the implementation of the run and unless the costs exceed the vendor by more than five percent (5%).**

The Employer shall **continue to** meet with the Union ~~within six (6) months of ratification, and~~ every six (6) months, ~~thereafter~~ to review the economic competitiveness of short haul work assigned to the bargaining unit pursuant to this paragraph. Nothing within this Section shall allow the Employer to remove short haul work from the bargaining unit **prior to one (1) year from the implementation of the run.** Furthermore, nothing within this Section shall allow the Employer to remove short haul work being performed as of **December 19, 2007** ~~the date of ratification~~. In addition, short haul work shall not be performed by part-time employees, unless already permitted under the terms of the existing Addenda.

Article 16 Military Leave

Notwithstanding Article 2 of this Supplement, the parties agree that the vacation language of Article 5 of the National Master Agreement shall apply to any employees covered by this Supplement and supersede any provision on military leave vacation accrual in any Addendum.

Letter of Agreement

Notwithstanding Article 2 of the UPS CSI Supplement, UPS CSI and the Teamsters UPS National Negotiating Committee agree that Teamsters Local 901 may select National Master Agreement (NMA) Articles to supersede provisions in its Addendum. Teamsters Local 901 is being given this opportunity because it did not participate in this process in the last contract. Effective August 1, 2013 Teamsters Local 901 selects the following NMA Articles to apply in its Addendum:

- (a) Article 3, Sections 1 through 5;
- (b) Article 16, Section 1;
- (c) Article 7;
- (d) Article 8; and
- (e) Article 17.

Memorandum of Understanding

UPS CSI and the Teamsters UPS National Negotiating Committee agree that the Addenda for Local 107, 407, 667, 745 and the New England Addendum shall be modified by inserting the following provision in each of the specified Addenda:

"Employees covered by the Local 107, 407, 667, 745 and the New England Addenda shall be issued discipline by the Employer within ten (10) working days of knowledge of the complaint(s)."

CSI**Memorandum of Understanding**

UPS CSI and the Teamsters UPS National Negotiating Committee agree that the Addenda for Local 243, 332, 406, 407 and 957 shall be modified by inserting the following provision in each of the specified Addenda:

Add:

Discipline and Suspensions

The Employer shall not discharge nor suspend any employee without just cause. No employee shall be suspended or discharged without first being given one (1) warning letter of complaint. The warning letter, as herein provided, shall be given to the employee with a copy of said letter to the Union within ten (10) days of knowledge of said complaint and shall not remain in effect for a period of more than nine (9) months from date of said warning. Employees shall have the right to protest any discharge or suspension pursuant to the grievance procedure. No employee who is discharged or suspended shall suffer any loss of pay or benefits until the grievance procedure has been fully completed. The Employer liability will stop if the discharge is sustained by the UPS Joint Area Committee. Discharge or suspension must be by proper written notice to the employee and the Union. The Employer agrees that when conducting an interview with an employee for the purpose of discipline, it will be done in the presence of a steward.

Memorandum of Understanding

UPS CSI and the Teamsters UPS National Negotiating Committee agree that the Addenda for Local 243 shall be modified by inserting the following provision in each of the specified Addenda:

Article 6, Section B1 and B2

Section B. 1) Full-time employees on the seniority list at the time of ratification of this Agreement will be guaranteed forty (40) hours per week as long as part-time employees are working. This number of full-time drivers will not fall below ~~eighteen (18)~~ **twenty (20)** during the life of this Agreement as long as part-time employees are working.

Example: if the ~~eighteen (18)~~ **twenty (20)** full-time drivers are working as outlined in Section (6,B,1) and the four (4) part-time drivers are working as outlined in Section (6,B,2) the Employer will employ one (1) more full-time driver prior to hiring two (2) additional part-time drivers.

Memorandum of Understanding

UPS CSI and the Teamsters UPS National Negotiating Committee agree that the Addenda for Local 688 shall be modified by inserting the following provision in each of the specified Addenda:

Article 12 – Discharge and Discipline**Section 2 – “Cardinal Sins”**

C. The parties agree to follow the procedures as outlined in Article 35 of the ~~National Master Freight Agreement~~ **National Master UPS Agreement.**