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Title: **Industrial Employers and Distributors Association and International Longshore and Warehouse Union (ILWU), International Brotherhood of Teamsters (IBT), Locals 6 and 17 (2003)**

K#: **6331**

Employer Name: **Industrial Employers and Distributors Association**

Location: **CA Northern**

Union: **International Longshore and Warehouse Union (ILWU), International Brotherhood of Teamsters (IBT)**

Locals: **6, 17**

SIC: **5100**

NAICS: **424480**

Sector: **P**

Number of Workers: **1100**

Effective Date: **06/01/03**

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AGREEMENT

This Agreement, made and entered into this 30th day of September, 2003 by and between Industrial Employers and Distributors Association, as collective bargaining agent and on behalf of those members of the Association named in the attached Exhibit A (subject, however, to the rights of said Association members, as set forth in Article IV of the Association By-Laws) and also on behalf of those firms who hereafter become Association members and adopt this Agreement, and the following who are herein collectively called the "Union": Warehouse Union Local 6, ILWU, Warehouse Union Local 17, ILWU (references herein to either Local 6 or Local 17 as individual locals are termed "Local Union" as the case may be); and the Northern California Warehouse Council, IBT-ILWU.

Definitions. "Association" means Industrial Employers and Distributors Association. "Local Union" means Warehouse Union Local 6, ILWU; provided that where an Employer whose employees are members of Warehouse Union Local 17, ILWU, is or becomes a party to this Agreement as provided in Section 1.3, the term "Local Union" as applied to such Employer shall mean Warehouse Union Local 17, ILWU.

"Employers" means members of the Association party to this Agreement.

"Employer" used in the singular shall be deemed to refer to a single Employer, member of the Association, and the context of the sentence in which it is used shall be deemed to refer to such Employer's own employees, or to a single employee of such Employer.

"Employees" means all workers covered by this Agreement.

WITNESSETH

Section 1. Recognition

1.1 Union Recognition

The Local Union is recognized as the sole collective bargaining agent for all employees covered by this Agreement. Such employees shall be those employed in the classifications, house by house, covered by former agreements, including supplements and addenda and riders thereto and letters of understanding, between the individual members of the Association and the Union.

Warehouse Union Local 17, ILWU, will be recognized as the sole collective bargaining agency for all employees who may become covered by this Agreement pursuant to its adoption by firms whose warehouse employees are members of Warehouse Union Local 17, ILWU.

1.2 Association Recognition

The Association is recognized as the sole collective bargaining representative for the Employers party to this Master Agreement.

1.3 New Parties to the Master Agreement

Firms a unit of whose employees are members of the Local Union and which may hereafter be accepted into membership by the Association shall be privileged to become party to this Master Agreement, provided said firms execute and adopt this Master Agreement and provided the work performed by their covered

employees is the same, or substantially the same, as that performed by member party to this Agreement, and provided also that said firms agree to the general practices in their industry under this Agreement. Any questions as to work being "the same, or substantially the same" shall be adjusted, and if necessary arbitrated as provided for in this Agreement. No disruption or stoppage of the Employer's work shall be caused by the Union pending such determination. The Association agrees to notify the Local Union of the dates said firms adopt and become new parties to this Master Agreement.

Section 2. Union Security:

2.1 Membership

Membership in the Union on or after the thirtieth (30th) day following the beginning of employment of employees covered by this Agreement, or the effective date of this Agreement, or the date upon which this Agreement is executed, whichever is the later, shall be required as a condition of employment. Tender of the Union's periodic dues and the initiation fees uniformly required as a condition of acquiring or retaining such membership shall, for the purposes of this Section, be considered membership in the Union.

2.2 Dues Delinquency

The Employer upon written request of the Union shall discharge any employee seven (7) calendar days after receipt of such notice who fails to tender the periodic dues and initiation fees uniformly required by the Union as a condition of acquiring or retaining membership in the Union. If the Union has notified the Employer in writing prior to the expiration of the seven (7) days that the employee has paid the amounts owing, the discharge shall not take place.

Section 3. Protection of Rights (Employer and Union Responsibility)

3.1 Strikes

The Union agrees not to engage in any strikes or stoppages of work during the term of this Agreement.

Employees shall not refuse to handle any merchandise, except that in the event of a strike by members of the Union or the IBT-ILWU Northern California Warehouse Council against an employer not a member of the Association, employees shall not be required to handle merchandise destined to or shipped from such struck warehouse, provided such merchandise is not ordinarily handled by the Employer-member of this Association.

Any action of the employees leaving jobs for their own protection in cases of a legally declared strike by some other union directly working on the job, if such strike is sanctioned and approved by the labor body or council having jurisdiction, or by the IBT-ILWU Northern California Warehouse Council, shall not constitute a violation of this Agreement.

3.2 Lockout

The Employer agrees not to engage in any lockout during the term of this Agreement.

3.3 Employer and Union Responsibility

The Union agrees that it will not support strikes or picket lines by unions not party to this Agreement unless such union's right to organize peacefully has been

interfered with by the Employer, or unless it has been denied the means of a peaceful settlement of its dispute.

The Union and its representatives agree that they will enforce full compliance with all terms and provisions of the Master Agreement on the part of members of the Union.

The Union, its members and representatives agree that it and they will not engage in, authorize, sanction, or support any strike, slowdown, stoppage of work, curtailment of production, concerted refusal of overtime work, refusal to operate designated equipment (provided such equipment is safe and sound) or to perform customary duties or to reject promotions without justifiable personal reasons.

Neither the Union nor any representatives thereof shall engage in job action for the purpose of effecting changes in the existing practices of the individual firms party to this Agreement, nor to effect a change of personnel or operations of management or of employees not covered by the Agreement.

Section 4. Maintenance of Standards and Existing Agreements

4.1 Existing Agreements

This Agreement shall supersede all existing agreements between the Union and members of the Association party to this Agreement. (It is not the intent of this paragraph to discontinue practices relating to classification rates or working conditions on the job which have been established by agreement between the Employer and representatives of the Union, acting on behalf of the employees on the job; and in cases where a firm becomes party to this Agreement in accordance with Section 1.3 and no addendum covering such firm is executed by the Association and the Union in connection with such firm's adoption of this Agreement, the intent of his Section 4.1 is not to discontinue classification rates, fringe benefits and working conditions which have been established by agreement between the parties and are more favorable to either employee or Employer.)

4.2 Changes and Interpretations

No changes in this Agreement or interpretations thereof (except interpretations resulting from adjustment board or arbitration proceedings hereunder) will be recognized unless agreed to by the Association and the Union. All other grievances may be finally settled at the plant level by the methods set forth in the grievance procedure hereunder.

Section 5. No Discrimination

There shall be no discrimination of any kind because of race, creed, color, national origin, sex, or union activities against any employee or applicant for employment by the Employer or by anyone employed by the Employer; and to the extent prohibited by applicable state and federal law there shall be no discrimination because of age.

Section 6. Hiring

The Employers agree to give preference of employment to applicants who have previous experience in the industry, by reason of having been previously employed by any company signatory to this Agreement in a plant covered by this Agreement within the past two (2) years in a classification covered by this Agreement, or

persons who are presently employed in plants covered by this Agreement, who may become unemployed during the life of this Agreement.

The Employers agree that in hiring to fill all vacancies or new positions in any classifications carrying the minimum rate for Freight Handlers in effect in the house involved (including general warehouse workers in the grocery group) they will hire through the offices of the Union, provided the Union shall be able to furnish competent and experienced persons for the work required. Each Employer retains the right to reject any job applicant referred by the Union, provided that in the exercise of such right there shall be no discrimination against any applicant because of race, creed, color, national origin, sex, union activities or lack of union activities. In the event the offices of the Union are unable within twenty-four (24) hours to furnish competent and experienced persons satisfactory to the Employer, the Employer may hire from outside sources. For all other classifications (including Order Fillers and Stock Clerks) the Employer may apply to the Union for referral of applicants subject to the rules and regulations set forth in this Section 6 or may hire elsewhere; provided, however, that the Union shall be advised of openings for Stock Clerks and Order Fillers and that the Employer will give consideration to any applicant whom the Union may refer equal to consideration given to applicants from any other source.

The Union will maintain proper registration facilities for applicants for employment to make themselves available for job opportunities and will conduct such registration facilities without discrimination either in favor of or against prospective employees by reason of membership in or non-membership in the Union. Selection of applicants for referral to jobs shall be on a non-discriminatory basis and shall not be based on, or in any way affected by, Union membership, by-laws, rules, regulations, constitutional provisions, or any other aspect or obligation of Union membership, policies, or requirements. From such registration facilities the Union shall first dispatch to any Employer upon request any unemployed person who has worked previously for such Employer in the San Francisco Bay Area or for such Employer in some other area or some other Employer member of the Association in the same industry whom the requesting Employer may consider particularly suitable for the job. If no such person is specified by the Employer in requesting referrals from the Union then the Union shall dispatch persons for referral in accordance with the preference requirements set forth above.

The Union agrees that any employee secured through its offices or otherwise employed in accordance with the terms of this Section, and who is acceptable to his/her Employer, will not be withdrawn from his/her job because he/she is not a book member of the Union, or for the purpose of replacing him/her by someone else, and that no employee will be threatened, intimidated, or otherwise encouraged to terminate his/her employment.

Subject to the above, the Union undertakes to fill all orders for the same classification of work in order of their receipt and agrees that neither the Union offices nor the procedure therein will be used or devised to discriminate against, intimidate, or coerce any individual Employer or group of Employers. Association representatives may visit such Union offices at any time to observe and examine their operation, and Association complaints concerning the operation of such Union offices and concerning violations of the above undertaking shall be adjudicated in accordance with the grievance procedure hereof.

Section 7. Seniority

7.1 Qualifying

Seniority shall not apply to any employee until he/she shall have been employed for a period of three (3) months (520 straight-time hours worked) accumulated within a period of twelve (12) consecutive months.

No employee may claim seniority in more than one firm at the same time. Once acquired seniority shall be effective from the date of first employment within the twelve (12) consecutive months' accrual period.

Seniority shall be applied according to departments, work classifications, plant or warehouse, as may be determined by the Grievance Committee of the Employer involved; provided, however, that such determinations shall not contravene Section 5 (No Discrimination) of this Agreement, and provided further that such Grievance Committee action will not be recognized unless and until written and signed notice thereof is filed with the Association and with the Local Union.

7.2 Layoff

In reduction of forces due to slackness of work, the last employee hired shall be the first employee laid off, and in rehiring the last employee laid off shall be the first employee rehired until the list of former employees is exhausted.

7.3 Break in Seniority

Seniority shall be terminated by discharge for cause, or resignation, or twelve (12) consecutive months of unemployment due to lay-off or disability (twenty-four (24) months in the case of employees with five (5) or more years' seniority, or in the case of employees with two (2) or more years' seniority who are unemployed as the result of the closing of a plant or department thereof).

7.4 Posting

The Employer shall keep an up-to-date seniority list of all employees covered by this Agreement and post the seniority list in a conspicuous place. This provision is for the convenience of the parties and, in case of any dispute concerning the accuracy of the posted list, the provisions of this Agreement and not the posted list shall control.

7.5 Union Official's Seniority

Any employee who now holds office or who shall hereafter be elected or officially appointed to office in the Union, which office requires his/her absence from the Employer's service, shall be granted a leave of absence therefore without loss of seniority, entitling him/her upon retirement from such office to reinstatement consistent with his/her seniority; provided, however, that such leave of absence shall not extend beyond the term of this Agreement, unless extended by mutual consent.

Section 8. Union Representatives and Bulletin Boards

8.1 Business Agents

The business agent or qualified representative of the Union shall be allowed to visit the Employer's covered establishment for the purpose of ascertaining whether or not this Agreement is being observed. This right shall be exercised reasonably. The business agent or qualified representative of the Union shall report to the management at the office before proceeding to the plant. In the event the business agent wishes to interview an employee, he/she shall be permitted to

interview him/her privately in the office. He/she shall not interfere with the normal conduct of work.

8.2 Stewards

A steward may be provided for each shift in each covered establishment, such steward to be selected by the employees on the job. Grievances which may arise and which cannot be adjusted on the job shall be reported to the Union by the steward; provided, however, in no event shall the steward or the Union order any changes and no changes shall be made except with the consent of the Employer.

8.3 Bulletin Boards

The Employer shall provide a reasonable number of bulletin boards in places reasonably accessible to the employees covered by this Agreement for the purpose of posting notices of official Union business, such as times and places of meetings.

Section 9. Hours of Work

9.1 Overtime

Work performed in excess of forty (40) hours in one (1) week, Monday to Friday, inclusive, shall constitute overtime. Work performed in excess of eight (8) consecutive hours in one (1) day (exclusive of lunch period) shall constitute overtime.

9.2 Starting and Quitting Times

The present starting and quitting times of each Employer, as now in effect, shall continue under the terms of this Agreement, and for work performed prior to such regular starting times, or after such quitting times, overtime shall be paid; provided, however, if the Employer's operation requires a change in schedule (other than temporary) such new schedule shall be in accordance with this Section or as otherwise worked out by arrangement between the Union and the Employer.

Upon the establishment of new starting and quitting times, the employees to be affected shall be given notice on the second workday immediately preceding the day the scheduled change commences. The new schedule shall be in effect for at least five (5) consecutive workdays.

For a day shift, the starting time is between 6:00 A.M. and 9:00 A.M. inclusive, and the quitting time is between 2:30 P.M. and 6:00 P.M.

For a second or swing shift, the starting time is between 2:00 P.M. and 5:00 P.M. inclusive, and the quitting time is between 10:00 P.M. and 1:00 A.M.

For a third or graveyard shift, the starting time is between 10:00 P.M. and 1:00 A.M. inclusive, and the quitting time is between 5:30 A.M. and 9:00 A.M.

When starting time changes are made mid-week, employees will be paid one and one-half (1-1/2) times the straight-time rate of pay for all hours worked before and/or after their regularly scheduled starting time and/or quitting time for the remainder of that week only.

When employees are returned to their regular scheduled starting time, they will be paid again at their regular rate of pay.

Alternate work schedules, such as a 4-10 plan, may be implemented by mutual agreement of the parties. The parties have agreed to a Side Letter which provides a recommended approach for addressing benefit issues when implementing a 4-10 plan.

9.3

Minimums

Employees who have seniority with their Employer and who are ordered to report to work on any day other than Saturday, Sunday, and holidays and who do so at the specified time shall receive a minimum of eight (8) hours' work, or if eight (8) hours' work is not furnished, a minimum of eight (8) hours' pay at the straight-time rate. Employees having seniority who are ordered to report for work on Saturday, Sunday, and holidays and who do so at the specified time shall receive a minimum of four (4) hours' work, or if four (4) hours' work is not furnished a minimum of four (4) hours' pay at the applicable rate; provided, however, that such minimums on Saturdays and Sundays are not applicable to continuous shift workers whose regularly scheduled days off shall be substituted for Saturdays and Sundays.

All other employees, including casuals, who are called by the Employer to report for work on any day other than Saturdays, Sundays, and holidays shall receive a minimum of either eight (8) hours' work or work for the balance of the regularly scheduled shift upon which they report, whichever is less. Employees not having seniority with their Employer, including casuals, who are ordered to report to work on Saturdays, Sundays, and holidays and who do so at the specified time shall receive a minimum of four (4) hours' work or if four (4) hours' work is not furnished a minimum of four (4) hours' pay.

These minimum provisions shall be satisfied in the event an employee is called in and works before his/her regularly scheduled shift and the combination of regular and overtime hours meets or exceeds the minimums set for the above.

If an extra worker is called by the Employer to report for work, and, upon reporting, finds that his/her services are not needed, he/she shall receive two (2) hours' pay. Workers reporting for work who are unacceptable to the Employer shall receive no pay.

The above minimum hour requirements shall not apply if such employees quit, voluntarily lay off, or are discharged for cause, or if the failure by the Employer to provide work is due to utility company power shortage or to Acts of God, such as fire, flood or explosion.

9.4

Overtime Rate

The overtime rate shall be one and one-half (1-1/2) times the straight-time rate, it being understood, however, that work performed by an employee on a Saturday, Sunday, or holiday in excess of eight (8) hours shall be compensated for at the rate of one and one-half (1-1/2) times the overtime rate. The first eight (8) hours of work performed by employees on a Saturday, Sunday, or holiday shall be compensated for at one and one-half (1-1/2) times the straight-time rate.

9.5

Call Back

If a regular employee who has completed his/her normal shift for the day is called back to work (from home), he/she shall, upon reporting, receive a minimum of four (4) hours' work at the overtime rate (time and one-half), or if four (4) hours' work is not furnished, a minimum of four (4) hours' pay at the overtime rate. This provision does not apply to instances in which the employee is called to report before his/her regular starting time, and is held at the plant from the time he/she reports until the

end of his normal shift. This latter situation is governed by the provisions of Section 9.2 of this Agreement. Also, this provision does not apply to cases where an employee is called back to work on a Saturday, Sunday, or holiday, as such cases are governed by the provisions of Section 9.3 of this Agreement.

9.6 Meal Period

If employees are worked over five (5) consecutive hours without a meal, all time in excess of five (5) hours shall be paid at one and one-half (1-1/2) times the straight or overtime rate, as the case may be. At the end of a shift, if an employee is sent to dinner, when returning to work he/she shall receive at least two (2) hours' pay at the overtime rate of pay.

9.7 Shift Operations

Shift operations are exempted from the provisions of Section 9.1 hereof and from the provisions of Section 9.4 hereof relating to Saturdays, Sundays and holidays only as follows:

(1) Employers now conducting shift operations, or who have previously conducted shift operations, may continue to do so, or may reinstate their shifts, change their shifts, or establish new shifts, in accordance with the plans and practices now in effect in such plants or which were in effect when the shifts last operated, provided that the minimum differential on any second or swing shift shall be Twenty Cents (20¢) per hour and the minimum differential on any third or graveyard shift shall be Twenty-five Cents (25¢) per hour. If such an Employer establishes a shift different from any which has previously been conducted, the establishment of such new shift shall be governed by the provisions of subsection (2) of this Section 9.7.

(2) Employers not now conducting shift operations and who have not previously done so shall have the right to establish shifts on such schedules as they deem necessary to meet their needs; provided, however, that for any shift commencing between the hours of 9:00 P.M. and 5:59 A.M., employees shall receive a premium of Twenty-five Cents (25¢) per hour, and for any shift commencing between the hours of 1:00 P.M. and 8:59 P.M., employees shall receive a premium of Twenty Cents (20¢) per hour. On either a Twenty Cents (20¢) or Twenty-five Cents (25¢) shift as herein defined employees will be allowed a one-half (1/2) hour lunch period on company time.

(3) Under either subsection (1) or subsection (2) hereof a shift schedule must initially be or have been in effect for a period of ten (10) consecutive calendar days in order to qualify as a shift operation, and, if thereafter reinstated must be in effect for a period of ten (10) consecutive working days (two calendar weeks) in order to requalify as a shift operation. An operation of less than fifteen (15) hours per day shall not be deemed a shift operation.

Employees who are transferred by the Employer from one scheduled shift to another scheduled shift during the work week shall be paid at the overtime rate of one and one half (1 ½) times the straight-time rate for all hours worked on the first day of such new shift. This provision shall not apply in those instances where the transfer in shift schedule is requested by the employee.

9.8 Applying Shift Premiums

For employees who have been regularly working night shifts for thirty (30) or more days immediately preceding a paid holiday, or the commencement of a vacation, or the commencement of a paid sick leave period, as the case may be, the

applicable night shift premium shall be included in such employee's holiday pay, vacation pay or paid sick leave. The vacation and sick leave pay of an employee who is on a rotating shift schedule shall include the shift differentials he/she would have received had he/she been working during such period.

9.9 Shift Vacancy

When a vacancy exists on any shift, the Employer, prior to hiring to fill that position, will give consideration on the basis of seniority to any request which it may have from present employees on other shifts who may wish to apply for a shift change. It is recognized that employees new to their assignment may have to be trained on the day shift for up to ninety (90) days before transfer to another shift.

9.10 Standing Committee

A Standing Committee consisting of the Co-Chairmen of the Northern California Warehouse Council and the President of IEDA shall be established to decide matters regarding modifications to schedules, starting and quitting times, alternate work schedules and the application of minimums and overtime when such modifications are not covered by the provisions of Section 9 or an individual addendum.

The Committee shall meet monthly to decide those matters that an individual Employer and the Local Union had been unable to resolve.

Section 10. Wages and Classifications

10.1 Minimum Basic Wage

"Minimum basic wage" is defined as standard wage for Bottling and Packaging Line Operators and for Labeling, Pre-Pricing, Marking, Packaging and Hand-Filling Operations.

The Minimum basic wage hereinabove defined shall be:	Hourly Rate Effective			
	6/1/2003	6/1/2004	6/1/2005	6/1/2006
	17.465	17.665	17.915	18.275

10.2 Minimum Rates for Other Classifications

Standard minimum rates for the following additional classifications shall be uniform for all employees covered by this Agreement (subject to the exclusion for new hires provided in Section 10.3):

Classification	Hourly Rate Effective			
	6/1/2003	6/1/2004	6/1/2005	6/1/2006
Freight Handlers	17.700	17.900	18.150	18.510
Packers	17.700	17.900	18.150	18.510
Checkers	17.775	17.975	18.225	18.585
Shipping and/or Receiving Clerks	17.900	18.100	18.350	18.710
Order Fillers and Stock Clerks (Open Stock)				
Starting rate	17.625	17.825	18.075	18.435
After four (4) months	17.655	17.855	18.105	18.465
After eight (8) months	17.700	17.900	18.150	18.510
After twelve (12) months	17.725	17.925	18.175	18.535
Order Fillers (Full Case - Grocery Industry)				

Starting rate	17.700	17.900	18.150	18.510
After six (6) months experience in the individual house	17.750	17.950	18.200	18.560
Order Fillers (Full Case - Other than Grocery)				
Starting rate	17.700	17.900	18.150	18.510
After six (6) months experience in the individual house	17.725	17.925	18.175	18.535
Maintenance Man A	22.110	22.310	22.560	22.920
Maintenance Man B	20.015	20.215	20.465	20.825
Maintenance Man C	17.920	18.120	18.370	18.730
Maintenance Man D	17.800	18.000	18.250	18.610

10.3 New Employee Wage Rates

Employees who have not worked one thousand forty (1040) straight-time hours for an individual Employer during the period June 1, 1998 through May 31, 2003 and all employees hired on or after June 1, 2003 shall be compensated as follows:

(1) Employees working in the classifications of Bottling and Packaging Line Operators (including Labeling, Pre-Pricing, Marking, Packing and Hand-Filling Operations), Freight Handlers, Warehousemen, or Packers or equivalent classifications contained in individual Company addenda including combination rate classifications which are the lowest rate in the Addendum or employees hired after June 1, 2003, shall be paid Thirteen Dollars (\$13.00) per hour effective June 1, 2003 through May 31, 2007.

(2) Employees working in classifications above those set forth in (1) above shall be paid an hourly wage rate which is One Dollar (\$1.00) less than the hourly wage rate for that classification as set forth in Section 10.1 (Minimum Wages).

(3) For paragraphs (1) and (2), upon completion of one thousand forty (1040) straight-time hours, the employee's wage rate shall be increased to the then applicable hourly wage rate in effect for the classification in which the employee is employed. Straight-time hours worked for the same Employer during the period June 1, 1998 through May 31, 2003 shall count towards this one thousand forty (1040) straight-time hour requirement.

(4) The above provisions shall not apply to employees working in the Maintenance Man A and B classifications.

10.4 Minimum Rates - Working Foremen/Foreladies

Working Foreman/Forelady A - Twenty-five Cents (25¢) per hour above the minimum rate for Freight Handlers; provided, however, for Working Foremen/Foreladies A assigned to Bottling and Packaging Line Operations, or to Labeling, Pre-Pricing, Marking, Packaging and Hand-Filling Operations, Twenty-five Cents (25¢) per hour above the standard wage for Bottling and Packaging Line Operators and for Labeling, Pre-Pricing, Marking, Packaging and Hand-Filling Operations.

Working Foreman/Forelady B - Fifteen Cents (15¢) per hour above the minimum rate for Freight Handlers; provided, however, for Working Foremen/Foreladies B assigned to Bottling and Packaging Line Operations or to Labeling, Pre-Pricing, Marking, Packaging and Hand-Filling Operations, Fifteen Cents (15¢) per hour above the standard wage for Bottling and Packaging Line Operators and for Labeling, Pre-Pricing, Marking, Packaging and Hand-Filling Operations.

10.5 Lift Equipment: Stackers

The minimum rate for operators of fork-type lift jitneys used in high piling shall be Ten Cents (10¢) per hour above the minimum rate for Freight Handlers in effect in the house involved.

The minimum rate for operators of power-propelled high lift platform or fork-type lead around stackers (guided but not ridden by the operator) used in high piling shall be Five Cents (5¢) per hour above the minimum rate for Freight Handlers in effect in the house involved.

10.6 Existing Differentials

Existing differentials shall be maintained for other work classifications upward and downward from the minimum basic wage.

Section 11. Holidays

11.1 Paid Holidays

The following shall be paid holidays for all employees who have seniority in accordance with Section 7 of this Agreement.

New Year's Day; President's Day; Memorial Day; the Fourth of July; Labor Day; Thanksgiving Day; the day after Thanksgiving; the day before Christmas; Christmas Day; and, at the option of the Employer, two (2) of the following: Martin Luther King, Jr.'s Birthday; Caesar Chavez Day, Veterans Day; the employee's birthday or a floating holiday which may, at the option of the Employer, be observed as a paid holiday for all eligible employees on a date fixed by the Employer or as an individual floating holiday.

11.2 Qualifying

All employees who qualify for pay on these holidays shall receive eight (8) hours of pay at straight-time rates (including applicable shift premium, if any, as provided in Section 9.8) even though no work shall be required of them; provided that an employee who fails to report for scheduled work on any of such holidays shall receive no pay; and provided also that in order to qualify for such paid holidays the employee must report for work on both the last regular working day immediately preceding the holiday and on the first regular working day following the holiday, and unless the employee so reports he/she shall receive no pay for such holiday.

Employees otherwise entitled to holiday pay but who are absent due to layoff on either the last regular working day immediately preceding the holiday or on the first regular working day following the holiday shall receive holiday pay provided such employees shall have worked one (1) or more days during the seven (7) calendar days immediately preceding the holiday or worked one (1) or more days during the seven (7) calendar days immediately following said holiday. Employees otherwise entitled to holiday pay but who are absent due to an on-the-job injury on the last regular working day immediately preceding the holiday shall receive holiday pay (integrated with Workers' Compensation benefits, if any) provided such employees shall have worked one (1) or more days during the seven (7) calendar days immediately preceding the holiday.

11.3 Holiday During Vacation

If any of such paid holidays falls within an employee's vacation period such employee shall receive an extra day's pay of eight (8) straight-time hours (including applicable shift premium, if any, as provided in Section 9.8).

11.4 Saturday and Sunday Holidays; Day Before Christmas Holiday

If any of such holidays falls on a Saturday, it shall at the option of the individual Employer on each such occasion be celebrated on such Saturday or on the Friday immediately preceding. If Friday is selected all the provisions of this Section 11 shall apply to such Friday; and if Saturday is selected all the provisions of this Section 11 shall apply to such Saturday, including eight (8) hours' straight-time pay (including applicable shift premium, if any, as provided in Section 9.8) to employees not required to work on such Saturday and who qualify for holiday pay in accordance with this Section 11.

If any of such holidays falls on a Sunday, it shall be celebrated on the following Monday.

If the day before Christmas falls on a Friday, Saturday, or Sunday, the individual Employer may select any option which assures the employees of a three (3) or four (4) day weekend, for two (2) of which days the employees are entitled to holiday pay. When the day before Christmas falls on a Wednesday, the individual Employer may elect to observe the holiday on the following Friday.

11.5 Holiday Options

If the Employer has more than one (1) establishment covered by this Agreement, the options granted herein may be separately determined for each such establishment. In exercising the option for the selection of two (2) of the five (5) optional holidays, the Employer shall post notice of the optional holidays selected on or before August 15 of each year; provided that if one (1) of the optional holidays selected is the employee's birthday, an employee whose birthday fell between the preceding June 1 and the date of the posting of such notice shall be granted another day in lieu thereof. If the Employer selects a floating holiday, and if the Employer elects to observe said holiday on a fixed date for all eligible employees, the Employer shall, on or before August 15 of each year, post notice of the election of the fixed date to be observed. Should the Employer fail to post such notice on or before August 15 of any year, the Employer shall have forfeited the option for that year and as to the Employer's establishment the floating holiday for that year shall be observed on a date mutually agreed to by the Employer and the individual employee.

11.6 Pay Rate for Holiday Work

Any work performed on the above holidays shall be paid for at the rate of time and one-half (1-1/2); provided that an employee who is entitled to pay for any such holiday if not worked shall receive such holiday pay in addition to the time and one-half (1-1/2) he/she is paid for working.

Section 12. Vacations

12.1 Vacation Benefits

Every employee who on the most recent anniversary date of his/her employment shall have been in the service of his/her Employer for a period of one (1) year or more and shall have worked a minimum of 1500 straight-time hours within the twelve (12) month period immediately preceding such anniversary date shall be entitled to a vacation as follows:

One (1) week of vacation with pay if he/she shall have been in the service of his/her Employer for a period of one (1) year or more but less than two (2) years prior to such anniversary date.

Two (2) weeks' vacation with pay if he/she shall have been in the service of his/her Employer for a period of two (2) years or more but less than five (5) years prior to such anniversary date.

Three (3) weeks' vacation with pay if he/she shall have been in the service of his/her Employer for a period of five (5) years or more but less than fifteen (15) years prior to such anniversary date; provided, however, that the Employer may require that no more than two (2) weeks of such three (3) week vacation be taken at any one time.

Four (4) weeks' vacation with pay if he/she shall have been in the service of his/her Employer for a period of fifteen (15) years or more but less than twenty-five (25) years prior to such anniversary date; provided, however, that the Employer may require that no more than two (2) weeks of such four (4) week vacation be taken at any one time.

Five (5) weeks' vacation with pay if he/she shall have been in the service of his/her Employer for a period of twenty-five (25) years or more prior to such anniversary date; provided, however, that the Employer may require that no more than three (3) weeks of such five (5) week vacation be taken at any one time.

Once an employee initially qualifies for one week of vacation as established in Section 12.1 Vacation Benefits of the Labor Agreement between Industrial Employers and Distributors Association and Warehouse Union Locals 6 and 17, ILWU each Employer shall have the right to establish vacation accrual on a calendar year basis. The transition to vacation accrual on a calendar year basis shall be established on a house by house basis.

In case of industrial accident for which the employee is receiving Workers' Compensation benefits, up to 300 hours of absence from regularly scheduled employment may be counted toward qualifying for such minimum working time of 1500 straight-time hours.

For the purposes of this Section 12, and except as provided in Section 9.8, one (1) week's pay shall mean straight-time pay for the regularly scheduled workweek at the time the vacation is taken, but in no event more than forty-eight (48) times the straight-time hourly rate of pay, nor less than forty (40) times the straight-time hourly rate of pay.

For the purposes of this Section 12, years of service shall mean years of unbroken seniority with his/her Employer which shall in no event be calculated from a date prior to the time the employee actually commenced working for such Employer.

In computing straight-time hours as that term is used in this Section 12, in Section 13.1 (Sick Leave Benefits) and in Section 14.1 (Life Insurance), all hours worked by the employee for his/her Employer shall be counted, but each premium or overtime hour worked shall count only as one (1) straight-time hour. Paid holidays and paid vacations shall be counted toward satisfying the foregoing 1500 straight-time hour eligibility requirement.

12.2 Vacation Pay at Termination; Vacation Proration

An employee who on his/her most recent anniversary date has qualified for a vacation by working the requisite minimum of straight-time hours during the preceding twelve (12) months but whose employment is terminated prior to taking

such vacation shall be entitled to pay in lieu thereof. An employee who fails to work the requisite minimum number of hours during the twelve (12) months preceding his/her most recent anniversary date or who is not in the employ of his/her Employer on his/her anniversary date shall not qualify for a vacation or for pay in lieu thereof; provided, however, that for those employees who have been in the service of their Employer for more than one (1) year and who fail to qualify for a full vacation, vacation benefits shall be prorated in accordance with the following schedule: (There is to be no proration of vacation benefits for hours worked during the first year of employment.) For employees with more than one (1) but not more than four (4) years' seniority, 1/12 of two (2) weeks' vacation shall be credited for each 150 straight-time hours worked by such employee since his/her most recent anniversary date.

For employees with more than four (4) but not more than fourteen (14) years' seniority, 1/12 of three (3) weeks' vacation shall be credited for each 150 straight-time hours worked by such employee since his/her most recent anniversary date.

For employees with more than fourteen (14) but not more than twenty-four (24) years' seniority, 1/12 of four (4) weeks' vacation shall be credited for each 150 straight-time hours worked by such employee since his/her most recent anniversary date.

For employees with more than twenty-four (24) years' seniority, 1/12 of five (5) weeks' vacation shall be credited for each 150 straight-time hours worked by such employee since his/her most recent anniversary date.

Time off for vacation pursuant to the foregoing proration provision shall be allowed only in full week units. If the application of this provision results in an employee's being credited with less than five (5) full days' vacation, the amount of the employee's vacation credit shall be paid in cash but the employee shall not be entitled to vacation time off. Similarly, if the application of this provision results in an employee's being credited with more than five (5) but less than ten (10), or more than ten (10) but less than fifteen (15), or more than fifteen (15) but less than twenty (20), or more than twenty (20) but less than twenty-five (25) days of vacation, the employee will be scheduled for a five (5), ten (10), fifteen (15), twenty (20), or twenty-five (25) day vacation as the case may be and will be paid the excess allowance in cash.

Employees qualifying for pro rata vacation whose seniority and employment is terminated for any reason shall receive in cash the pro rata vacation for which they are eligible at the time of termination.

12.3 Vacation Scheduling

Preference of vacation date shall be given to employees according to their seniority rating as reasonably as possible. Employees shall be given, insofar as practical, two (2) weeks' notice of the date upon which their vacation period will commence.

Section 13. Sick Leave

13.1 Benefits

Every employee who works continuously for the same Employer for at least one (1) full year shall thereafter be entitled to six (6) days (forty-eight (48) straight-time hours) of sick leave with pay after each year of continuous service; provided,

however, that to qualify for said sick leave with pay an employee must have worked a minimum of 1500 straight-time hours within the twelve (12) month period immediately preceding the anniversary date of the employee's employment.

An employee who fails to work the requisite minimum number of hours during the twelve (12) months preceding his/her most recent anniversary date, and who therefore fails to qualify for full sick leave benefits, shall receive sick leave benefits prorated as follows: 1/12 of six (6) days' sick leave entitlement shall be credited for each 150 straight-time hours worked by such employee since his/her most recent anniversary date. There is to be no proration of sick leave benefits for hours worked during the first year of employment.

Sick leave with pay shall be applicable only in cases of bona fide illness or accident; provided, however, that for verified medical or dental appointments with no less than three (3) days' notice, a maximum of one (1) day of sick leave per year may be used in two (2) or four (4) hour increments at the discretion of the Employer.

In those cases where illness or injury occurs during working hours, the first day's absence shall commence from the time at which the employee leaves work by reason of illness or injury.

13.2 Doctor's Certificate or Other Proof

If an employee's illness results in an absence from work for more than three (3) consecutive days, then a doctor's certificate or other reasonable proof of illness may be required by the Employer.

13.3 Payment Defined

For the purposes of this Section 13, full pay shall mean pay for the regular daily schedule of working hours, for those days which the employee would have worked had the disability not occurred, calculated at straight-time (including applicable shift premium, if any, as provided in Section 9.8).

13.4 Unused Sick Leave Accumulation

Unused sick leave may be accumulated from year to year to a maximum of twenty-four (24) days which, together with the employee's current year's allowance, may result in a maximum sick benefit allowance of thirty (30) days (240 hours).

An employee who has accumulated a minimum of fifteen (15) days of sick leave may, on his/her next anniversary date of employment, or another date mutually agreed upon between an individual Employer and the Union, elect to receive payment in lieu of the six (6) additional sick leave days he/she would earn in accordance with Section 13.1. The first time such payment option is exercised by an employee, he/she will receive payment in an amount equivalent to four (4) days pay, in lieu of the next years sick leave benefit. The second and any subsequent time(s) an employee elects to exercise this payment option, he/she will receive payment in an amount equivalent to five (5) days pay, in lieu of the next years sick leave benefit.

13.5 Integration

In industrial injury or disability cases, Workers' Compensation or Unemployment Disability (UCD) benefits and sick benefit allowances shall be paid separately, but in the event Workers' Compensation payments or Unemployment Disability payments cover all or part of the period during which sick benefit allowances are

paid, the sum of the two shall not exceed the sick benefit payable for said period, and the unused portion of accumulated sick leave will continue to be credited to the employee.

Integration of sick leave benefits with Workers' Compensation or Unemployment Disability payments is to be automatic; the Employer may not waive integration, and any employee entitled to Workers' Compensation or Unemployment Disability payments must apply therefor (in order that the principle of integration may be applied) before sick benefits are payable.

13.6 Holidays

If an employee is absent from work on the day before any of the holidays listed in Section 11 or on the day after any of such holidays, due to bona fide illness or accident, said holiday shall be considered a workday's absence within the meaning of this Section.

Section 14. Health and Welfare and Life Insurance

14.1 Life Insurance

Every employee who has seniority with his/her Employer in accordance with Section 7 of this Agreement and who completes eighty (80) straight-time hours of paid-for employment in any calendar month, with each premium or overtime hour worked counted only as one (1) straight-time hour, shall for the following calendar month be entitled to be covered by a \$15,000 term life insurance policy with a non-occupational accidental death and dismemberment rider; provided, however, that in any instance in which an employee is both disabled and not working on the day he/she would have become insured, the effective date of such employee's insurance shall be deferred until he/she returns to active work, and provided further that the policy shall include a provision that an individual who becomes totally disabled prior to attaining age sixty (60) will have such coverage continued without cost to the individual so long as he/she remains totally disabled. The cost of such life insurance shall be borne entirely by the Employer. Once an employee has become eligible for life insurance coverage his/her life insurance shall remain in effect so long as he/she is covered by the same Employer for the hospital-medical-dental care, prescription drug and vision care programs pursuant to the terms of this Agreement, but the Employer shall otherwise be under no obligation to furnish such insurance for the employee after his/her employment is terminated or while the employee is laid off or is on leave of absence. Any dividends or other reduction in the cost of such insurance shall be returned to the Employer and the employee shall have no interest therein.

Where an employee who would otherwise be eligible for such insurance is participating (or may hereafter participate) in any life insurance program in an amount equal to or greater than that required hereunder, or in any disability plan which is not required by law, or by the terms of this Agreement, to which his/her Employer is contributing in whole or in part to the cost thereof, such employee shall be deemed to have waived the benefits of the insurance provided in this Section unless he/she gives written notice to his Employer that he/she waives and resigns from such other plan in its entirety. The Employer shall within thirty (30) days after receipt of such notice place such employee under the \$15,000 life insurance coverage provided in this Section.

Except with regard to the \$15,000 term life insurance provided herein and the hospital-medical-dental care, prescription drug and vision care programs of

Section 14.2 below, and the Pension Agreement between the parties hereto, the initiation, discontinuance, revision and administration of any insurance, medical, hospital, surgical, retirement benefit, health or disability plan, shall (except as required by law or by the specific terms of the plan or insurance itself) be entirely voluntary on the part of the Employer and shall be the sole prerogative of management, and employees covered by and participating in such plans shall be bound by the requirements thereof.

14.2 Hospital-Medical-Dental Care--Prescription Drug Plan--Vision Care Plan for Employees and their Dependents (to be administered through Industrial Employers and Distributors Association Health and Welfare and Life Insurance Trust (or any successor Trust))

Initial Eligibility – Any employee will become eligible for and covered by a hospital-medical program, dental program, prescription drug plan and vision care plan on the first day of the calendar month after completing eighty (80) straight-time or more straight-time hours of paid-for employment in a calendar month for three (3) months within a six (6) consecutive month period and for which contributions have been received by the Trust. Participants who have been eligible for Medical/Dental coverage under the Trust within the preceding twelve (12) months shall not be subject to this initial eligibility requirement.

Continued Eligibility – Any employee who has satisfied the initial eligibility required and completes eighty (80) straight-time hours of paid-for employment in any calendar month shall for the following calendar month be eligible for and covered by a hospital-medical program, dental program, prescription drug plan and vision care plan.

Eligibility for regular coverage shall be terminated by:

- (i) failure to complete eighty (80) straight-time hours of paid-for employment in any calendar month;
- (ii) discharge; or
- (iii) voluntary resignation

and coverage is terminated on the last day of the month in which such eligibility for regular coverage ceases.

In calculating eligibility for regular coverage, paid vacation, paid holidays and paid sick leave shall count as time worked.

Any employee whose eligibility for regular coverage ceases because of layoff, and who at the time of such layoff has two (2) or more years of seniority with his/her Employer, shall at the expense of the Trust and without any contribution from the Employer be granted four (4) additional months of hospital-medical, dental care, prescription drug and vision care coverage under the plans which are in effect as to him/her at the time of layoff.

Any employee having seniority pursuant to Section 7 of this Agreement and who by reason of injury/illness is unable to work shall remain eligible for regular coverage and his coverage shall continue at the expense of his/her Employer for the term of his/her injury/illness, not to exceed a maximum of twelve (12) months from the occurrence of the injury/illness.

Effective June 1, 2004, any employee having seniority pursuant to Section 7 of this Agreement and who by reason of injury/illness is unable to work shall remain eligible for regular coverage and his coverage shall continue at the expense of his/her Employer for the term of his/her injury/illness, not to exceed a maximum of nine (9) months from the occurrence of the injury/illness.

Effective June 1, 2006, any employee having seniority pursuant to Section 7 of this Agreement and who by reason of injury/illness is unable to work shall remain eligible for regular coverage and his coverage shall continue at the expense of his/her Employer for the term of his/her injury/illness, not to exceed a maximum of six (6) months from the occurrence of the injury/illness.

The Employer shall have the right to require a doctor's certification or other reasonable proof of injury/illness.

Any employee who is receiving "regular" health and welfare benefits and who is permanently laid off because of plant closure shall be entitled to hospital-medical care, dental care, prescription drug and vision care benefits for a period not to exceed three (3) months following the month in which the employee's coverage would have otherwise terminated as a result of loss of employment, and the Employer shall pay the "regular" contribution for such months on behalf of such employee. The Employer shall not be required to continue such coverage for any employee who receives such benefits by virtue of employment at some other establishment.

On behalf of each employee eligible for regular coverage effective June 1, 2003 (based on hours worked in May 2003), contributions to Industrial Employers and Distributors Association Health and Welfare and Life Insurance Trust (or any successor trust) shall be Six Hundred and Six Dollars and Fifty-five Cents (\$606.55) per month per eligible employee; effective June 1, 2004, contributions shall be increased to Seven Hundred Ten Dollars and Fifty-three Cents (\$710.53) per month per eligible employee; effective June 1, 2005, contributions shall be increased to Eight Hundred Five Dollars and Eighty-five Cents (\$805.85) per month per eligible employee. Effective June 1, 2006, contributions shall be increased to Nine Hundred One Dollars and Sixteen Cents (\$901.16). (These contribution rates do not include the cost of providing life insurance benefits.)

It is not expected that there will be any increase in the amount of the Employer contributions provided herein, but Employers party to this Agreement are obligated to pay any increased billing which the Employer Trustees may find necessary to provide the benefits specified in this section.

The above contribution rates do not include the cost of providing life insurance benefits and apply only to Employers who were subscribers to the Industrial Employers and Distributors Association Health and Welfare and Life Insurance Trust as of June 1, 2003. Contribution rates for Employers who subscribe to the Industrial Employers and Distributors Association Health and Welfare and Life Insurance Trust after June 1, 2003 shall be established by the Trustees.

As of June 1, 2003, there shall be a choice between three (3) Health Maintenance Organizations (HMO's) that provide hospital-medical, prescription drug, and vision care. The HMO's shall be Kaiser, PacifiCare and Health Net. In those geographical areas where the HMO's are not available, such employees will be provided with out-of-area coverage.

The carrier(s) of the hospital-medical plan(s), dental plan(s), prescription drug plan(s), and vision care plan(s) shall be jointly selected by the Association and the Union.

Each employee who is eligible for regular coverage may change medical or dental providers at any time, limited to one change in providers within a 12 month period.

Effective August 1, 2003, the hospital-medical program, the dental program, the vision plan and the prescription drug plan will be modified to provide the following:

- (a) Kaiser, HealthNet and PacifiCare contracts shall be amended to provide for a Ten Dollar (\$10.00) office visit point of service co-pay. Effective August 1, 2006, the office visit co-payment shall be increased to Fifteen Dollars (\$15.00).
- (b) Kaiser, HealthNet and PacifiCare contracts shall be amended to provide for a Fifty Dollar (\$50.00) emergency room point of service co-pay.
- (c) HealthNet and PacifiCare contracts shall be amended to provide for a Fifteen Dollar (\$15.00) chiropractor point of service co-pay.
- (d) Kaiser contract shall be amended to provide for a Ten Dollar (\$10.00) generic and Twenty Dollar (\$20.00) formulary point of service co-pay.
- (e) HealthNet and PacifiCare contracts shall be amended to provide for a Ten Dollar (\$10.00) generic, Twenty Dollar (\$20.00) formulary and a Thirty Dollar (\$30.00) non-formulary point of service co-pay for prescriptions.
- (f) Effective August 1, 2003, the self-funded Dental Plan administered by Delta Dental will be replaced by a Delta Dental Preferred Option Plan with similar benefits.

(2) Employees who are not eligible for regular coverage shall for the purposes of this Section 14.2 be called "casual employees." The Employer will pay a stipulated sum for each straight-time hour worked by such casual employees (and for each straight-time hour worked by employees who are working as casuals while on extended coverage), such agreed sum per hour to be computed to the nearest one-fourth cent (1/4) by dividing by 173.3 the monthly contribution required for regular coverage. Such hourly sum shall be collected by the Association from its members each month.

These funds will be used for providing benefits for those employees eligible for such coverage under the provisions of this Section 14.2.

The Employer may, if the Employer wishes, place a casual employee under regular monthly coverage upon commencement of employment or prior to his/her eligibility date for regular coverage, in which event the required hourly

contributions for such casual employee shall cease upon the date on which such regular coverage is made effective for the employee.

An employee eligible for regular coverage who by virtue of having two (2) or more years' seniority with his/her Employer at the time of his/her layoff receives extended coverage from the Trust fund shall not be eligible for more than four (4) months of such extended coverage in any twelve (12) month period irrespective of the number, frequency, or length of his/her layoff periods. If the cost to the Trust of extended coverage for laid-off employees, as herein provided, becomes excessive in the opinion of either the Union or the Association, the provisions for extended coverage shall be subject to renegotiation at the request of either party.

(3) Employers having an existing hospital-medical-dental plan which they continued in effect under the prior expired Master Agreement may if they choose continue such plan in the same manner as they did under the prior expired Master Agreement in lieu of the hospital-medical-dental plan set forth above; provided, however, that if the existing plan does not include dental care coverage, prescription drug coverage and vision care coverage, for employees and their eligible dependents, the Employer shall be required to pay into the Trust such amount per month, and per hour in the case of casuals, as may from time to time be the cost of dental care coverage, prescription drug coverage and vision care coverage, and the Trust funds shall then be applied in part to provide dental care coverage, prescription drug coverage and vision care coverage for such Employer's eligible employees and their dependents; and provided further that such an Employer may also discontinue such plan if he/she so elects, in which event he/she shall provide hospital-medical, dental care, prescription drug and vision care coverage as required by this Section 14.2.

(4) If, pursuant to any federal or state law which may become effective subsequent to the effective date of this Agreement, Employers party to this Agreement are required to pay contributions or taxes for hospital-medical, dental care, prescription drug or other health benefits to be provided their employees under such federal or state Act, the Employers' obligation to furnish the same benefits under the Hospital-Medical-Dental Care, Prescription Drug and Vision Care Plans shall be suspended and the contributions agreed to be paid monthly hereunder by each Employer to Industrial Employers and Distributors Association Health and Welfare and Life Insurance Trust (or any successor Trust) shall be reduced each month by the amounts which the Employer is required to expend during any such month in the form of contributions or taxes to support said federal or state health plan.

If, as a result of such a law, the level of benefits provided by such law for any group of employees, or their dependents, is lower than provided under this Section, Industrial Employers and Distributors Association Health and Welfare and Life Insurance Trust (or any successor Trust) shall, to the extent practicable, provide a plan of benefits supplementary to the federal or state benefits so as to make benefits in each category of coverage as nearly comparable as possible to the benefits provided under this Section.

If the benefits provided under the federal or state Act exceed the benefits provided hereunder in each category of coverage, the Employers shall be under no further obligation to make any contribution in pursuance of this Section.

In the event that the federal or state government enacts a health care program requiring contributions by employees, such employee contributions shall be reimbursed by the Employer to the amount by which said employee contribution reduces the Employer contribution required under this Section of the Agreement.

(5) Hospital-Medical-Dental Plan Delinquencies. If the trustees of the Trust through which the hospital-medical-dental, prescription drug, vision care benefits, and life insurance benefits are to be administered for employees covered by this Agreement determine that any Employer subscriber to any such Trust is in default (i.e., delinquent) for thirty (30) or more days in the payment of any amount or amounts due said Trust from said Employer, the trustees may notify such Employer by certified or registered mail, return receipt requested, of such delinquency and shall at the same time send a copy of said notice to the affected Union. Such notice shall specify the amount of the delinquency together with any other amounts which have been assessed and remain unpaid.

If, after the expiration of fifteen (15) days from the mailing of such notice to the affected Employer, the full unpaid amount specified in said notice has not been paid in full to the Trust, the affected Union may give five (5) days (excluding Saturdays, Sundays and holidays) written notice by certified or registered mail, return receipt requested, to the delinquent Employer of such delinquency in payments; and if at the conclusion of said five (5) days the amount of such delinquency has not been paid in full to the Trust, then, and notwithstanding anything otherwise contained in this Agreement, the Union shall have the right to take such legal or economic action as it may determine against such Employer to collect such delinquent amount. Furthermore, the delinquent Employer shall be liable to his employees for any and all benefits under the hospital-medical-dental plan, prescription drug plan, vision care plan, and life insurance plan to which the employee would have been entitled if the Employer had not been delinquent in the payment of such contributions. As an additional remedy, the employee shall have the right in addition to all other rights above set forth to bring legal action against such delinquent Employer to obtain payment of such benefits. In any legal action such Employer shall pay all court costs together with a reasonable attorney's fee in such amount as the court in such action may determine.

If the Union elects to strike such Employer in accordance with these provisions, the right to strike shall terminate as soon as the Employer has paid said delinquency.

The right of the Local Union to take action as hereinabove provided shall exist only in the event the trustees shall make the default determination and issue the written notice thereof hereinabove specified; and such trustees' notice of default may be given only upon the decision of the trustees, and they shall not have the right to delegate the making of such decision to any administrator or other person.

Section 15. Pensions

The Association and the Union are party to a separate Pension Agreement. Reference is made to the separate Pension Agreement for the terms and provisions thereof.

Section 16. Leaves of Absence

16.1 Approved Leave

Any employee desiring a leave of absence from his/her employment for any reason, including maternity, shall secure written permission from the Employer who shall send a copy to the Local Union by certified mail within ten (10) days of the commencement of the leave. Except with respect to requests due to pregnancy or family and medical leave in accordance with the California Family Rights Act of 1991 and the Family and Medical Leave Act of 1993, for those Employers covered by the Acts, the decision of the Employer on granting or refusing to grant a leave of absence or extension thereof shall be final and conclusive and shall not be subject to the grievance procedure of this Agreement. Family and Medical Leave will be administered in accordance with the provisions of the applicable Act(s). Except as otherwise provided in this Section, the maximum leave of absence shall be for thirty (30) days and may be extended for like periods.

Written permission for such extended periods shall be secured from the Employer with a copy of the extension to the Union. The first approved leave of absence plus approved extended leaves of absence shall not exceed a maximum time period of six (6) months. During an approved leave of absence the employee shall not engage in gainful employment unless authorized to do so by written permission. The Employer may terminate any employee who violates the terms and conditions of the written permission for leave or extension thereof.

16.2 Military Service

Any employee covered by this Agreement and agreements supplementary hereto who leaves a position other than a temporary position with any Employer covered by this Agreement for immediate induction into any of the armed forces of the United States shall be reemployed if application is made within ninety (90) days after he/she is discharged from the armed forces in accordance with the provisions of Section 9B of the Selective Service Act of 1948 and any official amendment or modification thereof.

16.3 Funeral Leave

In the event of a death in the immediate family of an employee who has one (1) or more years of seniority with his/her Employer, he/she shall, upon request, be granted such time off with pay as is necessary to make arrangements for the funeral and attend same, not to exceed three (3) regularly scheduled working days. This provision does not apply if the death occurs during the employee's paid vacation, or while the employee is on leave of absence, layoff, or sick leave.

For the purposes of this provision, the immediate family shall be restricted to father, mother, brother, sister, spouse, child, mother-in-law, father-in-law, grandparents, grandchildren and stepchild with whom there was a child-rearing relationship. At the request of the Employer, the employee shall furnish a death certificate and proof of relationship.

Funeral leave applies only in instances in which the employee attends the funeral, or is required to make funeral arrangements, but is not applicable for other purposes such as settling the estate of the deceased.

Section 17. Jury Duty

Any employee who has one (1) or more years of seniority with his/her Employer and has qualified for his/her initial vacation with that Employer, if called and reporting for jury duty, will be entitled to the difference between jury duty pay and his/her regular daily rate of pay for each day of jury service up to a maximum of ten (10) working days during any twelve (12) consecutive months.

Employees scheduled to work the graveyard shift immediately preceding a day of jury duty as above defined will not be required to work such shift and will receive jury duty pay in lieu thereof, subject to the foregoing maximum limitation.

Any day or swing shift employee scheduled to begin service on a jury before 12:00 Noon shall not be required to report to work beforehand. Any employee released from jury duty prior to 12:30 P.M. shall report to work for the balance of his/her shift.

Days of jury duty and all fees paid shall be verified by the court official responsible for issuing checks in payment of jury service. Service not paid for by the court is not covered by this Section.

Section 18. Discharge

18.1 Right of Discharge

The Employer shall have the right to discharge any employee for dishonesty, insubordination, drunkenness, incompetence, willful negligence, failure to perform work as required or to observe Employer's safety and reasonable house rules and regulations which must be conspicuously posted and not in derogation of the contract, or for engaging in strikes, individual or group slowdowns or work stoppages, or refusal to accept overtime without good and sufficient reason involving a conflicting obligation on the part of the employee, or for violating or ordering the violation of this Agreement.

18.2 Appeals

The Employer shall not discriminate against any employee because of Union membership or activities. If any seniority employee feels he/she has been unjustly discharged, he/she shall have the right to appeal his/her discharge in accordance with Step 1 of Section 19.1 Dispute Resolution Procedure. Such appeal must be filed in writing by the Union within five (5) calendar days from date of discharge and unless so filed the right of appeal is lost. There shall be no cessation of work pending decision.

Any discharged seniority employee shall, upon request, be furnished the reason for his/her discharge in writing.

18.3 Probationary Period

A probationary period of three (3) months (520 straight-time hours worked) shall be established for new employees. During such probationary period, an employee may be discharged for any reason, which, in the opinion of his/her Employer, is just and sufficient; provided, however, that there, shall be no discrimination against any employee because of legitimate Union activity. Employees who are discharged during their probationary period shall have the right of appeal under Section 18.2 only in cases where such employee believes himself/herself to have been subjected to discrimination because of legitimate Union activity.

Section 19. Settlement of Disputes

19.1 Grievance Committee

A committee shall be appointed in the covered establishment of each Employer to consist of not more than three (3) representatives designated by the Employer and not more than three (3) employees of the Employer designated by the employees.

19.2 Dispute Resolution Procedure

All disputes arising under the terms and provisions of this Agreement and written agreements and supplemental addenda shall be resolved in accordance with the following procedure:

Step 1. Initial Discussion

Employees, union or management at each covered establishment, may at their discretion, take up any dispute with the local management or union. The dispute shall be reduced to writing on the approved form. The Grievance Committee at said establishment shall meet and render a decision within ten (10) working days of receipt of the form.

All complaints involving or concerning payment of compensation shall be filed in writing and no adjustments shall be retroactive for more than ninety (90) days.

Step 2. Referral to Board of Adjustment

If the Grievance Committee is unable to resolve the dispute within the initial ten (10) work days, the moving party may refer the grievance to the Board of Adjustment. Such referral must be filed in writing with management of the covered establishment or the union within twenty (20) work days after receipt of the initial written grievance and unless so filed the right of appeal is lost. The Adjustment Board shall be convened provided both management and union agree.

- a. The Board of Adjustment shall convene within twenty (20) work days of the receipt of the referral. If either party objects to the utilization of the Board of Adjustment, the party must notify the other in writing within ten (10) work days of the receipt of the referral. In the event that either management or the union does not agree to refer the grievance to the Board of Adjustment, the moving party may refer the grievance to **Step 3. Arbitration**.
- b. The Board of Adjustment shall consist of two (2) members representing each of the parties. No more than one (1) on the Union's members of the Adjustment Board shall be an elected official of the Local Union involved and no more than one (1) of the Employer's members of the Adjustment Board shall be a member of the staff of IEDA. No adjustment Board member shall be employed by the Company involved.

Step 3. Arbitration In case of a deadlock on any matter, the issue in dispute may be submitted to arbitration in accordance with the provisions in Arbitration below. Requests to submit the dispute to arbitration shall be submitted in writing within ten (10)

work days of the date the Board of Adjustment was convened. In the event there is no Board of Adjustment, the written request to proceed to Arbitration shall be submitted within forty (40) work days after the date of the initial written grievance.

Pending final disposition of any matter, work shall be continued in an orderly manner and in accordance with the provisions of this Agreement.

Arbitration

In the event that the parties hereto are unable to reach a mutually satisfactory accord, the dispute shall be submitted to an arbitrator mutually agreed upon by the parties or, failing mutual agreement, to that arbitrator who is selected by lot from the following panel:

Charles A. Askin
Alexander Cohn
Matthew Goldberg
Norman Brand
Franklin Silver

If the arbitrator so selected is not available for a hearing (at a time acceptable to the Union and Employer representatives) an alternative arbitrator who is so available shall be agreed upon or, failing agreement, selected by lot from the same panel.

It is understood and agreed, however, that proposals to add to or change this Agreement or written agreements or supplemental addenda shall not be subject to arbitration and that no proposal to modify, amend or terminate this Agreement, nor any matter or subject arising out of or in connection with such proposal, may be referred for arbitration under this Section; and that the arbitrator shall have no power to amend or modify this Agreement Decisions of the arbitrator shall be within the scope of and shall not vary from the express written terms of this Agreement. Any decision shall be based solely upon the interpretation of the meaning or application of the express written terms of this Agreement to the facts of grievance as presented.

19.3 Alternative Dispute Resolution Process

At any time in this dispute/grievance process, either party may request to submit the matter to mediation. With the concurrence of both parties, the Federal Mediation and Conciliation Service shall be contacted to request the services of a mediator. Time lines may be mutually waived for the mediation to proceed. If the parties fail to reach a mutually satisfactory resolution, the moving party may proceed through the grievance procedure at Step 3. Request to have the matter heard by an Arbitrator shall be submitted in writing within ten (10) work day of the final date of mediation.

19.4 Timelines

The parties may mutually agree in writing to extend the time limits stipulated in Section 19.1 or 19.2 above.

Section 20. New Machinery and New Processes

The Employer shall notify the Union in advance of any permanent layoff of seniority employees which is going to result from the installation of new machinery or new processes in order that the impact of such layoff upon the employees may be discussed. Such discussions are to be without recourse to the grievance procedure and without the right of strike or lockout; provided that in the event any new job classifications are created or any permanent layoff is made because of the introduction of new machinery, or new methods of operation, then the Union may refer to the grievance procedure set forth in this Agreement any dispute concerning the wage rates established by the Employer for such new classifications and the question of whether such layoff was in accordance with the layoff provisions set forth in Section 7 of this Agreement. In addition the Union may submit to the grievance procedure a claim that any employee having seniority, and permanently laid off because of the introduction of new machinery or new methods of operation, should not lose seniority under Section 7 until he/she has twenty-four (24) consecutive months of unemployment in lieu of such shorter period of unemployment as is provided in Section 7 of this Agreement for loss of seniority; provided that any such claim that seniority should not be broken until twenty-four (24) months have elapsed must be submitted within one (1) year after notice of such layoff. Otherwise such claim shall be deemed to have been waived.

Section 21. General Provisions

21.1 Safety

Both the Employers and the Union shall expend every effort to see to it that the work performed under the terms and conditions of this Agreement is performed with a maximum degree of safety, consistent with the requirement to conduct efficient operations. The Employer's safety rules shall be posted in a conspicuous place.

21.2 Maintenance of Sanitary Facilities

The Employer agrees to maintain a clean, sanitary washroom with toilet facilities.

21.3 Job Injuries

Whenever an employee who has been injured on the job and has returned to work is requested by his/her personal physician (selected and defined in accordance with applicable State law), or the Employer's compensation doctor, to leave work to report for treatment during working hours, he/she shall be allowed time-off for up to two (2) hours for such treatment, without loss of pay, in the event the medical provider cannot schedule the appointment outside of the employee's regular working hours.

21.4 Employment Agency Fee

If an employee is hired through an employment agency, the Employer will reimburse him/her for the employment agency fee.

21.5 Physical Examination

An employee required by his/her Employer to take a physical examination during time he/she would otherwise be working on his/her job shall not have his/her wages deducted from the time so lost.

21.6 Disabled Persons

A person whose earning capacity is or shall become limited because of age, physical or mental disability, or other infirmities may be employed or placed on light work at a wage below the minimum established by this Agreement, subject to the approval in each instance of the Employer and the Union.

21.7 Efficient Operations

The Union agrees to investigate with the Association, and on the merits, all cases of alleged failure of employees to carry on efficient operations and give "a day's work for a day's pay," and will give its full support to insure to each Employer a fair and efficient standard of work from his/her employees.

21.8 Americans With Disabilities Act

Both the Employer and the Union agree to observe the provisions of this Agreement in accordance with the Americans With Disabilities Act for those Employers covered by the Act.

21.9 Substance Abuse Program

An Employer wishing to establish a Substance Abuse Program shall jointly develop a substance abuse program which shall include testing as a component. The goal is to ensure a drug and alcohol free work place that is safe and productive with priority on support, education and rehabilitation. If an agreement is not reached, either party may request that the matter be submitted to a Committee comprised of the Co-Chairman of the Northern California Warehouse Council and the President of IEDA for resolution. Any agreement reached by the Committee is binding on the parties. If the Committee does not reach an agreement, the Company will notify the Union at least thirty (30) days prior to implementing a substance abuse program. If a program is implemented without agreement, the Union may strike provided such strike commences within thirty (30) days of the implementation without agreement.

Section 22. Scope of Agreement and Separability of Provisions

22.1 Scope of Agreement

Except as otherwise specifically provided herein, this Agreement fully and completely incorporates the understanding of the parties hereto and constitutes the sole and entire agreement between the parties on any and all matters subject to collective bargaining. Neither party shall, during the term of this Agreement, demand any change therein nor shall either party be required to bargain with respect to any matter. Without limiting the generality of the above, both parties in their own behalf and on behalf of their respective members bound hereby, waive any right to demand of the other any negotiating, bargaining, or change during the life of this Agreement with respect to pensions, retirement, health and welfare, annuity or insurance plans, or respecting any question of wages, hours, or any other terms or conditions of employment; provided that nothing herein shall prohibit the parties from changing the terms of this Agreement by mutual agreement.

22.2 Separability of Provisions

Should any section, clause or provision of this Agreement be declared illegal by final judgment of a court of competent jurisdiction, such invalidation of such section, clause or provision shall not invalidate the remaining portions hereof, and such remaining portions shall remain in full force and effect for the duration of this Agreement.

Upon such invalidation the parties agree immediately to meet and negotiate substitute provisions for such parts or provisions rendered or declared illegal or an unfair labor practice. In the event the parties are unable to agree upon substitute provisions the dispute may at the request of either the Association or the Union be referred to arbitration for settlement pursuant to the provisions of Section 19.3 hereof; but the power of the arbitrator shall be restricted and limited to determining a substitute provision to provide for the same specific objective and purpose of the provision rendered or declared illegal.

22.3 Unlawful Action Not Required

The parties agree that neither will willfully require the other or their respective members bound hereby to do or perform any act prohibited by law.

22.4 Government Controls

Should any provision of this Agreement not be placed into effect because of government wage regulations or controls, and should such controls be subsequently amended, relaxed or terminated during the term of this Agreement, then and in that event such provision(s) as has not been placed into effect because of said regulations or controls will be effectuated on the date on which it is determined that it is legally possible to do so, but not retroactively in excess of six (6) months, provided that the legality of such action is established during the term of this Agreement. The Association and the Union agree to cooperate in the preparation and filing of any submission(s) which during the term of this Agreement is required under the regulations of the Cost of Living Council or any successor agency responsible for the administration of government wage controls.

Section 23. Duration

This Agreement shall be effective June 1, 2003, except for those provisions of the Agreement which have been assigned other effective dates as hereinabove set forth and shall remain in full force and effect to and including the 31st day of May, 2007, and shall continue thereafter from year to year unless at least sixty (60) days prior to the first day of June, 2007, or the first day of June of any subsequent year either party shall file written notice with the other of its desire to amend, modify, or terminate this Agreement. There shall be no opening of any kind or for any purpose during the four-year term of this Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement this
30th day of September, 2003.

WAREHOUSE UNION LOCAL 6, ILWU

By /s/ Richardo Sierras

By /s/ Fred Pecker

WAREHOUSE UNION LOCAL 17, ILWU

By _____

By /s/ Jack L. Wyatt, Sr.

INDUSTRIAL EMPLOYERS AND
DISTRIBUTORS ASSOCIATION

By /s/ Keith Fleming

By /s/ Glenn Berkheimer

By /s/ David McKenzie

NORTHERN CALIFORNIA WAREHOUSE
COUNCIL, IBT-ILWU

By /s/ Rome A Aloise

By /s/ Jack L. Wyatt, Sr.

EXHIBIT A - PAGE 1

LOCALS 6 AND 17, ILWU WAREHOUSE GROUP

(addresses are included only for the purpose of identifying the establishments covered hereby)

California Oils Corporation
1145 Harbour Way South
Richmond, California

Case Corporation
1919 Williams Street
San Leandro, California

Darling International
Pier 92, 429 Amador St.
San Francisco, California

Diageo North America, Inc.
151 Commonwealth Drive
Menlo Park, California

Farmers' Rice Cooperative
2224 Industrial Blvd.
West Sacramento, California

Foreign Trade Zone
Pier 23
San Francisco, California

Gallo Sales Co., Inc.
30825 Wiegman Road
Hayward, California

Guittard Chocolate Company
10 Guittard Road
Burlingame, California

Kinder Morgan Energy Partners
1140 Canal Boulevard
Richmond, California

Parker Warehouses Inc.
Pier 15
San Francisco, California

Sacramento-Yolo Port District
World Trade Center
West Sacramento, California

Unilever Bestfoods North America
1484 Kifer Road
Sunnyvale, California