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Title: **Pillowtex Corporation and Its Subsidiary Fieldcrest Cannon, Inc. and Union of Needletrades, Industrial and Textile Employees (UNITE), AFL-CIO-CLC (2003)**

K#: **612**

Employer Name: **Pillowtex Corporation and Its Subsidiary Fieldcrest Cannon, Inc.**

Location: **NC VA SC AL**

Union: **Union of Needletrades, Industrial and Textile Employees (UNITE), AFL-CIO-CLC**

Local:

SIC: **2221**

NAICS: **31321**

Sector: **P**

Number of Workers: **4800**

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612

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Expires 01-06

COLLECTIVE BARGAINING AGREEMENT

BETWEEN

**FIELDCREST CANNON, INC
EDEN, NORTH CAROLINA
CABARRUS AND ROWAN COUNTIES, NORTH CAROLINA
MAULDIN, SOUTH CAROLINA
UNION, SOUTH CAROLINA
PHENIX CITY, ALABAMA
FIELDALE, VIRGINIA**

AND

**UNION OF NEEDLETRADES, INDUSTRIAL AND TEXTILE
EMPLOYEES, AFL, CIO, CLC**

42 pages

ARTICLE 1
Agreement

(a) THIS AGREEMENT, made this the 1st day of February, 2003, by and between PILLOWTEX CORPORATION, a Delaware Corporation, and its subsidiary FIELDCREST CANNON, INC., herein "Company," and UNION OF NEEDLETRADES, INDUSTRIAL AND TEXTILE EMPLOYEES, AFL-CIO-CLC, HEREIN "Union."

(b) THIS AGREEMENT shall be effective solely as to the employees of the plants owned by the Company in Eden City, Rockingham County, North Carolina; Fieldale Sanitary District, Henry County, Virginia; the distribution center in Ridgeway, Virginia; the weave plant located at Fontaine Road, Phenix City, Alabama; the distribution center located at Old Stage Road, Mauldin, South Carolina; the plant located at High Point Drive, Union, South Carolina; and the plants located in Cabarrus and Rowan Counties, North Carolina.

ARTICLE 2
Recognition

(a) The Company recognizes the Union as the exclusive bargaining agent for all full-time and regular part-time hourly employees of the Company at the locations described in Article 1, subject to the inclusions and exclusions listed below.

(b) Included within the bargaining unit are maintenance technicians, fixers, head fixers, plant clericals (including supply clerks, shipping and receiving clerks), lead technicians, head fixers, and water treatment operators.

(c) Excluded from this bargaining unit are all Executives, Managers, Assistant Managers, Superintendents, Assistant Superintendents, Foremen, Shift Foremen, Section Foremen, Second Hands, Working Foremen, Guards, Sales and Salaried Employees, and any other employees in a supervisory capacity.

(c) Also excluded are all office clerical employees (defined to include department clerks, CRT operators and timekeepers), frequency checkers, electronic specialists, technical specialists, process auditors, instructors, trainers, water filtration plant operators, and schedulers.

ARTICLE 3
Union Rights and Privileges

(a) **Representation:** The Employer recognizes the right of the Union to designate shop stewards and chairpersons. The Union shall notify the Employer of such designation in writing. In the event of a change in stewards, the Union shall notify the Employer in writing at least twenty-four (24) hours in advance of new stewards assuming their responsibilities. A grievance committee representative shall have access to the Company's premises for the purpose of investigating potential grievances.

(b) **Access to Plant:** A District or International Union representative shall have access to the plant, including breakrooms, for the purpose of adjusting grievances or otherwise ensuring compliance with the terms of this Agreement, provided that such visits are scheduled in advance with the appropriate Plant Manager or his designated representative, do not interfere with plant production, and are reasonable in frequency. The Union representative will be accompanied by a member of management while in production areas only.

(c) **Union Notices:** The Union shall have the right to have notices posted, limited to notices of Union meeting, notices of Union election, notices of Union appointments and results of elections, notices relating to health and welfare and retirement funds, notices relating to the contract, and other official union announcements, on such bulletin boards in the plants as the parties agree to. Such notices will be posted promptly by management upon the Union's request.

(d) **No Union Discrimination.** The Company and its agents will not discriminate against or coerce any employee because of his/her membership in the union. The Company will not in any way restrain or interfere with the right of any employee to join the Union or to continue membership therein, or to engage in lawful Union activities that do not interfere with production. The Union agrees that it will not interfere with, coerce, or intimidate employees into either joining the Union or continuing membership.

(e) **Employment Status:** The Company shall submit a turnover report to the Union containing a list of new hires and terminations weekly. At the time a new employee subject to this Agreement is hired, the Company shall notify said employee that the Company recognizes and is in contractual relations with the Union. The Company agrees to introduce the steward for each area to all new hires in that area at the time of hire. In addition, all new employees shall be entitled to receive an orientation by a Union representative as scheduled by the Company.

(f) **Dues Checkoff:** The Company and the Union agree that the deduction of a service charge equal in amount to the dues of the Union from the wages of Union members will be made from the normal payroll check during the life of this Agreement, and any renewal thereof, upon presentation to the Company of written authorization for such deduction, unless and until such authorization is revoked by its terms. The Union will notify the Company in writing at least 14 days prior to the next scheduled pay period of the exact amount of such monies to be deducted and will furnish to the Company a current copy of such authorization form for each employee.

Newly hired employees shall be eligible upon completion of their thirty (30) days of employment to submit written authorization to the Company for said deductions.

The Company shall deduct and transmit to the controller of the UNITE Southern Regional Joint Board within thirty (30) calendar days the total amount so deducted each week with a statement for same attached.

(g) **Other Deductions:** The Company agrees to provide voluntary payroll deductions for union members to participate in certain designated programs such as workers' life insurance and credit unions sponsored by UNITE. The Union will specify no more than two (2) such plans, and agrees that there will be two open periods of not more than fifteen (15) days each during each calendar year in which employees may change their enrollment in either or both of these plans. The Company agrees that it will deduct and forward to the various plans those monies which union members have authorized in writing to be deducted for their participation in these plans.

(h) **Indemnification:** The Union shall indemnify and save the Company harmless from any claims, suits, judgments, attachments, and from any form of liability as a result of making any deduction in accordance with this Article.

ARTICLE 4 **Fair Employment Practices**

(a) The parties agree not to discriminate against any employee because of race, age, disability, color, religion, sex, sexual orientation, national origin, or veteran status. Wherever the terms "he" or "his" appear in this Agreement, they shall be interpreted as meaning male or female.

(b) The parties recognize that the employees are a vital element to the success of the facility. The parties therefore respect the rights of all employees, at all levels, to be treated with dignity and respect at all times, including during discipline.

(c) The parties recognize that many recent immigrant workers are employed by the company. The parties therefore respect the rights of all employees to use the language of their choice in the work place, and will provide notices, announcements, training material etc. in the appropriate language(s) represented by the workforce where practical.

(d) The Employer agrees to cooperate with the Union in the development and administration of an ESL (English as a second language) program. Such programs will be conducted, where practical, on the premises of the Employer.

ARTICLE 5 **Seniority**

(a) During the first three (3) months of employment, employees shall be without seniority, during which time the Company shall be the sole judge of suitability for continued employment. However, this shall not deny such new employees the right of Union representation in matters other than suitability for continued employment. Seniority after three (3) months shall date back to date of employment.

(b) (1) Seniority as provided herein shall be by specific job classification such as weaving, loom fixing, etc., within the plant in which the employee works. In Plant 1 in Kannapolis, "plant" for purposes of seniority means the following: Yarn Fabrication, Towel Weave, Towel Wet Finishing, Towel Fabrication, Towel Distribution, Sheet Wet Finishing, and Sheet Distribution.

(2) When an employee is permanently transferred from one job classification to a different job classification within the same plant or to another plant covered by this agreement, for any reason, he shall carry his total seniority to the new job classification after working on the new job for three (3) months. An employee who permanently transfers to a plant in which he does not hold seniority shall have no right to return to his former plant except in the event of layoff -- no work available in the new plant within the first three (3) months. In this event, the transferred employee, provided he has more seniority, may displace the least senior employee in his former classification.

(3) In case of reemployment after layoff but in a different job classification, total seniority will go to the new job classification after working on the new job for three months.

(4) Other employees of the Company who transfer into a plant covered by this agreement shall retain their Company seniority for purposes of benefits but shall accrue plant seniority as new employees.

(c) An employee shall lose his seniority if he:

(1) Quits his job; or

(2) Having been laid off, fails without reasonable excuse to report for work within five (5) working days after personal notice or written notice mailed to the employee at his last known address; or

(3) Is discharged for just cause; or

(4) Is absent from work without leave for three (3) or more consecutive scheduled shifts without notifying the Company by the end of the final shift as in Article 18 below; or

(5) Is not, for any reason, connected with the plant in which he holds seniority for a period of twelve (12) consecutive months, except that an employee absent from work over one (1) year because of an industrial injury for which the Company has accepted responsibility under the Workers' Compensation Laws will retain his seniority and continuous service dates for two (2) years from his last day worked.

(d) In cases of layoff or reemployment among qualified employees, an employee's seniority shall govern. The following procedures apply to layoffs:

- (1) For the purposes of this section only, a layoff is defined as the displacement of an employee from work in his job classification as a result of job shutdown, job elimination through technological change, or a reduction in the working force which lasts or is expected to last at least six (6) consecutive weeks. Employees affected by technological change exercising their rights under this section within their department will be considered as having utilized their right under Article 7(o).
- (2) In the event of a permanent layoff, probationary employees in the affected classification will be terminated.
- (3) Remaining employees affected by the layoff must first utilize their seniority within their job classification.
 - (a) An employee must first exercise his seniority to displace the least senior employee in his job classification.
 - (b) Next an employee may displace the least senior employee in an equal or lower paid classification in his department (must meet educational requirements in the maintenance department), and if none;
 - (c) An employee may use his seniority to displace the least senior employee in a equal or lower paid job classification on a job he has previously held in another department so long as he can satisfactorily demonstrate, in the judgment of supervision, the ability to perform the job after a two (2) scheduled work weeks' orientation period and has demonstrated satisfactory progress during the orientation period.
 - (d) Next an employee who is unable to displace anyone in his department can displace the least senior employee in the plant in an equal or lower paid job classification, after he has satisfactorily demonstrated, in the judgment of supervision, the ability to perform the job, after a two (2) scheduled work weeks' orientation period and has demonstrated satisfactory progress during the orientation period.

(4) Employees who are removed from their job classification and are qualified as in (5) below may utilize their seniority within the department to displace only the most junior employees in job classifications with identical or lower hourly or negotiated rates. Employees without sufficient seniority to displace employees in other classifications within their department or as outlined in (c) and (d) above may displace any probationary (newly hired) employee who is not fully qualified within their plant, or, if none, within any plant covered by this Agreement within their geographic area. The Company shall notify the affected employees of their rights and opportunities under this

paragraph. For this paragraph, "fully qualified" means the employee previously has held seniority in that classification or is being paid the full rate for the job.

(5) It is understood that any employee affected by layoff must exercise his options within two (2) working days of being notified of layoff and must be qualified in the judgment of management to perform the work of the employee whom he seeks to displace. Employees affected by layoff due to plant closing or the elimination of a job classification will move full company seniority to the new job when exercising his options. When employees are given and are deciding their displacement options, they may have a shop steward or union representative present by requesting them on a form. An employee will be deemed qualified if he has demonstrated his ability in the past to satisfactorily perform all aspects of the job sought or can satisfactorily demonstrate in the judgment of supervision, after a one-week orientation period, that he can perform the job. The fact that an employee has filled in on a job shall not necessarily mean that he is qualified to perform that job.

(6) The parties agree that nothing prohibits the Company from sharing work whenever advisable within the guidelines found in Article 5(e).

(7) Recall from layoff will be by job classification using plant seniority provided the employees recalled are qualified as in (5) above to perform jobs available. If any job becomes open for hire, an employee on layoff may be recalled using plant seniority. The Company agrees that employees who return to work from layoff shall be moved back to their respective jobs and shifts as soon as practical, consistent with the efficient operation of the plant. Employees who have exercised their right to displace a junior employee in a classification in which they are qualified to perform within the department, or who accept transfer to another job in the same plant, will retain the right to be recalled to the original classification in the event of subsequent vacancies for a period of one (1) year from the date of displacement. Other employees similarly displaced who elect to accept jobs which may be offered in other plants and who, after three (3) months, transfer their seniority to the new plant, will be considered to have given up their right to recall to the original classification and plant. An employee may hold recall rights to only one classification at a time and it will normally be the first from which he was laid off unless that job classification is eliminated.

(e) During slack periods, work may, in the discretion of the plant, be shared by all employees on the operations for up to two (2) consecutive weeks or six (6) weeks in a quarter, whichever occurs first, at which point there will be a layoff, unless it is foreseen that there will be no further periods of short work weeks within the quarter. This layoff should take place within two (2) weeks of either of the events described above.

If operating schedules for continuous shift operations fall below five (5) days per week for two (2) consecutive weeks or six (6) weeks in a quarter, whichever occurs first, a layoff of two (2) shifts will take place, unless it is foreseen that there will be no further periods of short work weeks within the quarter.

In addition to the above rights affecting groups of employees, an employee will have the right to exercise his or her seniority to displace the junior employee in the same classification and shift when the senior employee's regular job assignment is scheduled or runs less than thirty-two (32) hours per week for a total of six (6) weeks during any calendar quarter.

(f) Seniority lists shall be posted once each quarter on department bulletin boards giving the name, job classification, and beginning date of seniority of the employees in the department. A copy of the lists, including employees' Social Security numbers, shall be delivered promptly to the Union. Should a seniority date appear incorrect on the list, the parties will determine the correct date from appropriate records.

(g) It is agreed that whenever practicable the Company will hire new employees for the third shift of the plant in question, and will transfer older service employees to other shifts as jobs open.

(h) Changes Within Shifts: It is agreed between the Union and Company that when a permanent opening (regular, spare, or "short set") occurs on the first shift to which an employee is to be transferred in line with, his seniority, the two regular employees on the first shift with the greatest seniority will be allowed to move, the first to the specific job which has been thus vacated on the first shift. If the senior person does not desire to change, then the person next in line with seniority will be given the opportunity. Should no one on the first shift desire to make the change, the person moved forward from the second or third shift will go on the vacant job. In the event of the absence due to sickness of an employee eligible to bid, such vacancies will not be filled before the end of the same shift on the third working day following the shift on which the vacancy is first announced and the above procedure commenced consistent with the efficient operation of the plant but within four (4) weeks.

(1) When an opening as defined above occurs on the second shift, the two regular employees on the second shift with the greatest seniority will be allowed to move. If the senior person does not desire to make this change, then the person next in line in seniority will be given the opportunity. If no person on the second shift desires to take the specific job that is open, then the person moved forward from the third shift shall go on this job.

(2) When an opening as defined above occurs on the third shift, the two regular employees on the third shift with the greatest seniority will be allowed to move. If he does not desire to make this change, then the person next in line in seniority will be given the opportunity.

(3) This formula is only for use in cases where an opening exists and has no application on reallocation of machines or duties due to change in workload, construction, etc.

(4) When an employee has changed, as provided herein, from his job to another job (on the same shift and in the same classification), or a spare operator has bid for and received assignment to a regular job on the same shift, he will not be eligible for a similar change for a period of six (6) months.

(i) If a question of seniority arises because of the same hiring date, it will be resolved by using the last four (4) digits of the employee's Social Security numbers. The employee with the highest number will be deemed as the one with greater seniority.

(j) Method of Expanding and Contracting:

(1) In expanding and contracting the number of looms, sides, machines, etc. to which an employee is assigned, it will be done in such manner as in the discretion of the Company will result in the most efficient operation of the plant. Such changes will be discussed with the Union, in advance where possible.

(2) If an expansion results in displacing an operator, he shall take the place of the operator with the least seniority in that classification on that shift and that operator may, in line with his seniority, either take a spare assignment on that shift (provided spares are assigned to the shift) or displace the least senior operator in his same classification on a lower shift. In the event that a regular permanent opening exists on the shift in the same classification at the same time that an operator is displaced by expansion, the displaced operator shall be assigned the resulting vacancy on the shift following any moves as in Article 5(h) above rather than displacing the least senior operator in the same classification.

(k) Seniority of Spare Operators: Spare Operators will be classified in the same job classification as regular employees doing the same work. For instance, a spare spinner's classification will be that of a spinner. In case of a layoff, etc., spare operators will be treated as regular employees.

(1) If a regular job becomes open on the first shift, the employee in that job classification on the second or third shift, or spare operator in that job classification on the first, second, or third shift having the most seniority will be advanced to the first shift.

(2) If a regular job becomes open on the second shift, the employee in that job classification on the third shift or spare operator in that job classification on the first, second, or third shift having the most seniority will be offered that specific opening on the second shift.

(3) In case of a vacancy in a regular job on the third shift, the spare operator in the particular job classification having the most seniority, regardless of shifts, will be offered the job.

(4) A spare operator assigned to a job in the absence of a regular employee has temporary job rights on that job until the regular employee returns or until permanent disposition of the vacancy is to be made.

(5) Seniority is to be favored in assigning spare operators to jobs when there is a preference between the jobs that are available, provided, however, that the spare operators from whom the assignment is made are not already assigned to other jobs. Greater seniority cannot be used by a spare operator to bump off another spare operator assigned to a more desirable job.

(6) Utility operators and other similar classifications who perform work in several different job classifications will accumulate seniority as Utility Operators. If Utility Operators remain on an assignment in a regular job classification for three (3) months, they shall be considered to be in that classification and no longer classified as Utility Operators. When an opening occurs in any of the jobs in which they have performed as much as one hundred and sixty (160) hours of work during the previous calendar quarter, Utility Operators will be considered for the opening on the same basis as "spare operators" in that classification.

(l) Employees on jobs on preferred shifts shall have the right to register for jobs in their own classification on a less preferred shift in advance of the occurrence of a regular, permanent opening. If the employee is senior to any other employee who desires to fill the opening under the procedures in Articles 5(h) and (j), he will be allowed to move to the job opening in question. It is agreed that any employee making such a move will be prevented from any further exercise of his seniority under this section or Articles 5(h) and 5(j) for a period of six (6) months.

(m) In considering layoffs in slack periods and subsequent reemployment during their tenure of office, two (2) designated Union officers in each plant shall have the highest seniority in their respective departments. In plants which have more than two (2) officers in the positions of Local President, Union Plant Chairperson, and Union Plant Vice Chairperson, the Union will designate the two (2) officers covered by this section in advance of any layoff affecting them. They shall, however, step back from one shift to another in line with their actual seniority and the provisions of this Article 5.

(n) Supervisory employees shall not regularly perform work on hourly rated or piecework jobs so as to deny such work to employees covered by this Agreement. However, it is understood and agreed that this should not prevent supervisors from performing such duties as may be necessary (1) in supervisory functions such as giving instructions, training, or assistance to employees; (2) in cases of production difficulties; and (3) when the department is not operating.

(o) Due to the nature of work carried on in some departments of the plants covered hereby, the Company employs persons designated as working second hands.

(1) Such working second hands' duties are to supervise, expedite, schedule work, generally oversee work in their department, make decisions as to what work is to be done first and perform duties necessary to insure proper production, including clerical work such as scheduling the flow of production, handling of orders, tags, labels and shipping instructions, and temporarily assisting operators on production jobs as the occasion arises.

(2) Working second hands are expected to devote no more than twenty percent (20%) of their hours in a workweek to duties other than supervising, and it is understood that working second hands will continue to supervise and assist on production jobs. It is not intended, however, that working second hands will regularly fill in on production jobs so as to deprive regular production employees of their regularly assigned work.

ARTICLE 6

Transfers, Promotions and Demotions

(a) It shall be the policy of the parties to encourage upward mobility (promotion) of employees. Promotion is defined as the permanent transfer of an employee from one job classification to another job classification with a higher negotiated piece work or hourly rate of pay or to a job classification designated as a prerequisite to a job with a higher negotiated piece work or hourly rate of pay. It is generally understood that any employee assigned to a training classification for that purpose who is offered assignment in the higher paying job (as in Article 6(f)) for which he has been training will accept the first offer made by the Company.

(b) Employees shall be informed of job classifications that are newly created by a notice, which shall be posted in a conspicuous place in each department. Interested employees for whom the new classification would be a promotion or had an identical pay rate may indicate their interest by signing the notice. The seniority and qualifications of employees who so indicate their interest shall be considered in priority over new hires. Job classifications that remain on the Wage Scale but unfilled for a period of fifteen (15) months or longer will be considered as newly created job classifications covered by the provisions of this section.

(c) Each department shall post on the department bulletin board a list of all departmental bargaining unit job classifications (as shown in the Wage Scale). Such a list shall show the negotiated piecework or hourly rate for each of the job classifications.

(d) Employees who are interested in being considered for promotional vacancies as they occur after moves in Article 5 have been completed shall be given the opportunity to sign an appropriate application form in advance of the occurrence of the opening, and the Union will be furnished copies on a weekly basis. Such application forms shall be permanent, voided only when the employee declines to accept the vacancy requested on the application form.

(e) In order to better inform employees about job classifications in departments other than their own, the Company agrees to post at the main entrance to the plant the complete Wage Scale for the entire plant. In addition, the Wage Scale and copies of job descriptions for all bargaining unit jobs in the plant will be available to each department along with written instructions to inform the employees how to complete the interdepartmental transfer form. An employee shall be eligible to file an interdepartmental transfer request form only after satisfactorily serving one (1) year in the department from which he or she seeks to transfer.

(f) As promotional vacancies occur, the employees who have designated their interest in the vacancy on the appropriate form will be considered for the vacancy in order of their plant seniority but with the Company retaining the right to disqualify any individual on the basis of its judgment of his qualifications to perform the job to be filled. After applicants who have submitted application forms have been offered the vacancy and refused or have been disqualified, the vacancy may be filled by new hires or by transfer from other plants. It is recognized, however, business necessity may require from time-to-time that the Company fill skilled positions with new hires who have prior working experience or training in the same or comparable jobs in preference to inexperienced employees who have designated the position. Subject to the provisions of Article 3 (d) and Article 4 (a), the Company has the right to select persons to fill the positions of lead technician and head fixer.

(g) It is recognized that there are certain skilled positions which require prior successful working experience in certain functionally related classifications. Therefore, notwithstanding any other provision to the contrary, first consideration for such vacancies shall be given to employees with at least six (6) months' working experience in the prerequisite position. A list of these skilled positions and the required prerequisite positions will be furnished to the Union at the effective date of this contract and amended as necessary from time-to-time. Consideration will next be given to other employees who have applied for the promotional position on departmental or interdepartmental transfer forms and then to new hires.

(h) It is further recognized that the Company may adopt and maintain bona fide apprenticeship programs as a prerequisite to skilled positions. Admission to such programs shall be without regard to race, color, sex, religion, age or national origin. Qualified employees may request admission to any such program by completing the aforesaid departmental and interdepartmental transfer forms.

(i) (1) Employees promoted in hourly-rated jobs will receive the full pay rate no later than after six (6) months in technical and highly-skilled jobs and no later than after three (3) months in other jobs.

(2) Incentive employees who are awarded a promotional job bid will start the new job at a pay rate of no less than the negotiated rate for their old job; hourly employees who are awarded a promotional job bid will start the new job at no less than the rate of their old job.

(j) The Company will allow an employee who permanently transfers from one job classification to a different job classification or department within the plant to carry total seniority. Upon a successful promotional job bid, if the Company does not move the employee, the Company can only hold an employee in his current pay rate for a total of six (6) weeks, after which, the employee will receive the rate of pay for the new job if he is fully qualified or halfway between the rate of his old job and the new job if he is not fully qualified. If the employee is not moved to the new job within eight (8) weeks, the Company will provide a written explanation to the Union and the employee. A successful applicant for promotion will carry total seniority to his new classification and department after working in the new job for three (3) months. During the first three (3) months following transfer to his new job classification, the employee's seniority shall remain in the job and department from which he was transferred. An employee may request a return to his former classification and department at any time within the first six (6) working weeks (defined as thirty-two (32) scheduled hours or more) or eight (8) calendar weeks following assignment, whichever comes first, and such shall be granted if it does not interfere with efficient operations of the plant. It is understood, however, that an employee requesting such a return shall not be eligible for a second transfer to such classification for a period of six (6) months.

(k) When an employee's regularly assigned job is scheduled to run a full shift on his regular shift, the employee will be given the opportunity to run his or her regularly assigned job unless needed on another job for efficient operation of the plant. While the parties recognize that, from time-to-time, an employee's regularly assigned job may be operated due to unexpected production requirement when the employee is scheduled off, the Company agrees that such assignments will be not be made in a capricious manner. Copies of all permanent and temporary transfers shall be given to a representative of the Union once each week.

(1) In temporary transfers, the employee shall retain his seniority on the job from which he is transferred. If such temporary transfer should be for more than two (2) weeks, a temporary transfer form will be completed.

(2) If an employee is temporarily loaned from one plant to another for the convenience of the Company and during the loan there is a layoff in his job classification in the plant from which he was loaned, such employee will be laid off from his job classification in line with his seniority and designated as a rehire in the plant in which he has been re-employed. If an employee is loaned for more than two (2) weeks, notification shall be given a representative of the Union.

(3) Temporary transfers may be for up to three (3) months. A temporary transfer may be renewed once for an additional period of up to three (3) months. Thereafter, it may be renewed only by mutual agreement of the Union Department Committeeman and the Department Supervisor. Notification of renewal will be given to a representative of the Union once each week.

(1) A regular employee or spare operator may elect demotion or lateral transfer as provided in (1), (2) and/or (3) below. In such event, he shall bid only on the regular opening which exists after the application of Article 5. He will not be permitted to move at his own request from the position to which he elects demotion or lateral transfer for a minimum period of six (6) calendar months from the date he was regularly assigned to perform the duties of such elected job classification and position. An employee in any of the circumstances described in (1), (2), and (3) below is considered as having elected demotion or lateral transfer:

(1) An employee qualified in the judgment of the Company to perform the job in question will be permitted upon his own request to transfer permanently from the job classification in which he holds seniority to a different job classification (in the same plant) provided the latter job classification has an hourly rate or a "negotiated rate" less than or identical to the hourly rate or "negotiated rate" of the job classification in which he holds seniority. It is understood and agreed that such requests for demotion or lateral transfer within the department will be considered after any shift moves described in Article 5. It is understood and agreed that such requests will be considered after promotional or other transfers under the provisions of Articles 5 and 6. Employees desiring demotion or lateral transfer must indicate their preference in advance of an opening by completing and signing the appropriate transfer request form. The appropriate rates in this circumstance are those shown in the Wage Scale revised to reflect the most recent general wage adjustment.

(2) The employee permitted, upon his own request to relinquish a regular assignment (as differentiated from a spare operator assignment) in a regular job classification in which he holds seniority to accept a spare operator assignment on any shift in the same job classification (in the same department).

(3) The employee permitted, upon his own request, to relinquish a regular machine assignment (as differentiated from the "short set" so designated by supervision) in a job classification in which he holds seniority to accept the short machine assignment, or "short set" in the same job classification (in the same department) on any shift. Should the "short set" to which the employee has elected demotion or lateral transfer be expanded to a full set of machines during the six (6) months following his voluntary demotion or lateral transfer, this employee will remain on his full set if his seniority entitles him to remain on the particular shift to which assigned. If, during the six (6) months following the employee's voluntary demotion or lateral transfer, the machines in the "short set" to which he has elected such demotion or lateral transfer are relocated to other machine sets so as to eliminate the "short set," such displaced employee will be reassigned in accordance with his seniority. If the "short set" is reconstituted during the six (6) months following his voluntary demotion or lateral transfer, the employee will be reassigned to such "short set" only if he is still assigned to the same shift at the time the "short set" is reestablished.

(m) If an employee in an ineligible classification returns to the bargaining unit within 12 months from the date he left the bargaining unit, he shall be restored to his

former job classification immediately with his original date of seniority. He shall be offered a job immediately in accordance with his seniority and shall then begin to accumulate additional seniority on the job to which he is returned.

(n) Employees who are taken off their jobs and temporarily transferred for the convenience of the Company to work on jobs other than their regular classification shall receive their regular rate of pay or the rate for the job, whichever is the higher.

(o) An employee seeking a permanent transfer to a plant in which he does not hold seniority shall be considered ahead of new hires. Such transferring employee will have only those rights to return to the former plant expressed in Article 5(b)(2). Adverse determinations of suitability of continued employment will not affect seniority rights, if any, in the former plant.

ARTICLE 7

Technological Changes, Workloads, Rates and Wages

The Company and the Union recognize the principle that a wage payment plan should be understood by those who work under it. The Company and the Union further recognize and accept the principle of a fair day's work for a fair day's pay and that failure to adhere to this principle causes employee dissatisfaction with pay which may affect morale, productivity, quality and the Company's overall business.

(a) The parties hereto recognize that for the purpose of providing more efficient operation of the plants and thereby keeping the Company in a competitive position in the industry, it is necessary from time to time to (1) install new and modern machinery, (2) develop new machines, (3) develop improvements for machinery, (4) develop new methods, manufacturing processes and techniques, (5) make changes in materials processed or quality or manufacturing standards, (6) create new jobs or revise or combine existing jobs and establish wage rates therefore, and (7) make time and motion studies and adjust piece rates and workloads on piece work jobs and workloads on day work jobs so that they will conform to the provisions of paragraphs (d) and (e) of this Article 7. Consistent with the principle of a fair day's work for a fair day's pay and consistent with the employee's welfare in regard to safety, health, and effects of sustained effort, the Company may establish and maintain, and the Union agrees to cooperate in establishing and maintaining, full workloads on piecework and day work jobs as defined in paragraphs (d) and (e) of this Article 7.

(b) At least thirteen (13) days before the effective date of any revision in a piece rate, or change of workload of a piece rate or day work job, or the implementation of a rate for a new piecework or hourly job, the Company will notify the Union of same and furnish necessary information to enable the Union to understand the nature and extent of the change and its effect upon employees involved. Upon request of the Union, the Company will offer to meet prior to implementation to discuss the proposed change;

however, the Union's inability to meet shall not delay the Company's implementation of the change. In cases involving any change of job duties affecting the job description, a copy of the new job description will be provided at time of notification.

If a change is deemed significant enough for the Company to conduct employee meetings, the Company shall invite the Union's designated plant representative to attend the employee meeting and shall also offer an opportunity to the Union business agent to meet before the change is implemented; however, the Union's inability to meet shall not delay the Company's implementation of the change.

(c) Temporary guarantees of earnings will be handled as follows:

- (1) For jobs going from day work to piecework, the day work rate for the job will be guaranteed for at least a four (4) week period from the date of change.
- (2) For jobs going from piece work to day work, the employee's most recent quarterly or moving six (6) week average (whichever applies) will be guaranteed for at least a four (4) week period from the date of change.
- (3) For jobs which have been on piecework and piece rates are reset as authorized under 7(a) above which require considerable retraining of employees involved, individual average earnings will be paid during the time necessary to set up the job, make necessary time studies, and install the new piece rates, but for a period of at least four (4) weeks.
- (4) When changes are of a minor nature which require little or no retraining, or where the change involves a changeover in material, style or product on which piece rates have previously been established, earnings will not be guaranteed.
- (5) For jobs in which the prescribed duties, materials, equipment, methods of performing a job, or frequencies are changed on a part of the work assignment to such an extent that it either raises or lowers the existing job content and earnings, the Company shall have the right to cancel the existing job rates and pay individual average earnings on only that part of the work assignment for which the rates are canceled until piece rates on such assignments are established.
- (6) If the employees suffer a loss, dropping their earnings below the "negotiated rate" for the job, because of temporary non-standard conditions, they shall have the right to protest and claim the "negotiated rate" through the grievance procedures, provided such protest is made while such material is being processed.

(7) For jobs on which there are no piece rates because of new styles, yarn numbers, samples, experimental work, etc., individual average earnings will be paid for that part of the job for which there are no rates. Any experienced operator on the job classification in question who does not have a current average earnings figure will be paid his most recent quarterly average, or six week average, whichever is applicable, earned on the job in question updated by any intervening general wage increase, providing this average was established within a twelve (12) month period preceding the date in question.

(d) (1) It is understood and agreed that new jobs will be set and existing jobs may be reset so that each given group of experienced piece work operators should average the "negotiated rate" from their piece work earnings exclusive of waiting time payments, provided a full workload of ninety percent (90%) [120 for Cabarrus and Rowan Counties] is available is available, and provided they produce at a ninety percent (90%) [120 for Cabarrus and Rowan Counties] performance level. The expected earnings level for workloads lower than ninety percent (90%) [120 for Cabarrus and Rowan Counties] shall be decreased proportionately, except that if the workload is lower than seventy-five percent (75%) [100 for Cabarrus and Rowan Counties] the earnings level will not be reduced below the base rate for the job. Individual piece rates are subject to the grievance and arbitration procedure.

(2) Records of high piecework earnings are not in themselves sufficient justification for changing piece rates. Piece rates yielding such earnings may be revised when sufficient time studies prove that the piece rates do not conform with the provisions of paragraph (d)(1) above. When the work performed is in excess of the requirements as outlined in Article 7(d)(1) above because of more than ninety percent (90%) [120 for Cabarrus and Rowan Counties] workload or more than a ninety percent (90%) [120 for Cabarrus and Rowan Counties] performance level, the earnings should be proportionately higher than the "negotiated rate."

(3) For revised or combined piecework jobs, the "negotiated rate" will be no less than the weighted average of the prior levels for the job or jobs revised and combined. The weighted average will be based upon the percent the original jobs are of the revised or combined job.

(4) It is agreed that jobs may be changed from day work to piece work by the company, provided the earnings level in each case is in line with the workload and rates as outlined in paragraphs (d) (1), and (n).

(e) The company may change a job from piece work to day work, provided the workload is no greater than an eighty-three percent (83%) [105 for Cabarrus and Rowan Counties] workload. If the workload on a day rate job is less than eighty-three (83%) [105 for Cabarrus and Rowan Counties] workload, the day work rate for such job may

be adjusted accordingly, except that if the workload is lower than seventy-five (75%) [100 for Cabarrus and Rowan Counties], the earnings level will not be reduced below the base rate for the job. After a day work job is set up and the rate and workload established, no change in rate will be made unless the standard workload increases or decreases at least five percent (5%).

(f) No grievance may be started on any new workload or piece rate until it has been off the guaranteed period for a minimum of three (3) weeks. The three (3) week period does not apply in cases where there has been no earnings guarantee.

(g) Any retroactive adjustments made as a result of a grievance arising from changed rates or working conditions will be to the date of the change provided the grievance is filed within thirty (30) days. After thirty (30) days, any retroactive adjustment will be to the date of the grievance.

(h) If the group average piece rate earnings for a period of three (3) weeks, not including employees having substandard workload assignments under the provisions of paragraph (d) above, are lower than the "negotiated rate" for causes beyond the control of the employees, the Union may present a grievance to increase the earnings of the employees involved so that the average earnings of the group equals the negotiated rate for so long as such conditions exist.

(i) When employees are required to wait on the job because of power shutdown, breakdown of machinery, or stoppage of the manufacturing process due to other abnormal working conditions for which employees working on or directly servicing the machines are not responsible, and when such interruption is not allowed in the rate, the Company agrees to pay for the time so lost at the base rate for the job. Waiting time paid for shall be in accordance with the Waiting Time Plan in effect as of the date of this Agreement. Nothing herein contained shall be construed as a denial of the Company's right to send out such employees from work without further liability for downtime pay when the Company deems such action advisable, but this clause shall not operate to deny reporting time pay if due under Article 13 of this Agreement.

(j) (1) At least once every three (3) months, the company shall provide to the Union either the most current moving six-week average earnings for experienced piece rate operators or the most recent quarterly such average, whichever applies.

(2) Upon request by the manager of the district, the company agrees to supply the Union with the relevant group average hourly earnings, the individual earnings records of the grievant, and the individual earnings records of all other employees (by code but not by name) on piecework or incentive jobs where such earnings or the underlying rates are the subject of a grievance.

(k) It is recognized and agreed that the aforementioned principle of a fair day's work for a fair day's pay requires that each workload and each piece rate must provide for proper personal allowance time, proper fatigue time and proper rest time.

(l) The existing Wage Scale heretofore agreed to, as amended to the date hereof, showing the rate for hourly paid jobs and the "negotiated rate" for piece work jobs shall be considered a part of this Agreement as if fully set forth herein. A copy of the Wage Scale will be supplied to the Union on February 1st of each year after the wage increases are implemented under Article 24. It is agreed that the Wage Scale will not be published or made public.

(m) It is agreed that the "negotiated rate" for new piecework jobs and the hourly rates for new day work jobs shall be set using the Company's established engineering principles. Those principles will not conflict with generally accepted industrial engineering principles.

(n) To convert from a "negotiated rate", "day rate" or "base rate" to another of these rates, the following percentages shall be used: the "day rate" shall be ninety-two and one-fourth percent (92 ¼ %) [87 ½ % for Cabarrus and Rowan Counties] of the "negotiated rate" and the "base rate" shall be eighty-three and one-third 83 1/3 % of the "negotiated rate".

(o) Employees displaced by reason of technological or other changes or workload changes shall be eligible for preferred hiring in such jobs as they may be qualified to perform, subject to the seniority provisions of this Agreement in the plant in which they were displaced.

(p) Unresolved grievances arising under paragraphs (l) and (m) of this Article are not the proper subject for arbitration.

ARTICLE 8

Adjustment of Grievances and Arbitration

(a) **Grievance Procedure:** Should any disagreement arise between an employee or employees and the Company or between the Union and the Company as to the interpretation or application of the provisions of this Agreement, the parties agree that such disagreement shall be settled in the following manner:

Step 1: An employee either with or without a shop steward, or a representative of a group with a shop steward, shall inform the Superintendent, General Foreman, or Department Foreman of the department that a first step grievance meeting is desired and arrange a meeting between the Superintendent, General Foreman, or Department Foreman and the shop steward and the grieving employee.

The first step grievance meeting shall be held within three (3) working days of request, unless extended by mutual agreement. In the event the grievance is not heard within the time limits set forth herein, the grievance shall move to the next step in the grievance procedure.

To be considered timely, the grievance must be initiated within thirty (30) calendar days after it becomes known or reasonably should become known to the employee or group of employees. In the case of grievances protesting the discharge of an employee, the Union may proceed directly to give a written grievance statement for delivery to the Plant Manager, within fourteen (14) working days after notification to the Union, as provided by Step 2 below.

Step 2: If the matter is not satisfactorily settled at the first step, the Union may, within seven (7) working days after the first step grievance meeting, give to the Superintendent, General Foreman or Department Foreman a written grievance statement for delivery to the Plant Manager with a request for a second step grievance meeting. The Plant Manager shall, within seven (7) working days of receipt of this statement, unless an extension is mutually agreed upon, hold a second step grievance meeting with the Plant Grievance Committee. In the event the grievance is not heard within the time limits set forth herein, the grievance shall move to Step 3 in the grievance procedure.

Step 2 written grievances shall contain a clear and concise statement of the alleged grievance, the issues involved and the relief sought, and shall in each instance state the provision or provisions of the Agreement of which a violation is claimed. Such grievance forms shall be signed by the aggrieved employee or employees involved.

A written answer containing a clear and concise statement of the Company's position with respect to the grievance will be mailed or delivered to the Union Plant Chairman within seven (7) working days after the second step meeting is held.

Step 3: If the grievance is not satisfactorily settled by the step 2 answer, it may be taken up by the Grievance Committee and a representative from the appropriate UNITE District with the Division Vice President or General Manager and the Vice President-Human Resources and/or Regional Personnel Director. The Division Vice President or General Manager and the Vice President-Human Resources or the Regional Personnel Director shall give their answer in writing to the Union within ten (10) working days with a copy for the Union Plant Chairman. The Company's answer shall contain a clear and concise statement of the Company's position with appropriate explanation of the answer to the grievance, including reference to the allegations of contract violation included in the grievance.

When a shop steward is not available to attend a grievance meeting at any step, every reasonable effort will be made to locate another steward.

The Union may, at its discretion, bring the aggrieved employee and not more than six (6) representatives of a group of aggrieved employees to a grievance meeting at any step in the grievance procedure. This number may be exceeded only by mutual agreement between the Company and the Union.

Management may, at its discretion, bring representatives of lower supervision to the grievance meeting at any later step in the grievance procedure.

(b) Arbitration: A grievance may be submitted to arbitration if it has not been satisfactorily settled at Step 3, in accordance with the following procedure:

- (1) A request by either party for arbitration under the provisions of this paragraph must be in writing and must be postmarked within fifteen (15) days (unless a longer time is mutually agreed upon) after the date the written decision called for in Step 3 is postmarked.
- (2) After the Union has received a final answer from the Company under Step 3 of a grievance affecting workloads or piece rates, the Union may arrange in writing to have studies performed by a Union Industrial Engineer to determine whether the Union shall arbitrate the grievance involved. In such cases, notice of arbitration may be postponed for a period of up to forty (40) days pending the results of the engineering study. Prior to his access to the plant, the Union Industrial Engineer may request in writing (by specific operation number) copies of the available Job Standard Requirement Sheets involved in the Grievance and earnings information on the affected employees provided the earnings can be coded to protect the confidential nature of any individuals earnings. The Company agrees to furnish such copies at a joint review. The Union Engineer may be accompanied by a Company representative while in the plant. When arranged in advance, the department Union Steward or Plant Chairman involved and the area Personnel Manager may observe the operation while it is being studied. Before proceeding to arbitration, all technical data collected by both the Company and the Union will be reviewed by the parties' representatives.
- (3) The parties will jointly request the Federal Mediation and Conciliation Service to submit a panel of seven (7) arbitrators, one of which shall be selected by the parties by alternate strikes, with the party requesting arbitration striking first. Each party may reject one panel.
- (4) If the question involves a workload or incentive rates, the arbitrator appointed shall be experienced in industrial engineering.
- (5) The expenses and salary of the arbitrator shall be paid equally by the Company and the Union.
- (6) If a dispute as to workload is arbitrated and the arbitrator rules that the workload or job assignment or resulting rate is in violation of this Agreement, such award may be made retroactively effective as provided in Article 7, subsection (g) of this Agreement. Both parties agree that they

will cooperate to the end that arbitration shall proceed as expeditiously as possible.

(7) The arbitrator shall be confined to interpreting the language of this Agreement and shall have no power to add to, take from, or modify any of the terms of this Agreement.

(8) The arbitrator shall, whenever possible, render a decision within thirty (30) days from the time of the close of the arbitration hearing arose. All claims for back wages shall be limited to the amount of wages the employee would have otherwise earned from his employment with the Company during the period less: any unemployment compensation received during the period and/or compensation he received from any other employment (accepted in lieu of employment with the Company) during the period in question.

(9) In a dispute arising over alleged violation of a specific provision of this Agreement and where the intent of the Collective Bargaining Agreement is illustrated by past practices, testimony in regard to such practices is appropriate to an arbitration proceeding.

ARTICLE 9 Management

(a) Subject to the provisions of this Agreement and the rights of the employees and the Union herein set forth, it is recognized and agreed by the parties hereto that the management of the Company is and shall continue to be vested solely in the Company, and that the Company, in its judgment, without limiting the generality of the foregoing, may increase or decrease operations, determine manufacturing procedures and products to be manufactured, subcontract work, remove a plant or plants to another location as circumstances may require, or close or liquidate any plant or plants. In case the Company should determine that any plant shall be closed, removed or liquidated, the Union agrees that operations shall continue without any slowing down until all stock in process has been completed.

(b) It is also recognized and agreed that the Company shall have the right at all times to direct the working forces, including the right to establish reasonable rules and to revise them, to employ, layoff, re-employ, transfer, promote, demote, discipline or discharge employees, as in its discretion will be most conducive to efficient operations, provided such actions on the part of the Company are not on account of Union activity or membership and provided that such rights shall not be exercised so as to deny any employee his rights under this Agreement or under the law.

ARTICLE 10
Safety and Health

(a) GENERAL The Company shall continue to make all reasonable provisions for the safety and health of its employees during the hours of employment. The Company intends to comply with any local, state or federal laws which may relate to the safety of the company's operations and the health of the employees.

(b) JOINT PLANT HEALTH AND SAFETY COMMITTEES

- (1) Organization The Company and the Union will cooperate in promoting safety and health conditions in the plants. Plants shall utilize Joint Health and Safety Committees, Co-Chaired by representatives of the Plant Manager and the Union. The Company shall appoint the Management Representatives and the Union shall appoint the Bargaining Unit representatives of the Committee. Meetings of such Committees shall be held at least monthly. The Committee shall prepare an agenda and written records of each meeting. A copy will be given to each committee member and made available to all employees through posting in the plant before or after the respective meeting.
- (2) Purpose and functions The Committees shall serve the purpose of considering and reviewing health and safety conditions in the plant and considering suggestions to improve health and safety practices. Such consideration shall be accomplished through plant or departmental surveys, review of direct measurement of workplace conditions, investigations of reported injuries, illnesses, hazards, or cases of property damage or "near-misses" (known together as "incident investigations").
- (3) Safety Recommendations The Committee and any employee may make constructive recommendations in writing with respect to safety and health matters including but not limited to improving existing health and safety practices. Such recommendations shall be forwarded to the Committee for review and to plant management for consideration.
- (4) Notification of Corporate Director of Risk Management If complaints or problems, in the view of any of the Union members of a Health and Safety Committee, are not adequately redressed by local management, the Union Committee member shall be permitted to immediately contact the Corporate Director of Risk Management in Kannapolis. The Corporate Director will normally provide a written response to the entire Committee within ten (10) days. In the case of imminent danger hazards, the Corporate Director (or his or her designee) will provide a response to the Union member and the local management within 24 hours of the initial contact. This process will be prior to any committee person contacting a state or federal agency.

- (5) Pay for Committee functions Employees whose attendance is required at Safety and Health Committee functions either during or outside of that employee's working schedule will receive his hourly rate of pay or average earnings, whichever is higher, for the time involved in such function. Committee Co-Chairs will be provided paid time to prepare for committee meetings provided the Company schedules such meeting.
- (6) Provision of information The Company shall provide to the Union, upon request, information gathered and discussed by Committee or task groups and any other information legally required.
- (7) Corporate Committee The Company and the Union will establish a Corporate Committee consisting of the Union's Health and Safety Director, a Business Agent, a company employee, the Company's Director of Risk Management and two (2) other Company representatives. The committee will meet no less than two (2) times per year and may meet more frequently as determined by the committee.

(c) TREATMENT OF INJURED OR SICK EMPLOYEES

(1) The Company shall assure that reasonable treatment is provided to occupationally injured or sick employees, consistent with state and federal law.

(2) Where applicable, under state law, the Union shall have the right to request one (1) time per year the removal of one (1) physician from the Worker's Compensation panel of physicians of the Company's workers' compensation panel of physicians. The Union will explain to the Regional Personnel Director the reasons for the Union's exercise of this right. The Company will respond to this request in sixty (60) days. The Union's request shall not be unreasonably denied. The Company shall assure that any Physicians handling workers compensation cases will be provided the opportunity to visit the Company facilities to observe the type and nature of the jobs within that facility.

(d) TRAINING OF UNION LEADERS AND COMMITTEE MEMBERS

(1) Joint and Management programs Plant Management and the Union shall jointly recommend training programs for members of the health and safety committee and plant employees. Additional training may be developed and implemented as deemed necessary by management.

No employee shall be required to perform any task for which he or she has not received adequate training as outlined in the job safety analysis.

(e) ERGONOMICS PROGRAM

The Company shall continue to maintain an Ergonomics Program, in consultation with the Union. The purposes of the Program will include:

- 1) Identifying "high-risk" jobs and ergonomic hazards, including the review of available information, and the collection of confidential worker surveys.
- 2) Developing appropriate job or equipment modifications to reduce those hazards.
- 3) Training employees about hazards and the techniques of job modification.
- 4) Establishing appropriate medical treatment and job placement for injured employees.
- 5) Documenting the costs of the program and the savings that the program provides.

(f) ANNUAL REVIEW OF SAFETY AND HEALTH ISSUES

In each plant, the Company and the Union shall conduct an annual joint review of safety and health program. This will include, but not be limited to, the following:

- 1) Review of incident rates;
- 2) Accident trends;
- 3) Review of lost-time cases; and
- 4) Discussion of goals for next year.

(g) ALCOHOL AND SUBSTANCE ABUSE

The Company and the Union, recognizing the hazard to the health and safety of employees posed by the use of alcohol and drugs, will cooperate toward creating a drug-free workplace. This cooperation will be based on the understanding that drug and alcohol addiction may represent an illness with which employees may need help and treatment to deal effectively. It is understood that any effective drug and substance control program includes the components of education, rehabilitation and detection. The value of education materials, posters and reports of substance abuse made available to employees is hereby recognized. Employee use of Employee Assistance Programs will be mutually encouraged to ensure that employees with drug and alcohol problems receive appropriate counseling and treatment.

(h) FEDERAL AND STATE SAFETY PROGRAMS

The parties agree to confer should any conflict arise between this Agreement and the Company's participation in a state or federally sponsored safety program.

ARTICLE 11
Hours, Workdays and Workweek

(a) The regular hours of work per shift shall be: 1) eight (8) hours per day and forty (40) hours per week from Monday to Friday, inclusive; or 2) twelve (12) hours per day, with rotating shifts under which employees alternate weeks of three (3) days (thirty-six (36) hours) work and four days (forty-eight (48) hours). The latter is referred to herein as the continuous shift operation.

(b) The work "day," for purposes of this Agreement, is the twenty-four (24) consecutive hours beginning with the time at which the employee in question reports for work.

(c) The regular work "week" for eight-hour shift employees shall begin at 11:00 p.m. on Sunday night and end at 11:00 p.m. on the following Sunday night. The regular work week for continuous shift operations shall begin at 7:00 a.m. on Sunday morning and end at 7:00 a.m. on the following Sunday morning.

(d) In plants or departments operating a third shift, operations (except those of firemen, firemen helpers, filter plant operators and others designated by practice or agreement), normally shall begin at 11:00 p.m. on Sunday night, and third shift employees normally shall report at 11:00 p.m. on Sunday night for their first day's work in the regular workweek.

(e) Hours worked on the shift starting at 11:00 p.m. on Sunday night and ending at 7:00 a.m. on Monday morning shall be considered Monday work. The same principle applies to each successive day in the week.

(f) It is understood that certain preparation employees, as mentioned in Article 15, paragraph (e), will be required to report before the regular shift begins. And, it is understood that, from time to time, it will be necessary to have employees report to work or be sent out earlier than the shift and/or weeks regular beginning times indicated or to work beyond the regular ending times indicated.

(g) The Company may establish revised regular work schedules as needed to permit continuous operations. If so, it is agreed that it will give the Union no less than sixty (60) days' notice of such and will bargain with the Union regarding any aspect of such a change that involves hours or work, exercise of seniority, or rates of pay including overtime or any other matters deemed mutually appropriate by the parties or mandatory under the law or the Agreement. If the parties fail to reach agreement, the Company may

install its final proposal for changes after a period of fifteen (15) days from the date of notice to do so, and the Union has full rights under the grievance and arbitration language of Article 8, with the arbitrator's authority limited to whether or not the work schedule violates any other provision of this Agreement.

ARTICLE 12

Overtime

(a) Employees shall be paid one and one-half their regular rates of pay for work performed in excess of their regularly scheduled eight (8) hours per day and for work performed in excess of forty (40) hours per week, without duplication.

(b) Employees assigned to continuous shift operations shall be paid one and one-half their regular rates of pay for work performed in excess of their regularly scheduled twelve (12) hours per day and work performed in excess of forty (40) hours per week, without duplication. For those employees on 12-hour shifts working the 36-hour week, all work on any day beyond the three (3) assigned days will be at time and one-half rates provided:

- (1) The employee has worked the other assigned thirty-six (36) hours in the week; or
- (2) The employee's absences, if any, are due to those reasons listed in Article 12, paragraph (c), of the Collective Bargaining Agreement, as not being construed to be lost at the employee's request.

(c) It is recognized that the Company's operations may require performance of reasonable overtime work in order to meet its varied production requirements. In this regard, the Company intends to provide as much notice of overtime work schedules as possible. The Company will make every reasonable effort to notify employees regarding weekend overtime by 11:00 p.m. on the preceding Wednesday. It is understood that this notice and its timing may vary from plant to plant. Necessary Sunday work will be performed by volunteers except that the Company may assign such work to qualified employees in reverse order of seniority within job classifications if there are insufficient volunteers. Employees will not be required to work more than two (2) consecutive Sundays. Should work be required on any other Sunday, it will be performed by volunteers. Exceptions to this section may be made for job classifications, the nature of which requires work outside regular production schedules, such as maintenance work, shipping and receiving, and special cleaning work. Employees working on Saturday will be paid one and one-half times their regular rate, except in cases where an employee loses time during the week as a result of disciplinary action, or at his or her request, or for causes beyond the control of the Company, such as power interruptions, fires, floods, including sprinkler damage, damage by lightning and other major breakdowns of an emergency nature.

Absence due to the following causes will be considered as hours worked for determining overtime payments:

- (1) Performance of Union business by Plant Chairmen, Vice Chairmen, Presidents of Local Unions and the District and by the officers of the Local Unions and the District (when certified by the Manager of the District or International Representative).
- (2) Days not worked because no work is available except in the case of new hires and rehires after layoff.
- (3) When an employee is notified not to report for work on a particular day or days.
- (4) When an employee works only a part of a day and is sent out by the plant.
- (5) Holidays named in Article 15 of this Agreement.
- (6) When an employee is summoned for jury duty.
- (7) Days lost on account of bona fide plant injury where the Company has accepted liability.
- (8) Time lost which is paid under the provisions of Article 25.

(d) Subject to the exceptions from overtime pay noted in subsection (b) above, all work performed on Sunday by production workers, power plant employees, repair shop crews, electricians and outside crews shall be paid for at double the regular rate of pay.

Double time (two times the regular rate) will be paid to employees assigned to continuous shifts for the last day of the work week to employees who work or are credited with having (eligible absence codes) some time on each of the seven days in the week.

(e) Subject to the exceptions from overtime pay noted in subsection (b) above, all work performed by firemen, firemen helpers, watchmen and filter plant operators on the sixth workday within the workweek (Article 11, subsection (c)) shall be paid for at time and one-half the regular rate of pay. All work performed on the seventh workday within the workweek (Article 11, subsection (c)) by employees in the above classifications will be paid for at double the rate of pay.

(f) Nothing contained in this Agreement shall be construed to require or permit the pyramiding of overtime rates, and to the extent that hours are compensated for at overtime rates under one provision, they shall not be counted as hours worked in determining overtime under the same or any other provision.

(g) The parties agree to the general principle that overtime work should be offered on an equal basis to those qualified to do it within specific job classifications and by shift. It is understood that in administering this general intent, practices may vary and that opportunity can only be equalized over reasonable periods of time. In the event of conflict with Article 6(k), it is the intent that Article 12(f) shall prevail.

ARTICLE 13

Reporting Time

(a) Employees on an eight (8) hour shift reporting for work will be given at least four (4) hours' work or paid for four (4) hours at their regular rate of pay. Employees assigned to continuous shift operations reporting for work will be given six (6) hours of work or be paid for six (6) hours of work at their regular rate of pay. This section shall not apply when an employee has been notified by the Company not to report or when a department or departments are closed down for causes beyond the control of the Company.

(b) If an employee reports for work and there is not enough work to assign him to his regular job and instead he is assigned to a different job, he will be paid his regular rate of pay or the rate of the job, whichever is higher, for the first four (4) hours. After the first four (4) hours of the shift, he will be paid the rate of the job the balance of the hours worked. An employee assigned to continuous operations will be paid his regular rate or the rate of the job, whichever is higher for the first six (6) hours. After the first six (6) hours of the shift, he will be paid the rate of the job the balance of the hours worked. The employee agrees to accept jobs assigned under these circumstances, provided such jobs are fairly comparable to his regular work and within his ability.

(c) When an employee has been absent for personal reasons and intends to return to work, he shall notify his immediate supervisor or if he cannot reach him, another supervisor in his department at least eight (8) hours before he intends to resume his duties. It is understood that failure to notify his supervisor in this manner may result in the employee in question being sent out from work until the beginning of his next regularly scheduled shift with Company liability for pay or reporting pay. Each department will post the official telephone number to be used for this purpose and as many alternate numbers as feasible.

ARTICLE 14

Sick Days

(a) Beginning on the effective date of this Agreement each employee who has completed two (2) years of service by December 31 of the preceding calendar year shall be entitled to one (1) paid sick day during the next calendar year. Each employee who has completed five (5) years of service by December 31 of the preceding calendar

year shall be entitled to two (2) paid sick days during the next calendar year. Unused sick leave will be cashed in the first pay period of December each calendar year.

- (b) Pay for any sick day shall be at the employee's regular hourly rate or individual average earnings.
- (c) An employee utilizing a sick day shall notify his supervisor prior to the beginning of the scheduled shift.
- (d) Sick days shall not be counted as an absence under the Company's attendance policy.

ARTICLE 15

Holidays

- (a) The following days are declared holidays under this Agreement:

New Year's Day
Easter Monday
Fourth of July
Labor Day
Thanksgiving Day
Day after Thanksgiving
Christmas Eve and Christmas Day
Three Designated Christmas Holidays

(b) Should any holiday named above occur on Sunday, it shall be celebrated on the following Monday except in continuous shift operations where holidays falling on Sunday will be observed on Sunday. Easter Monday will be observed on Sunday for continuous shift operations. It is the intent of the Company to schedule Christmas holidays in the same calendar week. It is understood that business conditions, unforeseen at this time, could prohibit the Company from adhering to this schedule. If such a situation should occur, the Company will notify the Union at least two weeks in advance.

(c) Work on the above-named holidays shall be paid for at time and one-half the regular rate of pay.

(d) Straight time pay for an eight (8) hour workday will be given to each active employee for Easter Monday, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, Christmas Day, and three designated Christmas holidays subject to the following provisions. Employees assigned to continuous shifts will be provided straight time pay for a twelve (12) hour workday on Easter Monday, Labor Day, Thanksgiving Day and Day after Thanksgiving and will receive eight (8) hours of pay for the five (5) days designated as Christmas holidays subject to the following provisions.

Pay for the above-listed holidays will be awarded provided the employee has on that date of the current year continuous service with the Company of three months or

more and provided the employee has performed some work during the three months prior to the holiday. In addition, the employee must work the last scheduled day before the holiday and the first scheduled day after the holiday, except that in the case of Christmas holidays only, the requirement to work the first scheduled day after the holidays is waived as a qualification for holiday pay. Except where eligibility on the above points cannot be determined or unless prevented by events beyond the control of the Company, it is the intent that holiday pay for the Christmas holidays be delivered to eligible employees on the last scheduled day of work before the holiday. (Layoff or authorized leave of absence will be counted as time worked for any employee who is absent his last scheduled day before the holiday or his first scheduled workday after the holiday. All leaves must be approved in advance and not interfere with the efficient operation of the plant. Unexcused absences, disciplinary suspension or sickness not substantiated by a doctor's statement submitted within fourteen (14) days from the date of the holiday will disqualify the employee.) Straight time pay is defined as the learner rate, hourly rate (less bonus), or negotiated rate for the job classification in which the employee appears on the payroll for the week ending preceding the last full week preceding the holiday. Except for the Christmas holidays, payment in each case will be made within fourteen (14) days following the holiday insofar as possible.

(e) The hours of holidays shall begin at 11:00 p.m. on the day preceding the holiday and end at 11:00 p.m. of the calendar holiday. However, it is understood that certain preparation employees are required to report before the regular shift begins, and it is not intended that such employees shall be entitled to time and one-half for the hours when they are so required to report on a holiday. This provision shall not be construed as requiring the pyramiding of overtime rates.

ARTICLE 16

Vacation Pay or Bonus

(a) The Company agrees that during each calendar year of this Agreement (between June 15 and September 30) it will give a vacation of one (1) week with pay or, in the discretion of the Company, its equivalent as a cash bonus to employees who have been in the continuous employ of the Company as much as one (1) year but not more than five (5) years next preceding June 15 immediately preceding the vacation period or the payment of the cash bonus. The amount of vacation pay or cash bonus shall be two percent (2%) of the employee's earnings for the fifty-two (52) weeks next preceding the last pay period in May.

(b) Employees who have been in the continuous employ of the Company for five (5) years or more next preceding June 15 immediately preceding the vacation period will receive a vacation of two (2) weeks with pay or its equivalent as a cash bonus. The amount of the vacation pay or cash bonus shall be four percent (4%) of the employee's earnings for the fifty-two (52) weeks next preceding the last pay period in May.

(c) Employees who have been in the continuous employ of the Company for fifteen (15) years or more next preceding June 15 immediately preceding the vacation period will receive a vacation of three (3) weeks with pay or its equivalent as a cash bonus. The amount of the vacation pay or cash bonus shall be six percent (6%) of the employee's earnings for the fifty-two (52) weeks next preceding the last pay period in May.

(d) Employees who have been in the continuous employ of the Company for twenty-five (25) years or more next preceding June 15 immediately preceding the vacation period will receive a vacation of four (4) weeks with pay or its equivalent as a cash bonus. The amount of the vacation pay or cash bonus shall be eight percent (8%) of the employee's earnings for the fifty-two (52) weeks next preceding the last pay period in May.

(e) An employee who is laid off in one plant and hired in another one of the Company's plants then quits at the latter plant will be entitled to a vacation bonus based on his total earnings and seniority.

(f) It is the Company's general intent to provide one (1) week's vacation (usually accomplished by plant shutdown) for all employees. It is further the intent of the Company that all employees who qualify for four percent (4%) as in Article 16(b), six percent (6%) as in Article 16(c), and eight percent (8%) as in Article 16(d), will be allowed, upon request, and provided it does not interfere with the efficient operations of the plant, to take a second, third, or fourth week of vacation in any calendar year. Such additional vacation may be used in increments consisting of no less than an employee's regular workday. The Company is responsible for scheduling employee vacation time off subject to the needs of the Company to meet production and maintenance requirements. The Company will determine the maximum number of employees per department, shift and job classification that can be on vacation at any given time. Within these requirements, employees will be granted vacation time off with preference given by seniority if request is made prior to June 15. After June 15, requests shall be handled on a first-come, first-served basis.

ARTICLE 17

Strikes, Lockouts, and Liability

(a) The Union, for itself and the employees of the Company, agrees that it will at all times cooperate fully with the Company in maintaining production without interruption and that there shall be no interference by the employees with the operation of any of the plants. The Company agrees that there shall be no lockouts.

(b) Since this Agreement provides for the orderly and amicable settlement of all disputes, differences and grievances arising out of the interpretation or application of this Agreement, the Union agrees not to resort to strikes, stoppage, slowdown or picketing.

(c) In the event of any strike, stoppage, slowdown or picketing, the Company will notify a local Union officer and the Southern Regional Director of the Union of such actions. Upon such notification, the Union shall immediately issue a written statement to the employees participating in such actions that these actions are not authorized by the Union and directing the employees to return to their respective jobs.

(d) If within eight (8) hours of notification to the Union, employees participating in the above-mentioned activities have not ceased such activity and returned to work, then all employees participating therein shall be subject to discipline up to and including discharge by the Company. Said discipline shall be subject to arbitration only as to the question as to whether or not the employee participated in the aforesaid activity.

ARTICLE 18

Leaves of Absence

The Company shall grant employees unpaid leaves of absence, upon appropriate notice as set forth in Paragraph 2. (a), for such periods of time not in excess of one calendar year as appear to the Company to be reasonable. A leave of absence is an approved absence for a pre-determined period given with the understanding that the employee will, at the expiration of the leave, be reinstated with no break in continuous service to the same job, on the same shift, unless the former job is no longer available because of a curtailment in operation, reorganization of work, layoff, or catastrophic damage to the plant, in which event, employee will be entitled to job placement in accordance with the employee's seniority. No absence will be considered a leave of absence unless it has been approved in writing, except proper military leave, in which case, leave is granted automatically. Time off for less than five calendar days does not require written approval.

A. Types of Leave

Leaves of absence are classified as one of the following types of leave:

(1) Military Leave

In accordance with federal laws governing the rights of veterans, military leaves of absence are granted automatically. Although no written leave of absence authorization is required, the Company shall make the proper notations on the individual's employment record so that the employee status may be determined upon his return to work.

(2) Family Medical Leave (FMLA)

In accordance with federal law, employees can apply for and receive a leave of absence for a maximum of twelve weeks. The Company will require appropriate medical certification showing the existence of a serious health

condition for a Family and Medical Leave Act ("FMLA") leave to be granted. The Company shall not require an employee to exhaust paid leave for FMLA purposes before taking unpaid FMLA leave. If there are situations where the language of this Agreement is more favorable to the employee than the requirements of FMLA, the Agreement shall control.

(3) Medical Leave

Medical leaves of absence may be granted for a maximum of one year inclusive of any family medical leave.

(4) Personal Leave

An employee may be granted a personal leave of absence for eight weeks upon approval by the Company. Current business conditions, job performance, length of service, attendance, necessity for requiring the personal leave are factors that will be taken into consideration prior to granting approval. An extension of an additional period may be granted by the Company.

(5) Union Business

A leave of absence for Union Business will be approved if requested in advance by the director or manager of the district for the Union and approved in advance by the group human resources director or his/her designated representative for the Company.

B. Eligibility and Process

(1) Notice Requirements

Other than for emergencies, requests for leave of absence of 5 or more working days and all FMLA leaves must be made in writing, and as far in advance as possible. Failure to provide advance notice that is reasonable under all circumstances can be reason for the Company to deny a leave request.

(2) Minimum Service

(a) Military Leave. One day.

(b) Medical Leave. Three months.

(c) FMLA Leave. Must have been employed for one year and worked 1250 hours.

(d) Personal Leave. Three months.

- (3) An employee will not be granted a leave of absence for the purpose of seeking or taking employment elsewhere or operating a private business. Working elsewhere or operating a private business during a leave of absence can result in termination of employment when discovered. An employee, who desires a leave of absence must give an advance written request to his supervisor, and obtain approval. If because of sickness, death or other emergency, the employee is unable to discuss his absence with his supervisor in advance, he must notify his supervisor as quickly as possible.
- (4) Employees who may be elected or appointed as full-time representatives of the Southern Region of the Union of Needletrades, Industrial and Textile Employees, AFL-CIO-CLC, not exceeding three in number for each district, shall be granted a leave of absence without loss of seniority for a period not to exceed three years. The question of leave and/or seniority rights shall be a matter of negotiations between the parties. It is agreed that this clause applies only to seniority, job rights, and eligibility for vacation pay if he returns to the employ of the Company. The employee's continuation of Company service is broken for all other purposes.
- (5) The term "leave of absence" is a separate and distinct term from "lay-off", and from suspension or "discharge", and from out sick, family illness or other short-term absences.
- (6) Return from Leave: For leaves involving illness, injury, or temporary disability, the employee must provide a doctor's statement confirming fitness to return to work. Where there is a question about the employee's fitness for duty, a medical examination may be required.

ARTICLE 19
Employee Rights

The Company continues to encourage employees to exercise their civic responsibilities, including voting and attending parent-teacher conferences, and shall permit employees to reasonably exercise these responsibilities through unpaid time off unless operating circumstances make it impractical.

ARTICLE 20
Group Insurance

Employees have been and continue to be eligible (subject to the plans themselves) for participation in the Fieldcrest Cannon, Inc., Group Insurance Plan, which shall continue to be administered by Blue Cross and Blue Shield of North Carolina. The current benefit levels as of the date of this Agreement will be continued until they are changed by mutual agreement as provided below. Any changes, other than those made to comply with any applicable laws and regulations, which have significant impact on the benefits available to employees will be discussed with the Union in advance. All questions concerning claims or administration of the plan in general will continue to be handled in accordance with procedures specified by plan documents and/or applicable law. The plans of Group Insurance are not subject to the grievance or arbitration provisions of this Agreement.

For the life of the Agreement between the Parties, the Company and the Union will establish an Insurance Committee to be composed of an equal number of representatives. The purpose of the Committee will be to advise the parties with regard to health insurance benefits, costs and other pertinent related matters. The Company agrees that any future premium increases, to be implemented on January 1 of each succeeding year, will be allocated on the basis of a 65% Company share and a 35% employee share. It is anticipated that the Committee will, as a minimum, meet annually in order to review the preceding year's completed experience. The parties agree that the Committee will have available to it all information pertinent to the operation of the Group Insurance Plan in order that the Committee may make recommendations to the parties concerning benefits, costs and any other matters mutually agreed upon. The Committee may, by mutual agreement, concern itself additionally with such matters as long-term alternatives to existing programs and any other matters deemed appropriate to maintain reasonable health care insurance coverage with acceptable benefits and costs.

ARTICLE 21
Pension and 401(k) Plan

The parties agree to freeze the Pillowtex Corporation Retirement Plan for Hourly Employees effective December 31, 2003. The Company will contribute 1% of employees' gross earnings for year 2004 into the 401 (k) Plan in two (2) installments. The initial installment for the employees' earnings from January 1, 2004 to June 30, 2004 paid into the account no later than July 31, 2004. The second installment for employees' earnings July 1, 2004 to December 31, 2004 will be paid no later than January 31, 2005. Monies contributed by the Company will be invested in the Stable Value Fund and will be subject to the guidelines of the Pillowtex Corporation 401 (k) Plan for Hourly Employees plan document. Company contributions to the 401 (k) Plan will continue through the duration of the Retirement Plan freeze and are subject to discussions between the parties during subsequent wage negotiations throughout the duration of this agreement.

Employees have been and continue to be eligible (subject to the terms of the plans) for participation in the Fieldcrest Cannon Inc. 401(k) Savings Plan.

Percentage of earning deducted is:

Greater than but less than or equal to:		Employer matching contribution:
0%	2%	70%
2%	6%	20%

Any benefit changes, other than those made to comply with any applicable laws and regulations, must be agreed upon by the Union.

ARTICLE 22
Discharge and Disciplinary Action

- (a) No employee will be disciplined or discharged except for just cause. The Employer will promptly advise the Union of any suspension or discharge. In the event the Union claims the suspension or discharge is unjust, the grievance may be referred directly to Step 2 of the grievance procedure within fourteen (14) working days of notification to the Union.
- (b) Employees shall receive copies of all written warnings, with a copy provided to the Union within seventy-two (72) hours. Failure to timely provide the Union with a copy shall not invalidate the discipline. The Company shall provide notice of discipline to the employee within five (5) working days of the later of the occurrence of the offense or when the Company becomes aware of, or should reasonably have become aware of, the offense.
- (c) Disciplinary Meetings: Any employee subject to discipline who is required to attend a disciplinary interview or investigation that might lead to discipline, shall be notified as to the time and nature of the meeting in order to have the opportunity to exercise his right to have a Union representative accompany him.
- (d) The Company agrees to accumulate separately for all employees the discipline issued for attendance violations and all other categories of discipline.

ARTICLE 23
Separability

If any provisions or part thereof of this Agreement is in conflict with any applicable Federal or State law or regulations, such provision shall be deleted from this

Agreement or shall be deemed to be in effect only to the extent permitted by such law or regulation. In the event that any provision of this Agreement is thus rendered inoperative, the remaining provisions shall nevertheless remain in full force and effect.

ARTICLE 24

Wages

The Wage Scale (hourly rates and negotiated rate incentive jobs) which shall be furnished to the Union in accordance with Article 7(1) shall become a part of this Agreement.

- (a) Revisions related to wages and pension during the duration of the Agreement will be considered at the request of either party within fifteen (15) days from the date written notice is given, provided no such request may be made within less than twelve (12) months from the date of conclusion of the last general wage increase. All other matters relating to wages, hours and working conditions are settled for the life of this Agreement, except as otherwise provided herein.
- (b) General revision of wage rates shall not be subject to arbitration. In the event of disagreement between the Company and the Union as to change in the wage schedule, the Union reserves the right to strike after giving legal and required notice, without violating or affecting any other article of this Agreement. The Company reserves the right to install its proposal after a period of thirty (30) days from the date of notice to the Union.
- (c) In the event of any strike, employees necessary to prevent damage to the plant or equipment will not be interfered with when entering or leaving the premises.

ARTICLE 25

Jury Duty, Emergency Military Pay, and Funeral Leave Pay

(a) Any employee who is required to serve as a juror in any court will be granted leave for the day or days involved and reimbursed the difference between the daily amount the employee receives for said jury service and his regular pay (as defined in Article 15(d)) computed for the scheduled work hours missed (not to exceed eight (8) in any twenty-four (24) hour period except in the case of employees assigned to continuous shifts whose work hours missed will not exceed twelve (12) in any twenty-four (24) hour period). If employees desire to work available daily hours after such jury duty, they must so inform their supervisor. It is agreed that supervisors have the option of making other arrangements for the shift or shifts in question. The employee must notify the Company as promptly as possible upon receipt of the summons for jury duty and must present evidence of the amount received as jury pay from the court (not including mileage

allowance, if any) to the Company for the purpose of computing the amount due him. No employee will be reimbursed for more than ten (10) days per year. Should any law or legal interpretation thereof indicate that the above procedures for reimbursing employees do not comply with state law, payments will be made in such manner as to conform to the applicable statute or interpretation.

(b) The Company agrees to supplement the military pay of its active employees who are called to emergency duty in times of threatened or actual public disorder. This is only in the event of an authorized call by federal or state authorities to members of national or state reserve components to short emergency periods of active service. The amount of pay supplement when added to the reservist's military base pay will equal the straight time rate of pay the employee would have received if he were scheduled to perform his regular job with the Company during the period of call-up. Pay supplements for emergency call-up duty will be limited to no more than ten (10) working days per year. The regular straight time rate of pay will be defined as the learner rate, hourly rate (less bonus), or negotiated rate for the job classification in which the employee appears on the payroll the last full week preceding the emergency. In addition, the Company agrees that when an employee of the Company is ordered to active military duty for training as a reservist or national guardsman for a period not to exceed 15 calendar days annually, the Company will consider the absence as excused without pay. The Company will reimburse the employee upon receipt of the proper documentation for the amount of earnings lost as a result of this duty (difference between Company pay lost and military pay received, if less). This policy applies to and is restricted to the so-called two-week summer encampments or annual two-weeks active duty and will be in effect to cover employees attending such encampments.

(c) Any employee who is excused from work because of death in the family for the purpose of making arrangements for and attending the funeral of such member of his family shall be paid straight time pay for scheduled working days lost not to exceed three (3) days beginning with day of death through the day after the funeral inclusive. Scheduled working days will be defined as twelve (12) hours for those employees assigned to continuous shift operations. Straight time pay will be as defined in Article 15(d). Those family members included for the above purposes are husband, wife, son, daughter, father, mother, brother, sister, grandmother, grandfather, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, and grandchildren. Stepfather or stepmother may be recognized in place of father or mother, but funeral leave pay will not be paid for both father and stepfather nor for both mother and stepmother.

ARTICLE 26

Employee Education

The Company provides financial assistance to full-time active employees with six (6) months or more of continuous service to continue their education beyond the high school level. Approval for financial assistance must be secured in advance of enrollment for any course each quarter or semester on the application form provided. Tuition refund

of ninety percent (90%) is made upon evidence of successful completion of courses with a "C" or better for undergraduate work, and "B" or better for graduate level work. Administration of the financial assistance program is the sole responsibility of the Company.

Education Fund. The Company agrees to contribute to a labor management committee designated by the Union, which committee has been established for the purpose described in 29 U.S.C. 175a(a)(1)(b), \$.25 per month for each employee who has worked a minimum of one (1) day during the preceding month provided such employee has completed ninety (90) days of employment as of the first day of the month for which a contribution is to be made. Such monies shall be held in trust and utilized for special education programs in areas such as citizenship, language, health and safety, and other workplace related training.

ARTICLE 27 Successors

In the event the Company sells, transfers, or otherwise conveys some or all of the plants covered by this Agreement, the Company shall secure, as part of such transaction, the buyer's written agreement to assume the parties' collective bargaining agreement as applied to those plants. The Company shall notify the Union in writing of such a transaction and provide written confirmation that the Agreement has been assumed.

ARTICLE 28 Other Bargaining Units

The Company will not engage in negative campaign tactics directed at the Union as an institution or its representatives or agents as individuals during any organizational drive at any facility which is functionally integrated with the plants covered by this Agreement, and at any Fieldcrest Cannon operation existing on February 1, 2000.

ARTICLE 29 Subcontracting

The Company shall have the right to subcontract work traditionally performed by bargaining unit employees only under the following circumstances:

- a) When the workload exceeds the ability of the bargaining unit to perform all such work at the time when such work is required to be performed; or
- b) When, because of circumstances beyond the control of the Company the bargaining unit employees are incapable of performing all the necessary work at the time that work needs to be performed; or

- c) Under other circumstances where the Company determines that it has an economic need to subcontract work, and has given the Union thirty (30) days notice.

ARTICLE 30
Temporary Employees

(a) It is not the intent of the Company to utilize temporary employees to displace permanent employees or to diminish the size of the bargaining unit.

The Company may, however, utilize temporary employees as required due to:

- (1) seasonal and work flow fluctuations;
 - (2) projects which are anticipated to last no longer than six (6) months;
 - (3) other circumstances when in the Company's judgement their use is necessary in order to meet production needs.
- (c) If after at least sixty (60) days as a temporary employee, the employee is converted to a regular employee, that employee will acquire seniority status after one month which will be effective as of the first day he was converted to a regular employee.
 - (d) Within sixty (60) days of the effective date of this agreement, any employee who has continuously worked at a facility for more than two (2) years shall be offered a position as a permanent Fieldcrest Cannon employee.
 - (e) The Company agrees to reduce the number of temporary employees by plant according to the schedule attached as Appendix A.

ARTICLE 31
Effective Date and Duration

This Agreement shall be effective February 1, 2003, for the plants described in Article 1 of this Agreement; and shall continue in effect until midnight on January 31, 2006, at which time it shall automatically renew itself from year to year thereafter. If either party desires to modify, amend or terminate this Agreement, written notice of such desire shall be given to the other party sixty (60) days prior to any expiration date. In such event, both parties agree to engage in collective bargaining to negotiate the desired amendment, modification or new Agreement.

IN WITNESS WHEREOF, the parties hereto have signed their respective names by officials duly authorized.

FIELDCREST CANNON, INC.
A Subsidiary of Pillowtex Corporation

Don Mallo
Vice President, Human Resources

**UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES, AFL-CIO-CLC**

Harris Raynor
Vice President and
Southern Regional Director

**NORTH CAROLINA/VIRGINIA DISTRICT
OF UNION OF NEEDLETRADES, INDUSTRIAL AND TEXTILE EMPLOYEES,
AFL-CIO-CLC**

Anthony Coles
District Manager

UNION NEGOTIATING COMMITTEE

EDEN AND FIELD DALE PLANTS

X X XX XXXX XXXX XXXXX

ALABAMA PLANTS

XXXX XXXXX XXXX XXXXX

ROWAN AND CABARRUS COUNTY PLANTS

XXXXX XXXXX XXXXX XXXXX XXXXX

XXXXX XXXXX XXXXX XXXXX XXXXX