

2008

PICK-UP AND DELIVERY OPERATIONAL
SUPPLEMENT

(DHL-TENTATIVE AGREEMENT)



2 PERSON MEETING

Lido Beach Resort
Sarasota, Florida
March 12, 2008

This is a draft document. The parties reserve the right to correct inadvertent errors and omissions.

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PICK UP & DELIVERY OPERATIONAL SUPPLEMENT

The following Articles apply to “pick-up & delivery” (PU& D) operations only. Article ___ and attachment __ hereto sets forth such operations.

ARTICLE 1. MAINTENANCE OF STANDARDS

Section 1. Definitions

The Employer agrees, subject to the following provisions, that all conditions of employment in his/her individual operation relating to wages, hours of work, overtime differentials and general working conditions shall be maintained at not less than the highest standards in effect at the time of the signing of this Agreement except as specifically limited elsewhere in this Agreement, and the conditions of employment shall be improved whenever specific provisions for improvement are made elsewhere in this Agreement.

Section 2. Local Standards

The Local Unions shall, within one hundred eighty (180) days following ratification of this Agreement, identify and reduce to writing, and submit to the appropriate Regional Joint Grievance Committee, those specific local standards and conditions practiced under this Article. Such standards and conditions when submitted in accordance with this Section shall be currently dated. Those specific local standards and conditions previously practiced hereunder which are not so submitted shall be deemed to have expired.

The appropriate Regional Joint Grievance Committee shall provide to the parties the opportunity to present their views and shall determine the disposition of the submitted local standards and conditions. Failing such determination, the submitted local standards and conditions may be appealed through the remainder of the Grievance Procedure beyond the Regional Joint Grievance Committees to see if the standard exists.

ARTICLE 2. PASSENGERS

No driver shall allow anyone, other than employees of the Employer who are on duty, to ride on his truck except by written authorization of the Employer, or except in cases of emergency arising out of disabled commercial equipment or an Act of God. No more than two (2) people shall ride in the cab of a tractor unless required by government agencies or the necessity of checking of equipment. This shall not prohibit drivers from picking up other drivers, helpers or others in wrecked or broken down motor equipment and transporting them to the first (1st) available point of communication, repair, lodging or available medical attention.

ARTICLE 3. EQUIPMENT, SAFETY AND HEALTH

Section 1. Safe Equipment

The Employer shall not require employees to take out on the streets or highways any vehicle that is not in a safe operating condition, including, but not limited to, equipment which is acknowledged as overweight or not equipped with the safety appliances prescribed by law. It shall not be a violation of this Agreement or basis for discipline where employees refuse to operate such equipment unless such refusal is unjustified.

It shall also not be a violation of this Agreement or considered an unjustified refusal where employees refuse to operate a vehicle when such operation constitutes a violation of any federal rules, regulations, standards, or orders applicable to commercial motor vehicle safety or health, or because of the employee's reasonable apprehension of serious injury to himself/herself or the public due to the unsafe condition of such equipment. The unsafe conditions causing the employee's apprehension of injury must be of such nature that a reasonable person, under the circumstances then confronting the employee, would conclude that there is a bona fide danger of an accident, injury, or serious impairment of health, resulting from the unsafe condition. In order to qualify for protection under this provision, the employee must have sought from the Employer, and have been unable to obtain, correction of the unsafe condition.

All equipment which is refused because it is not mechanically sound or properly equipped shall be appropriately tagged so that it cannot be used by other employees until the maintenance department has adjusted the complaint. After such equipment is repaired, the Employer shall place on such equipment an "ok" in a conspicuous place so the employee can see the same.

Section 2. Dangerous Conditions

Under no circumstances will an employee be required or assigned to engage in any activity involving dangerous conditions of work, or danger to person or property or in violation of any applicable statute or court order, or in violation of a government regulation relating to safety of person or equipment.

The term "dangerous conditions of work" does not relate to the type of cargo which is hauled or handled.

Section 3. Accident Reports

Any employee involved in any accident or cargo spill incident, involving any hazardous or potentially polluting product, shall immediately report said accident or spill incident and any physical injury sustained. When required by his/her Employer, the employee, before starting his/her next shift, shall make out an accident or incident report in writing

on forms furnished by the Employer and shall turn in all available names and addresses of witnesses to the accident or incident. The employee shall receive a copy of the accident or incident report that he/she submits to his/her Employer. Failure to comply with this provision shall subject such employee to disciplinary action by the Employer.

Section 4. Equipment Reports

Employees shall immediately, or at the end of their shift, report all defects of equipment.

(a) Such reports shall be made on a suitable form furnished by the Employer and shall be made in multiple copies, one (1) copy to be retained by the employee and one (1) copy to be made available for inspection by the next driver operating the unit. Such copy will remain in the truck. Any alleged violation of the above shall not be cause for refusal of the equipment, but shall be subject to the grievance procedure. The Employer shall not ask or require any employee to take out equipment that has been reported by any other employee as being in an unsafe operating condition until the same has been repaired or is certified by a mechanical department that no repairs are needed and the unit is safe to drive.

(b) When the occasion arises where an employee gives written report on forms in use by the Employer of a vehicle being in an unsafe working or operating condition and receives no consideration from the Employer, he/she shall take the matter up with the officers of the Union who will take the matter up with the Employer. However, in no event shall an employee be required to take out on the streets or highways a vehicle that is not in a safe operating condition or in violation of any federal rules, regulations, standards, or orders applicable to commercial motor vehicle safety as provided in Section 1 of this Article.

Section 5. Qualifications on Equipment

An employee unable to successfully pass the DOT Commercial Driver's License (CDL) examination will be allowed to take a leave of absence for a period not to exceed one (1) year provided the employee makes a bona fide effort to pass the test each time the opportunity presents itself.

Section 6. Union Liability

Nothing in this Agreement relating to health, safety or training rules or standards shall create any liability or responsibility on behalf of the Union for any job-related injury or accident to any employee or any other person. Further, the Employer will not commence legal action against the Union as a result of the Union's negotiation of safety standards contained in this Agreement or failure to properly investigate or follow-up Employer compliance with those safety standards.

Section 7. Facilities

Station floors and yards shall be maintained reasonably free from potholes and reasonably effective dust control measures shall be implemented as necessary.

The Employer agrees to maintain a clean, sanitary washroom having hot and cold running water, with toilet facilities and clean break/lunchroom area. The Employer also agrees to maintain sanitary drinking water at all terminal locations. An emergency first aid kit shall be furnished within a reasonable distance of the Employer's dock.

Suitable windshield/window cleaning materials shall be available to include a long handled brush/squeegee.

Section 8. Safety and Health Grievances

Grievances pertaining to Safety and Health shall be heard at the first step local level. If the matter remains unresolved it shall proceed immediately to the National Grievance Panel.

Section 9. Additional Workers Compensation Provision

An employee who is injured on the job, and is sent home, or to a hospital, or who must obtain medical attention, shall receive pay at the applicable hourly rate for the balance of his/her regular shift on that day. An employee who has returned to his/her regular duties after sustaining a compensable injury who is required by the worker's compensation doctor to receive additional medical treatment during his/her regularly scheduled working hours shall receive his/her regular hourly rate of pay for such time. Where not prohibited by state law, employees who sustain occupational injury or illness shall be allowed to select a physician of their own choice and shall notify the Employer in writing of such physician.

Road drivers sustaining an injury while being transported in company-provided transportation for Company purposes at a layover terminal shall be considered as having been injured on the job.

In the event that an employee sustains an occupational illness or injury while on a run away from his/her home terminal, the Employer shall provide transportation by bus, train, plane, or automobile to his/her home terminal if and when directed by a doctor.

ARTICLE 4. SUBCONTRACTING AND WORK PRESERVATION

Section 1. Work Preservation

The protection and preservation of bargaining unit work is central to this agreement. For the purpose of preserving work and job opportunities for the employees covered by this Agreement, the Employer agrees that no operation, work or services of the kind, nature or type covered by, or presently performed by, or hereafter assigned to, the collective bargaining unit by the Employer will be subcontracted, transferred, leased, diverted, assigned or conveyed in full or in part (hereinafter referred to as “divert” or “subcontract”), by the Employer to any other plant, business, person, or non-unit personnel, or to any other mode of operation, unless specifically provided and permitted in this Agreement.

In addition, the Employer agrees that it will not, as hereinafter set forth, subcontract or divert the work presently performed by, or hereafter assigned to, its employees to non-employee owner-operators or other business entities owned and/or controlled by the signatory Employer, or its parent, subsidiaries or affiliates.

Section 2. Diversion of Work - Parent or Subsidiary Companies

The parties agree that for purposes of this Article it shall be presumed that a diversion of work in violation of this Agreement occurs when work presently and regularly performed by, or hereafter assigned to, employees of the Employer has been lost and the lost work is being performed (including transportation by owner-operators and independent contractors) by an entity owned and/or controlled by the signatory Employer, its parent, or a subsidiary, including logistics companies, within one hundred twenty (120) days of the loss of the work. The burden of overcoming such presumption in the grievance procedure shall be upon the Employer.

Notwithstanding the forgoing, the Employer may subcontract only the following: the placement, replacement or repair of drop boxes; centralization and reconciliation of customer supplies; janitorial services; and grounds and building maintenance (non-core business), with thirty (30) days prior notice to the Union, in a way most economically advantageous to the Employer as long as no layoffs are caused directly by such subcontracting or assignment of non-core business. In locations where centralization and reconciliation of customer supplies is currently being performed by unit personnel covered by this Operational Article, the application of this provision shall be discussed in the applicable rider. Further, it is not a violation of this Agreement for the Employer to determine the scope of products and services to be offered to its customers or to provide customers with information regarding sources to handle services of the type that are not performed by DHL Express.

Section 3. Subcontracting

Bargaining unit work shall only be performed by bargaining unit employees except as specifically set forth herein.

It is a violation of this Article to use non-bargaining unit personnel (i.e. supervisors or third-parties) to perform work of the kind, nature or type currently or previously performed by bargaining unit employees, other than non-recurring unforeseen overflow or emergency work, and then only if all available means to use unit employees have been exhausted including overtime. The employer may not divert work outside the unit to avoid overtime.

Furthermore it is a violation of this Article for the size of the bargaining unit to decrease by attrition and the Employer not replace the employees while using non-unit personnel or third-parties to perform work of the kind, nature, or type previously performed by that bargaining unit or to deny unit employees earning opportunities. Likewise, it is a violation of this Article to use non-bargaining unit personnel or third-parties to perform unit work in order to avoid hiring bargaining unit employees when the work justifies the hiring of such bargaining unit employees.

It shall not be a violation of this Article to subcontract work in accordance with existing established past practices provided the volume of such subcontracting does not increase or result in the layoff of unit employees.

The employer shall maintain records identifying non unit persons or entities performing unit work as permitted by the Article as well as the specific type and amount of work performed. Said records shall be made available for inspection by the Local Union(s) in the locality affected by such work.

Section 4. @Home

Provisions applicable to the @Home program are in the attached memorandum of understanding at the end of this Operational Supplement.

Section 5. Penalty for Supervisors Performing Unit Work

If any supervisor is determined to have performed bargaining unit work in violation of this agreement, the Company shall pay double the appropriate unit employee's hourly rate for all such work performed to the affected employees as a penalty.

ARTICLE 5. MANAGEMENT'S RIGHTS

The management of the business, its operations and employees is vested exclusively in the Company, except as specifically limited by this Agreement, and then only to the extent of those limitations.

ARTICLE 6. OPERATIONAL CHANGES

1. The Employer agrees that prior to any change in its operation that will result in a change of domicile, and which could result in a layoff of seniority employees, it shall notify the affected Local Union(s) in writing and then meet jointly with them to inform them of the changes and to resolve questions raised in connection with the change. If the parties are unable to reach agreement within thirty (30) days, the matter will be submitted to the Change of Operations procedure as described below:
2. Any agreed to change of operations reached by the Local Union(s) and the Employer shall be reduced to writing and filed with the National Grievance Panel.
3. If the Local Union(s) and the Employer are unable to reach agreement, the National Grievance Panel (through its appropriate subcommittee "the Committee") will resolve issues arising out of the proposed change of operations. The Committee will resolve issues involving seniority application, health and welfare, pension coverage and layoff questions for employees who are involved in the change. Such Committee, however, shall observe the Employer's right to designate domiciles and the operational requirements of the business.
4. The National Grievance Panel shall have full authority to set all terms, conditions and seniority of said movement of work. The movement of work will not be allowed until the National Grievance Panel has ruled on the case. Unless otherwise mutually agreed by the parties, the National Grievance Panel shall hear and rule on any such matter submitted to it at its next scheduled meeting, but in no event later than ninety (90) days following the Company's notice of the change of operations to the affected Local(s). The decision of the National Grievance Panel shall be final and binding.
5. The Committee which decides the issues, as described above, shall retain jurisdiction for a period of twelve (12) months following the change of operations decision to resolve any questions of interpretation or application (including issues of seniority) of the Committee's decision. The decision of the Committee shall be final and binding.
6. Whenever a station is closed and the work is transferred to or absorbed by another station, the affected employees will be entitled to follow their work and their seniority shall be dovetailed at the new or expanding station.
 - 6 (a). Whenever a station is partially closed and the work of the drivers and all other regular employees, part-time and full-time is transferred to or absorbed by another station, the affected employees may either follow their work and have their seniority dovetailed in the new station or be allowed to exercise their seniority in their present station and displace the least senior employee in their respective classification. Those employees who follow the work shall have their seniority dovetailed in the new station.
7. As a result of the Employer moving an operation more than fifty (50) miles, all full-time and part-time employees in accordance with classification seniority who choose to move, will have their moving expenses paid.

"Moving expenses" shall be defined as the reasonable cost of packing and the moving of household goods. The employee(s) who transfer will have ninety (90) days from the date of the change to move, unless the parties mutually agree to extend.

Employee(s) who are transferred out of their original area where they are covered by a Teamster Pension and Health and Welfare Trust Fund into the jurisdiction of another pension and health and welfare trust fund, such employee(s) shall remain in their original pension and health and welfare trust fund, to the extent permitted by the Fund.

In such event, the Employer agrees to pay the required pension and health and welfare contributions to the employee(s) original pension and health and welfare trust fund as set forth in the trust agreement, provided there is no conflict with any collective bargaining agreement and/or health and welfare or pension trust agreement

8. When stations or operations of two (2) or more companies are combined, the following general rules shall be applied by the Employer and the Local Unions, which general rules are subject to modification by mutual agreement of the parties.

8 (a). The active employee seniority rosters (excluding those employees on layoff) shall be "dovetailed" by appropriate classification in the order of each employee's full continuous classification seniority date that the employee is currently exercising. The active "dovetailed" seniority roster shall be utilized first until exhausted to provide employment at such terminals or operational locations.

9. In addition, the inactive seniority rosters (employees who are on layoff) shall be similarly "dovetailed" by appropriate classification. If additional employees are required after the active list is exhausted, they shall be recalled from such inactive seniority roster and after recall such employees shall be "dovetailed" into the active seniority roster with their continuous classification seniority dates they are currently exercising, which shall then be exercised for all purposes.

10. There shall be a maximum ninety (90) calendar day window period from the date of implementation in all Changes of Operations only when the number of positions offered at gaining stations does not equal the number of positions lost at the losing stations. To the extent applicable, such window period shall run concurrently with the twelve-month period set forth in Paragraph five (5).

10(a). Any opening which may occur at a gaining station during the window period shall be offered to those employees on the inactive list who were not offered transfer opportunity at the time the change of operations went into effect.

10(b). The window period established by the Change of Operations decision shall close if either of the following conditions is met:

1. The number of days and/or months of the window period as set forth in the Change of Operations decision have expired.

2. All employees on the inactive list have been offered work opportunities.

11. Intent of Parties: The parties acknowledge and agree that with respect to those issues falling under this Change of Operations procedure, the application of this section will fully satisfy the Employer's statutory obligation to "effects bargain" with the Union concerning any such change in its operation.

ARTICLE 7. UNION ACCESS PROCEDURES

The Union will announce his/her arrival to the Facility Manager or his designee. The Union representative will conduct himself/herself so as not to interfere with the operations of facility. The Union Representative will comply with all applicable TSA and other regulatory requirements with regard to security and facility access.

ARTICLE 8. GENERAL PROVISIONS

Section 1. Fitness Examinations

Physical, mental or other examinations required by a government) body or the Employer shall be promptly complied with by all employees. The Employer shall pay for all such examinations for all regular and probationary employees. The Employer shall make the necessary appointment with the medical examiner and shall notify the employee in sufficient time prior to the renewal of the D.O.T. physical. Upon request, the employee shall be allowed a ten (10) hour rest before taking such D.O.T. physical. The Employer shall not pay for any time spent in the case of applicants for jobs and shall be responsible to other employees only for time spent at the place of examination or examinations, where the time spent by the employee exceeds two (2) hours, and in that case, only for those hours in excess of said two (2) hours. Examinations are to be taken at the employee's home terminal and are not to exceed one (1) in any one (1) year unless the employee has suffered serious injury or illness during the year. Employees will not be required to take examinations during their working hours.

The Employer reserves the right to select its own medical examiner or doctor, and the Union may, if it believes an injustice has been done an employee, have said employee reexamined at the Union's expense.

In the event of disagreement between the doctor selected by the Employer and the doctor selected by the Union, the Employer and Union doctors shall together select a third (3rd) doctor within seven (7) days, whose opinion shall be final and binding on the Company,

the Union, and the employee. The Company nor the Union nor the employee will attempt to circumvent the decision. The expense of the third (3rd) doctor shall be equally divided between the Employer and the Union, dispute concerning back pay shall be subject to the grievance procedure.

Section 2. Uniforms

IBT Button/Pin - a unit employee may wear up to one (1) authorized IBT pin no larger than a quarter.

The Company has the right to establish and maintain reasonable standards for wearing apparel and personal grooming. Socks and appropriate footwear must be worn at all times.

If any employee is required to wear a uniform as a condition of his/her employment, such uniform shall be furnished by the Company at no cost to the employee and at the standard required by the Company. Any required uniform shall be provided in sufficient number for a full work week, allowing for a daily change of uniform pants/shorts and shirt. The uniform will have the Teamster emblem applied. The current practice of including shorts as part of the uniform option will be continued.

If the Company plans to change the uniform fabric content it shall first meet with representatives of TDHLNNC to discuss the climate appropriateness of the new fabric. If the Company requires steel toed or other safety shoes, it shall negotiate with the union over the application and cost of such shoes.

ARTICLE 9. SCOPE AND ASSIGNMENT OF UNIT WORK

Section 1. Operations Covered

- A. The execution of this Agreement on the part of the Employer shall cover all pick-up and delivery employees and operations as may be presently or hereafter represented by the Union, provided that the coverage of this Agreement shall be limited to those operations of the Employer and classifications specifically set forth in Appendix ___ to this Agreement, which may be updated from time to time during the term of this Agreement.
- B. In those situations where there is an interface between employees in different classifications and/or different Local Unions, e.g., counter work, dock checks, and ramp operations involving more than one (1) Local Union, nothing shall prevent the Employer from temporarily assigning unanticipated non-recurring incidental work to any employee when necessary in a specific instance to handle a specific

customer issue such as answering a ringing phone or accepting a customer's package at the counter when the normal counter person has stepped away momentarily, provided that the employee to whom such work is assigned is covered by the National Agreement. Nothing herein shall provide the Employer with the right to violate any other provisions of this Agreement or any supplements thereto or to undermine the jurisdiction of any Local Union. This provision is intended to apply in situations normally involving less than 10 minutes.

- C. Except as otherwise expressly provided in Articles 1-25 or this Operational Supplement the bargaining unit work set forth in Paragraphs A and B above, shall be performed exclusively by PU&D unit personnel and not by supervisors, management or any other non-unit personnel.

ARTICLE 10. JOB BIDDING AND FILLING OF VACANCIES

Section 1. General Bid – Full-Time Couriers/Drivers

Within three (3) months following the ratification of this Agreement, and every January 1 thereafter (to be implemented February 1), the Employer shall post for bid all available courier and driver positions at each terminal covered by the terms of this Operational Article. Ninety per cent (90%) of such posted positions shall be posted as routes, including geographical descriptions (rough boundaries), scheduled start times and normal workdays. A regular established starting time is defined as not varying by more than one (1) hour, and such variance shall not occur more than one (1) day per workweek as set forth on bid. The remaining bid positions at each terminal covered by this Operational Article shall be posted as open bids. Employees covered by the terms of this Operational Article will bid on available routes in their terminal in order of terminal seniority, and the bid will be completed within four (4) weeks of its posting at the terminal in question. The Company may, at its discretion, have bids semi-annually in order to address operational needs.

A route permanently vacated or newly established shall be posted within five (5) days for five (5) working days, during which time couriers shall be afforded the opportunity to bid such vacated or new routes based on terminal seniority. The successful bidder shall be the most senior qualified courier and shall be awarded the posted vacancy or new route the Monday following the expiration of the five (5) day posting period. A permanent vacancy shall include a route covering an area that is delivered five fully scheduled days a week for a thirty (30) day period, except for routes established during peak.

Start times and classifications will be posted for bid. Ten percent (10%) positions will be subject to bid by seniority to the entire seniority list subject to qualifications. Ten percent employees will be subject to all terms and conditions of the 10% non-guaranteed bid position. It is agreed that the forty (40) hour workweek need not apply to ten percent (10%) of the regular employees with a minimum of one, other than red circle employees.

However, a regular employee who does not report as scheduled, except in the case of an on-the-job injury, bonafide illness or accident, jury duty, or attendance at a funeral compensable under provisions of this contract, shall have broken his/her weekly guarantee and shall be eligible for Saturday, Sunday and holiday work only after utilization of those regular junior employees who have worked their scheduled workweek.

When possible, the Employer will set up 10% employees by seniority order for available vacancies the following week by the end of their shift the preceding Friday. Daily vacancies will be offered by seniority order either the day preceding when possible or when available.

When vacancies occur, the first two openings shall be bid among employees with less seniority than the employee (if any) vacating the route (“bump and roll”), thereafter the next most senior eligible employee may fill the vacancy and the junior employee must fill the final resulting vacancy .

When a courier’s route is split and a new route is created, the affected courier shall be allowed to select either of the resulting routes. If necessary to maintain the 90%/10% split set forth above, the Employer shall fill that route and any resulting vacancy in the same manner as a permanently vacated route.

When a courier’s assigned route is permanently changed by fifty percent (50%) or more of its delivery stops, said courier shall have the right to follow the major portion of the original delivery route. When more than one (1) courier’s route is affected, those affected couriers shall be afforded the opportunity amongst themselves to bid the routes affected in accordance with their terminal seniority.

Subject to the foregoing, the Employer retains the right to modify routes in order to ensure timely and efficient operations.

General bid procedures shall be addressed in the applicable Supplement and/or Rider.

Section 2. General Bid – Shuttle/Dock in Miami, Los Angeles, Denver, and Dallas

General bid procedures for the above locations are as set forth in the applicable supplements and/or riders.

Section 3. Part-Time Employees

Seniority shall prevail on all matters unless otherwise noted in the supplemental agreements.

Section 4. Down-Grade to Part-Time

Full-time employees desiring to downgrade to a part-time position for legitimate reasons may do so, provided consent thereto is granted by both the Employer and the Union. Such consent shall not unreasonably be withheld.

Except as otherwise specifically provided herein, upon the commencement of the downgraded part-time position, the employee's wages and benefits shall henceforth be computed and be determined solely as a part-time employee under the provisions of this Agreement.

Following the downgrade, the employee may not thereafter bid up to a full-time position unless an additional (i.e., "new") or vacant position is available and no full-time employee desires to bid into the position. Moreover, should such employee upgrade to a full-time additional or vacant position as aforesaid, the employee may not thereafter seek another downgrade for the life of the Agreement or for two (2) years, whichever is greater.

A laid off full-time employee is entitled to displace up to two junior part-time employees and work the resulting available part-time shifts. The employee shall maintain his full-time wage rate and benefits when performing the part-time shifts but otherwise will be considered a part-timer, including for purposes of work guarantee and eligibility for overtime. Such laid off full-time employee must be available to work both part-time shifts offered, and must be available to work the entire qualifying period for benefits eligibility.

ARTICLE 11. USE OF AND PERFORMANCE OF BARGAINING UNIT WORK BY PERSONNEL OTHER THAN FULL-TIME SENIORITY EMPLOYEES

Section 1. Part-Time Personnel

- A. Definition.** A part-time employee is an individual who is scheduled to work a guaranteed minimum of at least (3) hours per day and fifteen (15) hours per week up to a maximum of thirty-two (32) hours per week. Part-timers shall not be scheduled to work more than 32 hours in a week.

- B. Use of Part-Time Personnel.** The Employer may employ part-time personnel to fulfill its operational needs subject to the terms and conditions set forth in this Operational Article. For example, the Employer may assign part-time personnel to load and unload vehicles and sort packages, to conduct ramp operation, and to perform delivery work as non-driving drivers helpers during peak season (October 1 through December 31).

No part-time employee shall drive except the Company may utilize part-time employees to perform p.m. pick-up and p.m. shuttle work, provided that the total number of part-time drivers does not exceed 15% of the total number of active full-time shuttle drivers and couriers. Part-timers shall not be permitted to work a split-shift.

Section 2. Casuals

- A. Definition.** A casual employee is an individual who is included in the bargaining unit but who is not on the regular seniority list and who is not serving a probationary period. A casual may either be a replacement casual or a supplemental casual as hereinafter defined. Casuals shall not have seniority status. Casuals within the jurisdiction of a Local Union cannot be utilized when full time employees are on layoff within the jurisdiction of that Local Union unless laid-off full-time employees within the Local Union have been offered said work at the normal full-time wages and benefits. Except as otherwise specifically provided in a Supplement or local rider, there shall be no non-driving part-time casuals.
- B. Replacement Casuals.** Replacement casuals are defined as employees who may only be utilized by the Employer to replace regular employees when such regular employees are absent due to illness, pending acceptance and return to work following notice of recall, vacations or other absence, except when an absence of a regular employee continues beyond three (3) consecutive months, a replacement casual shall not thereafter be used to fill such absence, unless the Employer and the Local Union mutually agree to the continued use of a replacement casual. To be considered a replacement, the casual must work on the same day that the absence occurred, doing the same work as the absent employee otherwise would have done within three (3) hours of the absent employee's scheduled start time. A casual when called to work shall be guaranteed three (3) hours pay when replacing a part-time shift, and eight (8) hours pay when replacing a full-time shift.
- C. Supplemental Casuals.** Supplemental casuals may be used to supplement the regular work force if all available regular employees are working or scheduled to work. Casuals put to work, shall be guaranteed eight (8) hours of work or pay per day. Supplemental casuals may only be used during the time period from October 1 through December 31.

Section 3. Conditions for Limited Part-Time Driving

100% of all full-time employees covered by this Operational Article (including people who are currently classified as "part-time" but who in actuality have worked full-time hours and are de facto full-timers i.e. worked an average of 40 hours per week or more

for three (3) months) as of the date of ratification will be red-circled on a station by station basis by number of full-time employees including those on layoff. If the total number of full-time employees falls below this number at a given station the employer shall not be allowed to use part-time p.m. drivers at that station for as long as the total number of full-time employees remains below this number.

ARTICLE 12. SICK LEAVE

Section 1. Sick Leave Annual Benefit

All supplements and riders shall maintain the same amount of sick days contained in those labor agreements in effect prior to April 1, 2008 unless otherwise set forth in the current Supplement and/or Rider for those part-time employees on the seniority list prior to April 1, 2008 and for all full-time employees.

Sick leave not used by March 31 of any contract year will be paid on the next regular pay period following March 31 at the applicable hourly rate in existence on that date. Each day of sick leave will be paid for on the basis of eight (8) hours' straight-time pay at the applicable hourly rate. Existing practices concerning sick leave banks shall be maintained in areas where they exist unless otherwise specifically agreed with participating local.

Section 2. Sick Leave Utilization

Sick leave may be used by employees actively at work during absence caused by a non-work related injury or illness, for medical, dental or vision care appointments, or during the waiting period for a work-related injury or illness. Sick leave may be used in any manner authorized by and consistent with federal and/or state law.

Section 3. Coordination with FMLA Leave

The Employer may not force an employee to use pre-scheduled vacation time as FMLA leave, provided the vacation involved was prescheduled in accordance with the applicable supplemental agreement.

Section 4. Doctor's Certification/Medical Examinations

The Company may require verification of an employee's eligibility to use sick leave hours for any absence of three (3) consecutive duty days or more, and the employee may be required to bring a doctor's slip upon their return to work after such absences.

Section 5. Payment Upon Termination

All supplements and riders shall maintain the same practices regarding pay for unused sick days upon termination contained in those labor agreements in effect prior to April 1, 2008 unless otherwise set forth in the current Supplement and/or Rider.

ARTICLE 13. SENIORITY, LAYOFF & RECALL

Section 1. Definition

Seniority shall prevail. Terminal seniority, rather than master seniority, shall be used for all purposes, except where a Local Union Rider provides otherwise with regard to layoff, and recall.

- Master seniority shall be defined as the most recent date of hire with the Company.
- To the extent that the Company and the Union agree to set a fringe benefit date for an employee, the date upon which an employee first establishes fringe benefit eligibility shall continue as that employee's benefit eligibility date for vacation, holiday, pension, and health and welfare eligibility, unless the employee loses seniority under other provisions of this Agreement.
- Terminal seniority shall be defined as the master seniority date applied within an individual terminal.

Section 2. Posting of Seniority List

Full-time and part-time employees shall be placed on separate seniority lists as of their first date of hire in their status as full-time or part-time employees with the unit covered by this Agreement. Seniority shall be measured by length of service in such status with the Employer as a bargaining unit employee. For example, a part-time employee transitioning to full-time status will not be credited with his part-time service for seniority purposes. Such time, however, counts for all other purposes such as vacation going forward on a pro-rata basis. Pro-rata basis shall be computed by adding the total number of hours worked in the employee's work history divided by 2080. However, a full-time employee transitioning to part-time status will maintain his date of hire into the full-time covered position as his seniority date after he has transitioned into the part-time position. Employees voluntarily transitioning to part-time status must stay in that part-time status for one (1) year. Existing employees entering the unit on the same day in the same status shall be placed on the seniority roster in order of Company seniority; newly hired

personnel entering the unit on the same day shall be placed on the seniority roster by alphabetical order.

The Employer shall give the Local Union a seniority list at least every six (6) months or on reasonable request by the Local Union. The Employer shall also post a seniority list at least once every six (6) months and shall maintain a current seniority roster at each covered facility. Protest of any employee's seniority date or position on such list must be made in writing to the Employer within thirty (30) days after such seniority date or position first appears, and if no protests are timely made, the dates and positions posted shall be deemed correct. Any such protest which is timely made may be submitted to the grievance procedure.

Section 3. Employee Address and Phone Number

It shall be the responsibility of the employee to keep the Employer informed of the employee's current address and telephone number. An Employee shall notify the Employer within thirty (30) days, in writing, of any change of address or telephone number.

Section 4. Layoffs

Should it become necessary for the Employer to reduce its work force, layoffs shall be effectuated on the basis of master seniority by classification within the jurisdiction of the Local Union in accordance with their Rider. When the force is again increased, the employees are to be returned to work in the reverse order in which they were laid off. Where work is moved to another terminal, the senior affected employees shall be permitted to follow that work.

Section 5. Notification of Layoff

In the absence of emergency or other uncontrollable circumstances, the Employer shall provide notification of layoff to affected employees by the end of the shift prior to the layoff. A copy of such notice shall be provided to the Steward and sent via fax or email to the Union.

Section 6. Recall

Unit employees on layoff shall be recalled to fill available vacancies for which they are legally qualified (i.e. licensed) in reverse order of layoff (i.e., last to be laid off – the first to be offered recall), in accordance with the following procedures:

1. In the event of a recall, the laid off employee shall be notified by receipted mail addressed to the employee's last reported address on file with the Employer, with a copy to the Union. Such employee must advise the Employer within seven (7) days, excluding holidays and weekends, after delivery of the recall notice at such address whether or not he/she accepts the recall offer. Recall notices which

are not successfully delivered to the affected employee's residence of record due to an incorrect address resulting from the employee's failure to advise the Employer of his/her current correct address, shall nevertheless be deemed "received" as of the date and time the initial delivery had been attempted.

2. In the event the employee declines the recall offer, or fails to notify the Employer of his/her decision within the above-mentioned seven (7) days, excluding holidays and weekends, the employee shall lose all seniority rights under the Agreement and be considered a voluntary quit.

3. Any employee who timely accepts a recall pursuant to a written recall notification delivered under the provisions of Paragraph ___ above, shall report to work at the start of his/her shift within fourteen (14) regularly scheduled work days following the day on which he/she timely notified the Employer of the timely acceptance of recall, or within such greater period as may be mutually and reasonably agreed upon by the Employer and employee. Failure to return to work within the aforesaid time period following the acceptance of the recall, shall result in the employee's forfeiture of all his accumulated seniority and he/she shall be considered a voluntary quit.

4. Should the Employer be faced with dire, serious operational issues and be in urgent need of an employee(s) to fill a vacant position(s) for which the laid off employee is qualified, the Employer may attempt initially to recall qualified laid-off employees, in department seniority order, by telephone. In all such cases, the Union shall be notified prior to commencing the telephone recall procedure, and be afforded the opportunity to be physically present at the time and place where all such calls are being made. In addition, the Employer shall maintain a written log with the name of the individual called, the telephone number called, and the date and time of each such call. It is expressly understood and agreed, however, that the Employer must follow-up all such telephone calls with written recall notifications as provided in Paragraph ___ above.

5. Unit employees (excluding probationary and casual employees) shall enjoy recall rights by terminal for a period not to exceed five (5) years following the effective date of the layoff, or for the length of the employee's continuous service with the Employer in the unit covered by this Agreement, whichever is less.

Section 7. Termination of Seniority

Seniority shall be broken only by:

1. Discharge.
2. Voluntary quit or retirement.

3. Performing no work for more than five (5) years. This five (5) year period does not begin to run until ratification of this agreement.
4. Failure to respond to a notice of recall.
5. Failure to return from an authorized leave of absence.
6. Unauthorized failure to report to work (no call/no-show) for three (3) consecutive days when work is available.
7. Voluntary leaving of a classification of work covered by this Agreement and remaining in the employ of the Employer in some other non-unit capacity, except pursuant to an inter-bargaining unit transfer specifically authorized by the terms of an Operational Article, Supplement and/or Rider.

ARTICLE 14. HOURS OF WORK, WORK DAY, WORK WEEK, OVERTIME, AND SCHEDULING

Section 1. Application of Article

A. Full-Time Employees

All full-time employees covered by this Operational Article as of the date of ratification will be red-circled by name, and will be guaranteed the opportunity for forty (40) hours per week for as long as they are working full-time and on the active seniority list.

Ninety per cent (90%) of the regular full-time employees on the active seniority roster at each of the Employer's facilities covered by this Operational Article at the time of ratification shall be guaranteed forty (40) hours per week and will be scheduled five (5) consecutive eight (8) hour days Monday through Friday. In any week in which paid holidays fall, the guaranteed workweek shall be reduced by eight (8) hours for each such holiday when such holidays fall within the scheduled workweek. A regular employee who does not report as scheduled, except in the case of an on-the-job injury, bona fide compensated illness or accident, jury duty, or attendance at a funeral compensable under Article ____, shall have broken his weekly guarantee and shall be eligible for Saturday or Sunday work or holiday work only after utilization of those regular junior employees who have worked their scheduled workweek.

The order of call shall be: 1) ninety percenter; 2) red-circled employee by name who is not a ninety percenter; 3) ten percenter (not red-circled); 4) part-time p.m. driver.

Start times for full-time positions may be delayed by the Employer up to one (1) hour per day, based on operational need due to act of God provided the employee was notified by the end of the previous day's shift. Such delays shall not be abused or unreasonably

declared. Any employee called in before their regular starting time shall have their normal end time protected. Except as specifically provided elsewhere, there shall be no split shifts for full-time employees.

Full-time employees when called to work on a Saturday, Sunday or Holiday shall receive a minimum of eight (8) hours pay at the applicable rate.

B. Full-Time Shuttle/Dock Employees at Miami, Los Angeles, Denver, and Dallas

Provisions regarding hours of work, work day, work week, overtime, and scheduling for the above locations are as set forth in the applicable supplements and/or riders.

C. Part-Time

The Employer may employ part-time personnel to fulfill its operational needs as set forth in Article ___ (Job Bidding and Filling of Vacancies) of this Operational Article, subject to the terms and conditions set forth in this Agreement.

1. Utilization.

- (a) Part-time employees covered by the terms of this Operational Article shall be guaranteed three (3) hours per day, fifteen (15) hours work in each workweek, Sunday through Saturday. Saturday and Sunday will not include driving. In any week in which paid holidays fall, the guaranteed workweek shall be reduced by three (3) hours for each such holiday when such holidays fall within the scheduled workweek. A regular part-time employee who does not report as scheduled, except in the case of an on-the-job injury, bona fide compensated illness or accident, jury duty, or attendance at a funeral compensable under Article ___, shall break the guarantee.
- (b) Start times for part-time positions may be changed by the Employer up to two (2) hours per day, based on operational need. Such delays shall not be abused or unreasonably declared. The Company shall attempt to contact the employee with Union verification at least one (1) hour prior to his/her start time, provided, however, if the employee does not receive such notification, and reports to work, then the two (2) hour slide shall be reduced to one (1) hour and thirty (30) minutes.

D. Computation of Compensable Work Hours

An employee's time worked shall be computed from time the employee is required to report to work and registers in until the time the employee is effectively released from

duty. The Employer shall have the right to release employees from duty at its discretion based on operational need provided that provisions of the contract are followed.

E. Overtime

Full-time employees shall be paid overtime for all hours worked in excess of eight (8) hours in any one (1) day or forty (40) hours in any one (1) week at the rate of time and one-half (1 ½) the regular hourly rate, but not both. Overtime shall not be pyramided. No employee covered by this Operational Article shall be required to work more than ten (10) hours in any one (1) shift once returned to the terminal absent operational necessity but only during peak season.

Part-time employees shall be paid overtime for all hours worked in excess of five (5) hours in any one day at the rate of time and one-half (1 ½) the regular hourly rate. Part-time (non-driving) employees shall be allowed to perform work on Saturday and Sunday at the straight time provided they have less than thirty-two (32) hours.

One and one-half (1 ½) times the employee's regular hourly rate shall be paid for all work performed by a full-time employee on Saturday, and two (2) times the employee's hourly rate shall be paid for all work performed by a full-time employee on Sunday.

F. Meal Break & Rest Periods

All supplements and riders shall maintain the meal break and rest period practices contained in those labor agreements in effect prior to April 1, 2008 unless otherwise set forth in the current Supplement and/or Rider.

G. Assignment of Overtime

Overtime work, if any, that may occur in connection with the performance of a particular route shall stay with that route. Overtime assignments, when necessary to cover employee absences, shall be offered to unit personnel on the basis of seniority in the classification at the work location involved.

When overtime other than in connection with the performance of a route or coverage for an employee absence is necessary, the Employer shall offer the work to available employees in the classification at issue in order of seniority. To be available for overtime, an employee must have completed his work assignment. If no available employee accepts the work, the Employer shall assign the work in reverse order of seniority to the available employee(s) in the classification at issue.

ARTICLE 15. ELIGIBILITY REQUIREMENTS FOR HOLIDAY PAY

In order to be entitled to holiday pay, an employee covered by this Operational Article must have completed his/her probationary period and must be a regular full-time or

regular part-time employee. In addition, in order to be entitled to holiday pay, an employee must work his/her regularly scheduled work day immediately preceding the recognized holiday or his/her regularly scheduled work day immediately following the holiday, in addition to the holiday when scheduled as part of the duty shift, unless such absences are due to scheduled vacations or floating holidays, or absence due to illness or injury with a doctor's written authorization are otherwise expressly excused in writing by the Employer.

(1) Regular employees are entitled to holiday pay if the holiday falls within the first (1st) thirty (30) days of absence due to illness, or non-occupational injury, or within the first (1st) six (6) months of absence due to occupational injury or during a period of permissible absence. This does not apply to employees taking leave of absence for full-time employment with the Union.

(2) Any laid off employee on the Employer's seniority list who works a day within the fifteen (15) days prior to the holiday and remains available for the full fifteen (15) days prior to the holiday shall receive compensation for such holiday. However, an employee who declines work during this period shall not qualify for holiday pay. This provision shall also apply to any laid off employee working out of classification provided they qualify as required in this section.

(3) If any holiday falls within the thirty (30) day period following an employee's layoff due to lack of work and such employee is also recalled to work as provided in Article __, Section __, of this agreement during the same thirty (30) day period but did not receive any holiday pay, then in such case he shall receive an extra days pay for each holiday, in the week in which he returns to work. Said extra days pay shall be equivalent to eight (8) hours at the straight-time hourly rate specified in the Agreement. An employee who was laid off because of lack of work and is not recalled to work within the aforementioned thirty (30) day period is not entitled to the extra pay upon his return. Under no circumstances shall the extra pay referred to herein be construed to be holiday pay, nor shall it be considered as hours worked for weekly overtime.

ARTICLE 16. VACATION

All supplements and riders shall maintain the same amount of vacation days and the same administration of vacation provisions as contained in those labor agreements in effect prior to April 1, 2008 unless otherwise set forth in the current Supplement and/or Rider for those part-time employees on the seniority list prior to April 1, 2008 and for all full-time employees.

ARTICLE 17. STEWARDS

Section 1. Number

The employer recognizes the right of the Local Union to designate job stewards and alternates from the Employer's seniority list. The authority of job stewards and alternates so designated by the Local Union shall be limited to, and shall not exceed, the following duties and activities as outlined below:

The Employer shall give at least one (1) job steward, during his regular working hours or if outside his regular working hours his/her designated alternate, an opportunity to participate in the Employer's orientation of new employees, or the right to meet with new employees during their workday to inform them of the benefits of Union representation without loss of time or pay. The Employer shall have the sole right to schedule the time and place for such participation so as not to interfere with the Employer's operation.

Section 2. Notification to Employer

The Union shall notify the Employer, in writing, of the selection and/or change of the designated and/or alternate stewards.

Section 3. Functions and Authority

The authority of the designated and alternate stewards designated by the Union shall be limited to, and shall not exceed, the following duties and activities:

1. The investigation and presentation of grievances and the participation in the Grievance/Arbitration procedures, including Employer conducted investigatory interviews, as provided in Section ____ (Investigatory Interviews of Unit Employees by Management and Supervision) or Article ____ (Discipline and Discharge) and Article ____ (Grievance and Arbitration Procedure) of this Agreement;
2. The collection of dues when authorized by the appropriate Local Union official;
3. The transmission of such messages and information which shall originate with, and are authorized by the Local Union, or its officers, provided such messages and information:
 - (a) have been reduced to writing, or

(b) if not reduced to writing, are of a routine nature and do not involve work stoppages, slow-downs, refusals to handle goods, or any other interference with the Employer's business.

The designated and alternate stewards are employees of DHL and have no managerial or supervisory authority.

The designated steward and alternate stewards have no authority to take strike action or any other action interrupting the Employer's business, except as authorized by official action of the Union which it communicates in advance to the Company. The Employer recognizes these limitations upon the authority of the designated steward and alternate stewards, and shall not hold the Union liable for any unauthorized acts. The Employer, in so recognizing such limitations upon the authority of the designated steward and alternate stewards, shall have the authority to impose proper discipline, including discharge, in the event the designated steward and/or alternate stewards has/have taken an unauthorized strike action, slow down, or work stoppage in violation of this Agreement.

Section 4. Release Time for Steward Duties

The job steward, or his/her designated alternate, shall be permitted reasonable time to investigate, present and process grievances on the company property without loss of time or pay during his/her regular working hours without interruption of the Employer's operation by calling group meetings; and where mutually agreed to by the Local Union and the Employer, off the property or other than during his/her regular schedule without loss of time or pay. Such time spent in handling grievances during the job steward's or his/her designated alternate's regular working hours shall be considered working hours in computing daily and/or weekly overtime if within the regular schedule of the "job steward."

Section 5. Superseniority Status

In areas that have provided super seniority to stewards immediately prior to the effective date of this Agreement, such practices shall be continued unless mutually agreed otherwise.

ARTICLE 18. DISCIPLINE AND DISCHARGE

Section 1. Discipline

A. Just Cause Standard/Progressive Discipline. The Employer shall not discharge, suspend or take any other disciplinary action against any non-probationary employee, excluding casuals, without just cause. With respect to discharge or suspension, the Employer shall give at least one (1) advance warning notice of the complaint(s) (of a like nature) against the employee to the employee in writing by personal delivery and/or

certified mail (return receipt requested) with a copy of same to the Local Union. An employee shall not receive multiple warning letters for a single incident. Upon attainment of seniority status at the completion of the probationary period, an employee's record shall be clear.

B. Cardinal Infractions. No warning notices are necessary for those cardinal infractions set forth in the supplements to the 2003 National Master Freight Agreement as applied to each Local Union covered by this Article unless otherwise set forth in the current Supplements and/or Riders.

C. Survival of Prior Disciplinary Action for Future Use in Progressive Discipline. The warning notice(s) or suspensions as provided herein shall not remain in effect to support further progressive disciplinary action for a period of more than nine (9) months. All warning notices, discharges, suspensions or other disciplinary action shall be confirmed in writing to the employee and Union.

D. Deadline for Filing a Grievance Protesting Disciplinary Action. Appeal from a discharge, suspension or written warning notice must be taken within ten (10) calendar (exclusive of weekends and those holidays designated in this Agreement) days of the employee's receipt of notice of same.

E. The Employer must issue all discipline within ten (10) calendar days of knowledge, with the exception of issuing a letter of investigation for accidents or alleged unlawful harassment. Letters of investigation cannot exceed thirty (30) days, with the Employer having the right to one (1) written thirty (30) day extension.

Section 2. Investigatory Interviews of Unit Employees by Management and Supervision

In the event an employee is required to attend an investigatory interview with a supervisor or other management official which he/she reasonably believes will result in disciplinary action, any readily available Local Union steward employed at the Employer's facility or another bargaining unit employee designated by the employee and who is available at the time of the meeting shall be present and participate at such investigatory interview, unless waived by the employee in writing.

Section 3. Video Cameras

The Employer may not use video cameras to discipline or discharge an employee for reasons other than theft of property or physical violence. If the information on the video tape is to be used to discipline or discharge an employee, the Employer must provide the Local Union, prior to the hearing, an opportunity to review the video tape used by the Employer to support the discipline or discharge.

The Employer shall not install or use video cameras in areas of the Employer's premises that violate the employee's right to privacy such as in bathrooms or places where employees change clothing or provide drug or alcohol testing specimens.

Section 4. Use of Other Devices to Monitor Employee Work Activity

Employees are provided by the Employer with an increasingly sophisticated set of equipment, vehicles and other devices with which to perform their job functions. Employees do not have any expectation of privacy with the regard to the use of such equipment, vehicles and other devices, and the Employer may use information contained in or generated by such devices for appropriate disciplinary purposes. This information may include, but is not limited to, computer tracking devices in vehicles (commonly known as "Black Boxes"), information stored on computers, records from Company-issued cell phones and two-way radios, and information generated by GPS (Global Positioning System) Devices. However, the Employer may not use such devices as the sole basis for discipline.

Section 5. Polygraph Test

No employee covered by this Agreement can be subjected to a polygraph test administered by the Employer or conducted on the Employer's behalf.

ARTICLE 19. WAGES

Section 1. General Wage Increases Full-Time

Wage rates in effect will be increased as follows:

Effective dates	Hourly Increase
April 1, 2008	\$.35
October 1, 2008	\$.35
April 1, 2009	\$.40
April 1, 2010	\$.45
April 1, 2011	\$.40
October 1, 2011	\$.45
April 1, 2012	\$.45
October 1, 2012	\$.50

Section 2. General Wage Increases Part-Time (hired prior to April 1, 2008)

Wage rates in effect will be increased as follows:

Effective dates	Hourly Increase
April 1, 2008	\$.35
April 1, 2009	\$.20
April 1, 2010	\$.225
April 1, 2011	\$.425
April 1, 2012	\$.475

Section 3. Part-Timers Hired After April 1, 2008

If a new part-time employee is required by law or trust agreement/rules to have H&W and/or Pension benefits, the following applies:

Start Rate	\$10.00
12 mos	\$10.20
24 mos	\$10.425
36 mos	\$10.85
48 mos	\$11.325

If a new part-time employee is not required to have H&W or Pension benefits, the following applies:

Start Rate	\$12.00
12 mos	\$12.20
24 mos	\$12.425
36 mos	\$12.85
48 mos	\$13.325

For part-timers hired after April 1, 2008 who perform any of the limited PM driving, the part-time rate shall be \$2 an hour more than the part-time non-driving rate. If they perform driving duties any portion of the day, they shall receive this drivers' rate for all time worked that day.

Section 4. General Wage Scale Casuals

85% of existing full wage rate in effect for classification.

Section 5. Wage Application for Progressions

Application of the above increases to existing agreements containing pay progressions shall be set forth in applicable Local Riders

ARTICLE 20. HEALTH AND WELFARE

With respect to this agreement and all supplements and riders, the Company shall remain in the same health plan(s) that they are currently in. The Company shall continue to participate in such plans and will execute all necessary participation agreements and other documents required by the plans.

- i) Employees in Taft-Hartley multi-employer plans shall remain in said plan and Employer shall pay an increase of up to one (1) dollar per hour for each year of the contract to be allocated between the Taft-Hartley health plans and pension plans as directed by the area supplemental co-chairs.
- ii) For employees in Company provided Health and Welfare plans upon ratification, the Employer agrees to continue all existing health care plans in effect for the part time employees on the seniority list before April 1, 2008, and full time employees at substantially comparable benefit levels on the same basis provided all other plan participants, and costs as they existed at march 31, 2008. As long as the annual benefit funding increases outlined in this Agreement are not exceeded, the Employer is required to maintain all levels of benefits on the same basis as provided all other plan participants, during the life of this agreement. If the additional cost of maintaining all levels of benefits exceeds the funding increase available in any year, the Employer and local union will meet and determine if benefit levels should be adjusted or employees will be required to participate in paying for the premium necessary to continue the existing level of benefits. Full-time employees with 40 compensable hours per month shall not have any out of pocket premium expense as long as the annual benefit funding increases outlined in this Agreement are not exceeded by the additional cost (if any) of such benefits. Eligible part-time employees with 80 compensable hours per month shall not have any out of pocket premium expense as long as the annual benefit funding increases outlined in this Agreement are not exceeded by the additional cost (if any) of such benefits. No employees will be required to pay additional premium costs during life of this agreement as long as the annual benefit funding increases outlined in this Agreement are not exceeded by the additional cost (if any) of such benefits. Supplements or riders with lower thresholds for qualifying purposes those thresholds will be maintained for the life of the agreement.
- iii) Part-time employees under the PU&D hired after April 1, 2008 shall not be eligible for health benefits except with respect to those Local Unions where Benefit Trusts require or state law require contributions.

ARTICLE 21. PENSION

With respect to this agreement and all supplements and riders, the Company shall remain in the same pension plan(s) that they are currently in. The Company shall continue to participate in such plans and will execute all necessary participation agreements and other documents required by the plans.

- i) Employees in Taft-Hartley multi-employer plans shall remain in said plan and Employer shall pay an increase of up to one (1) dollar per hour for each year of the contract to be allocated between the Taft-Hartley health plans and pension plans as directed by the area supplemental co-chairs.
- ii) For employees in an employer provided pension/401k plan, the Employer is required to maintain all levels of contributions during the life of this agreement. Where the 401(k) plan is the retirement plan for the employee, the Employer shall make increased contributions in the amount equal to the lesser amount of the increases to any of the multi-employer pension plans in which the employer participates under this agreement during the term of this Agreement, but in no event less than \$.35 per hour for each year of the contract.
- iii) Part-time employees under the PU&D hired after April 1, 2008 shall not be eligible for pension contributions except with respect to those Local Unions where Benefit Trusts or state law require contributions. However, such part-time employees are eligible for participation in the Teamsters National 401(k) Plan.

PU&D APPENDIX A. MEMORANDUM OF UNDERSTANDING re @HOME

1. Work Preservation:

- a. Bargaining Unit Work: The bargaining unit shall perform the following functions with respect to @Home shipments which move through covered Company terminals: (i) the pick-up of shipments within the area serviced by the bargaining unit (unless hub inducted), (ii) the processing of those shipments at the origin terminal (unless late cutoff requires a direct to ramp move), (iii) the tendering of those shipments to the line haul carrier at the origin terminal, (iv) the receipt of those shipments from the line haul carrier at the destination terminal, if covered by the bargaining unit, (v) the processing of those shipments at that terminal, and (vi) the delivery of those shipments to the local post office facility, i.e. DDU(s), if located within the area serviced by the bargaining unit.

- b. Limited Role of USPS: The USPS shall perform no work on @Home shipments within the service area of the local union, other than the final delivery from the destination post office, i.e. DDU, to the final consignee. Nor shall the USPS perform any work whatsoever on the DHL core products.

2. **Work Acquisition:**

- a. Concept: The USPS shall continue to perform the final delivery of @Home shipments until such time as it becomes economically feasible for the bargaining unit to do so. The parties hereby agree to establish an objective formula for determining economic feasibility in this context, and a workable mechanism for transferring such work to the bargaining unit, when the formula is satisfied.
- b. Formula: The Company and TDHLNNC shall develop a formula which will accurately determine whether bargaining unit drivers can be used to deliver @Home shipments within a covered zip code at a reasonable profit margin. A covered zip code shall mean a zip code presently serviced by the bargaining unit for the DHL core products. A reasonable profit margin shall be defined as an operating ratio by station of not more than 95% for the @Home product delivered in the covered zip code for the preceding calendar year.
- c. Committee: A committee shall be established to oversee the formula's application. That committee shall consist of one management representative, one union representative. The committee shall meet at least once a year, after first quarter results are in. The Company will provide reasonably requested data related to @Home shipments to the committee.
- d. Conversion: If the committee determines deliveries of @Home shipments in a covered zip code shall be returned to the bargaining unit, the Company shall comply with the committee directive in a prompt and timely manner. Since compliance will entail multiple operational, administrative, and marketing changes, the Company will be given a reasonable period for implementation. Thereafter, the bargaining unit shall commence delivery of @Home shipments within that zip code.
- e. Reversion: In the event that a zip code is converted to the bargaining unit, and thereafter fails to maintain a reasonable profit margin, as defined above, for a period of ninety (90) calendar days, as verified by the committee, then the Company may revert to the use of the USPS for the final delivery of @Home shipments within that zip code, until that zip code once again satisfies the test provided for above.
- f. Confidentiality: All data generated pursuant to the above process, shall be treated as confidential, and may not be disclosed to any third party. However,

the Company and TDHLNNC mutually agree to disclose a certain portion of this information to the local union, to respond to pertinent inquiries concerning the application of the formula within a particular union area. In addition, subject to this confidentiality requirement, the Company is obligated to share with TDHLNNC all relevant financial information and operating statistics which pertain to the evaluation of these provisions.

3. National Supplemental Payment:

- a. On the first payday of December of each year, the Company will pay each full-time driver working in a jurisdiction where an @Home shipment was delivered by the USPS during that year a bonus of 150.00 dollars
- b. The bonus payment will be in lieu of, and replace, the supplemental disability benefit program and the payment per package set forth in the Parties previous agreements.
- c. In the event that the Company reduces, eliminates, sells, transfers or otherwise discontinues the @Home program during the term of the agreement, the full-time drivers will continue to receive the 150.00 dollar bonus through the term of the agreement.

4. Dispute Resolution Procedure:

- a. Any dispute arising regarding this @Home program shall be decided using the grievance and arbitration procedure in the National Agreement.
- b. Outstanding Grievances: The union agrees to withdraw all outstanding grievances with respect to the @Home program with prejudice. This Agreement shall take precedence over any prior resolution of any @Home grievance.