



OCTOBER 18, 2007

UPS Contract Update

Teamsters Score Major Gains In UPS Agreement

Here are some highlights:

- **Unprecedented pension and health and welfare contribution increases.** UPS will contribute an additional \$5 per hour into all pension and health and welfare plans, a \$1 per hour increase each year. UPS will withdraw from the Central States Pension Fund and create a jointly-administered pension fund. UPS will make a pre-tax \$6.1 billion payment, and fully fund the new plan and will restore all Central States pension benefits that were modified in 2003.
- **Part-time health care improvements.** Current part-time employees in union health and welfare plans will remain in those plans. All current part-time employees in UPS health plans, and CSI employees in a company health plan, will go to one single plan for health insurance, which has a prescription drug card.
- **Wage gains.** There will be increases of 70, 75, 75, 85 and 95 cents in the five years the contract covers. Package driver start rates go up to \$16.10 (from \$14.70). Part-timers will receive the same general wage increases as full-time employees, and new part-time hires will receive a \$1 per hour increase after 90-calendar days of employment (up from 50 cents).
- **Average benefit/wage increases significantly larger than last two contracts. The five-year agreement contains average annual wage and benefit increases of \$1.80 per hour each year. This compares with \$1.46 per hour in the 2002 contract and 98 cents per hour each year in the 1997 contract.**

Local Union Leaders Unanimously Endorse Tentative Agreement

Members Urged to Vote Yes

Leaders of local unions that represent UPS workers from across the United States unanimously voted to endorse the tentative UPS national agreement on Thursday, October 11, paving the way for ballots to be prepared and sent to members.

Ken Hall, Director of the Teamsters Parcel and Small Package Division, and General President Jim Hoffa, who serve as co-chairmen of the Teamsters National Negotiating Committee, presented the changes contained in the tentative agreement to more than 300 local union leaders.

"Our members made it clear to us that they wanted us to take steps to address their pensions and health care, and this contract deals with those issues head on," Hoffa said. "This committee stayed united and focused and got the job done."

Union leaders from around the country agreed.

"Without a doubt, this is one of the finest national UPS agreements," said Chuck Mack, Secretary-Treasurer of Local 70 in Oakland, California. "Thanks to the patience and hard work of Ken Hall and other committee members, we have ensured that every member's voice has been heard throughout the negotiations. I will be highly recommending this agreement to my members."

The agreement allows UPS to withdraw from the Central States Pension Fund and creates a jointly-administered pension fund for affected members. UPS will make a pre-tax \$6.1 billion payment to the Central States Plan and will also fully fund the new plan.

Bill Lichtenwald, President of Local 20 in Toledo, whose members are in the

Central States Plan, said the negotiating committee kept its mission in sight during the past year.

"This agreement eases all the health, welfare and pension fears that my members

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—Jim Hoffa

had," Lichtenwald said.

Ken Wood, President of Local 79 in Tampa, Florida, said his members clearly wanted pensions addressed more than any other issue.

"I feel very confident that when the votes are in, our members will show us that they think we did exactly what they wanted us to do—address long-term pension issues," Wood said. "This took a lot of hard work, but it paid off. This is an excellent package."

"Under this agreement, we have gotten the company to make record pension, health and welfare contributions," said Denis Taylor, President of Local 355 in Baltimore. "We are taking care of the problems sooner rather than later, which is what our members wanted us to do."

The contract specifics outlined during the "two-person" meeting, attended by two representatives from each UPS local union, have also been posted at www.teamster.org and more information will be mailed to members' homes soon.

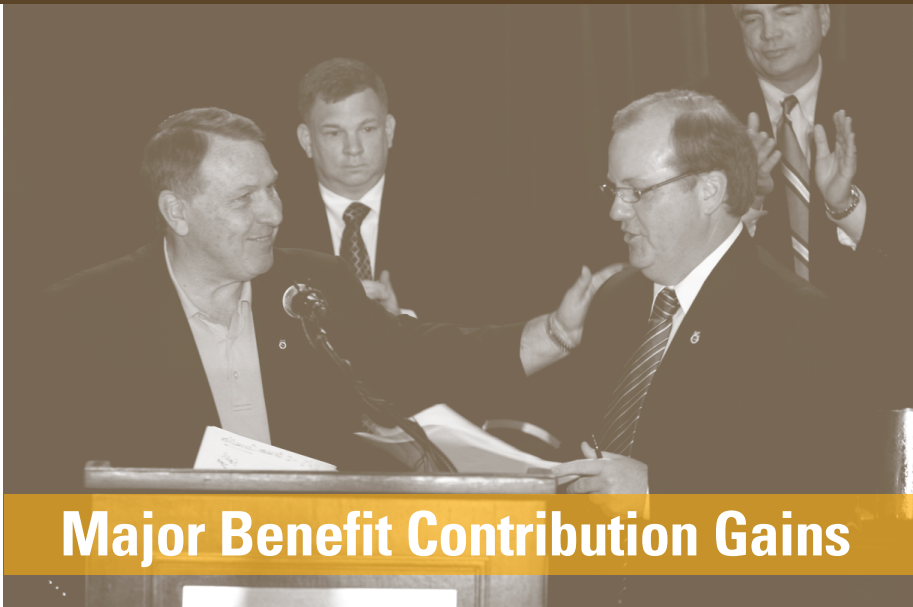
Economics

For all employees:

- UPS will contribute an additional \$5 per hour into pension and health and welfare plans, a \$1 per hour increase each year starting on August 1, 2008.
- The maximum long-term disability benefit will increase from \$500 to \$600.
- Employees on long-term disability will maintain their full health insurance for one year.
- Benefit formula for current and future part-time employees in the UPS Pension Plan will increase from \$55 to \$60 for each year of future credited service starting on August 1, 2008.
- **Current part-time employees in union health and welfare plans will remain in those plans.**
- All current part-time employees in UPS health plans, and CSI (UPS Cartage Services, Inc.) employees in a company health plan, will go to one single plan for health insurance, **which has a prescription drug card.**
- **For part-time employees hired after August 1, 2008, who are in company health plans,** health insurance will begin after 12 months and dependent coverage after 18 months.
- **The company is prohibited from soliciting any local union to change pension plans, or encouraging employees to advocate withdrawal from their current plan, for 10 years from the date of ratification.**

For employees currently covered by the Central States Pension Fund, CSI employees and employees in Puerto Rico:

- A new pension plan will be created, administered by an equal number of trustees appointed by the union and UPS.
- **All full-time service under Central States, or the current pension plan covering employees in Puerto Rico, will be credited to determine service pension benefit eligibility under the new plan.**
- The new plan will restore the service pensions benefits previously cut by Central States:
 - Employees with 35 years of service can retire at any age with \$3,500 per month;
 - Employees with 30 years at any age will receive \$3,000 per month plus an additional \$100 per month for years over 30 to a maximum of \$3,500 per month;
 - Employees with 25 years prior to age 57 will receive \$2,000 per month;
 - Employees with 25 years and 57 or older will receive \$2,500 per month plus an additional \$100 per month for years over 25 to a maximum of \$3,500 per month.
- **If the amount of the service pension benefit is greater than the benefit based on the amount calculated by multiplying the accu-**



Major Benefit Contribution Gains

al rate by the number of years of service, you will receive the service benefit. If the accrual calculation is greater, you will receive the benefit based on the accrual.

- UPS will guarantee payment of the full amount of benefits you have earned at Central States and will earn from future work under the new plan. In the unlikely event any benefits are reduced by Central States, UPS will pay the difference to ensure you get your full retirement entitlement.
- Retiree health insurance will be provided by Central States, but premiums have been reduced to \$200 per month for single coverage and \$400 per month for retiree and spouse coverage. **These rates are guaranteed for the life of the contract. Retirees will be eligible for health insurance at age 55, a reduction from the current age 57.**
- **There is no reduction in the amount of benefits you receive from the new plan for any benefits you receive from Social Security. You keep the benefits you earn and also the Social Security benefit to which you are entitled.**

Wages

Full Time:

General wage increases each year, one-half payable every six months (August 1 and February 1):

- Starting in August '08: 70 cents
- Starting in August '09: 75 cents
- Starting in August '10: 75 cents
- Starting in August '11: 85 cents
- Starting in August '12: 95 cents
- **Full-time employees currently in progression, and those entering progression before August 1, 2008 will be paid in accordance with the current progression schedule.** Only those entering a package car driving, feeder or other full-time job (other than an air driver job) after August 1, 2008 will be in a 36-month progression.
- Package driver start rate goes up to \$16.10 (from \$14.70).

Part-time:

- **Part-time employees will receive the same general wage increases as full time employees.**
- New hires will receive a \$1 per hour increase after 90 calendar days of employment (up from 50 cents).
- **Part-time employees currently in progression, and those entering progression before August 1, 2008 will be paid in accordance with the current progression schedule.**
- Part timers with less than six months seniority can bid for preferred jobs (before hiring off the street).
- **For employees hired after August 1, 2008,** paid holidays, personal days and options after one year.
- Part-time employees won't lose red-circled rate if they transfer from one full-time inside job to another full-time inside job.

Premium Services (Article 43):

- Mileage rates will increase each August 1 and February 1 to reflect the hourly general wage increases.
- Employees entering a mileage job before August 1, 2008 will be paid in accordance with the current contract.
- Employees entering a mileage job after August 1, 2008, who have not completed a full-time progression, will be paid based upon the current progression rate, starting at 70 percent; seniority + 1 year = 80 percent; seniority + 2 years = 90 percent; seniority + 3 years = top rate.

Strengthening Non-Economic Language

The following changes would be implemented immediately upon ratification of the agreement:

Supervisors Working (Article 3.7):

- Penalties will be increased to double-time for the actual time the supervisor worked, or the employee's daily guarantee, whichever is greater.

Competition and New Jobs (Article 26):

- No feeder driver with more than three years of seniority shall be laid off because loads have been put on the rails.
- We will maintain our current number of 22.3 jobs for the life of the contract.
- To expand work opportunities, the employer will consider removing loads from the rails. Jobs created by doing this will be counted toward 22.3 jobs.
- The National Negotiating Committee is specifically authorized to file grievances alleging subcontracting violations, in addition to the authority of the local union at the point of origin of the subcontracting.

"9.5" (Article 37):

- A new procedure allows employees who do not want excessive overtime to sign a list limiting their hours of work for a five-month period. Employees who do not want to work overtime will be protected from abusive dispatching by increasing penalties for violation of "9.5" language to triple-time.
- If the company improperly denies a "request 8," the employee will be provided penalty pay equal to two hours at his/her straight time rate.

Subcontracting (Article 32):

- The new contract prohibits the company from arguing that it can subcontract bargaining unit work solely because it would be less expensive to do so.

GPS:

- UPS cannot discharge any employee on a first offense based upon data from GPS unless the company proves intent to defraud.

TAW (Article 14):

- For those employees who have been injured on the job and are able to perform temporary alternative work (TAW), the company will make reasonable efforts to ensure that the employee's normal work hours are not changed significantly and that the temporary assignment will begin no more than two hours earlier or two hours later than their normal start time, provided work is available.

Safety Access (Article 18, preamble):

- A new procedure is in place to grant union representatives access to company property and facilities for the purpose of investigating safety and health issues which will speed up the process.

Protection Against Losses for Improper Checks:

- The company will install a program on the DIAD to prompt the driver if a particular method of payment is to be accepted for C.O.D.

Protection from Supervisor Alteration of DIAD Information:


- A supervisor cannot alter information from the DIAD without the employee's knowledge. No supervisor can use an employee's DIAD in the employee's name, unless the employee is present, even if the supervisor wants to use the DIAD for training or demonstration purposes.

Penalties for Failure to Pay Grievance Awards/Settlements:

- In the event the company fails to promptly pay a grievance award or settlement, it will make penalty payments on the same basis as it currently pays penalties for other shortages.

Union Rejects Concessions

The following is a list of concessions sought by UPS during negotiations, and the second part is what the union won instead:

UPS Concession Demands	 Teamster Victory
• Unlimited delivery of ground packages by part-time air drivers.	✓ Prevents UPS from replacing good full-time jobs with part-time jobs.
• Year-round use of part-time driver helpers.	✓ Maintains that UPS can only use part-time helpers during peak.
• Top-pay rate of \$24/hour for all new package drivers.	✓ Only ONE top pay rate for all new package drivers. Start rate climbs from \$14.70 to \$16.10.
• The elimination of 5,000 current 22.3 jobs.	✓ Protects existing 22.3 jobs.
• The elimination of all current 22.2 jobs.	✓ Protects 22.2 jobs.
• Overtime for part-timers only after 8 hours worked.	✓ Protects current OT for part-time employees.
• Reduction in pay when the cost-of-living index decreases.	✓ Maintains the current COLA.
• Provide supervisors the right to do hourly work to avoid service failures.	✓ Increases penalties for supervisors doing bargaining unit work and does not give supervisors any new rights to do it.
• The removal of part-time employees from Teamster health and welfare plans.	✓ Part-time employees currently in Teamster health and welfare plans will STAY in those plans.
✓ The committee also defeated the company's attempts to lengthen the full-time progression to 48 months and to deprive spouses and dependents of new part-time employees from receiving any health insurance coverage for the duration of the contract.	

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