

LETTER OF UNDERSTANDING

COVERAGE FOR 22.3/40 JOBS IN LOCAL 174

In exchange for the following conditions Teamsters Local Union No. 174 ("Union") agrees to allow United Parcel Service, Inc. ("Company") the relief stated in this Letter of Understanding.

The Union agrees to amend Article 1 Section 9 F of the 2008 – 2013 Joint Council 28 Rider to the National Master UPS Agreement as follows:

F. Coverage for all vacations, holidays or absences of 22.3/40 combination employees, scheduled or unscheduled, shall be at the Company's discretion in seniority order.

The Company agrees to:

Guarantee by name and by number a minimum of one hundred sixty (160) fulltime 22.3/40 combination jobs in Local 174's jurisdiction. In addition to the (160) jobs, additional 22.3/40 combination jobs will be created on a temporary basis. There will be enough of these additional temporary jobs created to ensure that those full time combination employees whose jobs were eliminated during 2008 have an opportunity to work a full time 22.3/40 combination job. These additional jobs above 160 will be guaranteed until such time as the original employee leaves the job permanently. This shall in no way restrict the number of fulltime 22.3/40 combination jobs above (160) plus any additional jobs as outlined herein should the Company desire to create additional jobs in Local 174's jurisdiction.

In the event a sort or operation is eliminated, the Company may reduce the required number of permanent 22.3/40 combination jobs as it pertains to those employees affected in each specific sort or operation. Additionally, during the course of the current National Master UPS Agreement, any other reductions to the 160 jobs must be agreed to exclusively between UPS and Teamsters Local 174. The Company will have 30 days upon approval of this agreement to be compliant with the 160 jobs and additional temporary jobs.

In order to establish and/or maintain the 160 jobs and additional temporary jobs, the following jobs classifications may be considered as "non package handling" when designing 22.3/40 combination jobs: small sorter, smalls bagger, and irreg. Additionally, the Union agrees that combination jobs working out of the Seattle Hub and the Boeing Field gateway may be necessary.

Tentative Agreement Pending
Membership Approval

If full-time jobs are created working out of the Seattle Hub and the Boeing Field Gateway, travel time between the operations shall be considered paid for time. Any such jobs will be scheduled with five (5) consecutive workdays of eight (8) consecutive hours, Sunday through Thursday, Monday through Friday, or Tuesday through Saturday. There will be no more than thirty-one (31) such jobs created unless agreed to by Teamsters Local 174.

All jobs shall be offered by Company seniority to employees who have been reduced to part-time status as a result of the closing of the BFI Night Sort, vacant jobs not previously bid or jobs eliminated since January of 2008. Any remaining jobs will be offered as outlined in Article 1 Section 9 of the JC 28 Rider.

Further, the Company agrees if the BFI Night Sort is reinstated during the life of this Agreement, and those new night sort positions are combined with either the twilight or sunrise sort to create new 22.3/40 combination jobs, those jobs will be offered to the former employees in seniority order. Any remaining jobs will be offered as outlined in Article 1 Section 9 of the JC 28 Rider.

The Company agrees to pay all reasonable and customary legal fees incurred by Teamsters Local 174 pertaining to case # N-240-03 not to exceed \$40,000.00.

The Company agrees to pay \$100,000.00 as settlement to case #N-240-03. The Company and Union will meet within 30 days of the approval of this agreement to determine how the monies will be distributed to the affected employees.

Teamsters Local 174 agrees to withdraw grievances: 0807-25-301-2224, NW 2008-09-147, NW 2008-09-148, NW 2008-09-161, any other grievances related to #N-240-03 and any grievances pertaining to open 22.3/40 jobs in Local 174's jurisdiction.

This Letter of Understanding is subject to majority vote of Local 174 UPS Members and final approval of the Joint Council 28 and the International Brotherhood of Teamsters.

Brian Person – District Labor Manager

Rick Hicks – Secretary Treasurer

DATE

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