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A G R E E M E N T

**By and Between
ALLIED EMPLOYERS, INC.**

**and
TEAMSTERS LOCAL UNION NO. 38
Affiliated with
INTERNATIONAL BROTHERHOOD OF TEAMSTERS,**

**Grocery
(Snohomish County)**

Signed:	May 2, 2005
Effective:	August 8, 2004
Through:	August 4, 2007

INDEX

	<u>Page</u>	
ARTICLE 1	RECOGNITION AND BARGAINING UNIT	1
ARTICLE 2	UNION SECURITY	2
ARTICLE 3	SENIORITY AND AVAILABLE HOURS	4
ARTICLE 4	LEAVE OF ABSENCE	6
ARTICLE 5	HOURS OF WORK AND OVERTIME	8
ARTICLE 6	CLASSIFICATIONS AND MINIMUM RATES OF PAY	10
ARTICLE 7	HOLIDAYS	12
ARTICLE 8	VACATION	14
ARTICLE 9	SICK LEAVE	16
ARTICLE 10	FUNERAL LEAVE	17
ARTICLE 11	JURY DUTY	17
ARTICLE 12	HEALTH AND WELFARE/DENTAL	18
ARTICLE 13	STATE INDUSTRIAL INSURANCE	19
ARTICLE 14	RETIREMENT PROGRAM	19
ARTICLE 15	GENERAL CONDITIONS	20
ARTICLE 16	NON-DISCRIMINATION	21
ARTICLE 17	GRIEVANCE PROCEDURE	22
ARTICLE 18	NO STRIKES OR LOCKOUTS	23

ARTICLE 19	TECHNOLOGICAL CHANGES	23
ARTICLE 20	SEPARABILITY - SAVINGS	24
ARTICLE 21	NO FREE TIME	25
ARTICLE 22	DURATION OF AGREEMENT	25
	COURTESY CLERKS - HELPER CLERKS	26
APPENDIX "A"	GROCERY WAGE CLASSIFICATIONS	28
ADDENDUM	BAKERY SALES	31
APPENDIX "B"	BAKERY SALES AND BAKE-OFF WAGE CLASSIFICATIONS	31
APPENDIX "C"	SNACK BAR, TAKE-OUT FOOD, SALAD BAR, FLORAL; NON-FOOD; DELI DEPARTMENT, AND BAKE-OFF/ DELI WAGE CLASSIFICATIONS	34
ADDENDUM	SNACK BAR, TAKE-OUT FOOD, SALAD BAR, AND DELI DEPARTMENT	36
ADDENDUM	BAKE-OFF/DELI	38
ADDENDUM	BAKE-OFF	42
	MEMORANDUM OF UNDERSTANDING	46
	MEMORANDUM OF UNDERSTANDING – RESOLUTION OF UNIT CLARIFICATION – PETITION #19-UC-534	48
	LETTER OF UNDERSTANDING .	
	ARTICLE 18 - NO STRIKES OR LOCKOUTS	49
	LETTER OF UNDERSTANDING	
	PERMANENT JOB OPENINGS	50
	LETTER OF UNDERSTANDING	
	UNION MEETING NOTICES	51

LETTER OF UNDERSTANDING DESIGNATION OF UNION REPRESENTATIVE	52
LETTER OF UNDERSTANDING DEMONSTRATORS	53
LETTER OF UNDERSTANDING CORPORATE CAMPAIGN	54
LETTER OF UNDERSTANDING MOST FAVORED NATIONS	55
LETTER OF UNDERSTANDING DUES CHECK-OFF	56
LETTER OF UNDERSTANDING DOCTOR'S NOTES	57
LETTER OF UNDERSTANDING SCHEDULED DAYS OFF	58
LETTER OF UNDERSTANDING GRIEVANCE PROCEDURE	59
LETTER OF UNDERSTANDING OPTIONAL VOLUNTARY BUYOUT	61

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**and
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Affiliated with
INTERNATIONAL BROTHERHOOD OF TEAMSTERS,**

**Grocery
(Snohomish County)**

This Agreement is entered into by and between Allied Employers, Inc., referred to hereinafter as the "Employer", and the Teamsters Local Union No. 38, referred to hereinafter as the "Union".

It is the intent and purpose of the Employer and the Union to promote and improve Labor Management relations between them and to set forth herein the basic terms of Agreement covering wages, hours and conditions of employment to be observed by the parties of this Agreement.

In consideration of the mutual promises and agreements between the parties hereto, and in consideration of their mutual desire in promoting the efficient conduct of business and in providing for the orderly settlement of disputes between them, the parties to this Agreement agree as follows:

ARTICLE 1 - RECOGNITION AND BARGAINING UNIT

1.1 Allied Employers, Inc. hereby recognizes Teamsters Local Union No. 38 as the sole and exclusive Collective Bargaining Agency for a unit consisting of all employees employed in the Employer's present and future grocery stores, including concessions under the direct control of the Employer party to this Agreement, located in Snohomish County, State of Washington, with respect to rates of pay, hours, and other conditions of employment except and excluding employees whose work is performed within a meat, culinary, prescription or bakery production department location of the retail establishment, supervisory employees within the meaning of the Labor Management Relations Act of 1947 as amended, and employees presently covered by a grocery contract between Allied Employers, Inc., and UFCW Local No. 1105 and employees coming under a grocery contract with Teamsters Local No. 38 pursuant to the application of the accretion clause. Subject to the preceding

exclusions and the terms of Section 15.1 of Article 15, all work of handling and selling of merchandise in such retail stores covered by this Agreement shall be performed only by employees of the Employer within the unit referred to above for which Teamsters Local Union No. 38 is recognized as the sole Collective Bargaining Agency by the Employers.

1.2 Teamsters Local Union No. 38, for and on behalf of its members, hereby recognizes Allied Employers, Inc. as the sole and exclusive Collective Bargaining Agency for all Employers who are designated as parties to this Agreement.

1.3 Any Employer, which as of the execution of this Agreement, has authorized Allied Employers, Inc. to represent them shall continue to be bound by this Agreement for its duration even though such Employer may hereafter cancel or withdraw such authorization.

ARTICLE 2 - UNION SECURITY

2.1 Pursuant to and in conformance with Section 8(a)3 of the Labor Management Relations Act of 1947, as amended, it shall be a condition of employment that all employees covered by this Agreement who are members of the Union in good standing on the effective date of this Agreement shall remain members in good standing, and those who are not members on the effective date of this Agreement shall, on the thirtieth (30th) day following the effective date of this Agreement, become and remain members in good standing in the Union. It shall also be a condition of employment that all employees covered by this Agreement and hired on or after its effective date shall, on the thirtieth (30th) day following the beginning of such employment, become and remain members in good standing in the Union. For the purpose of this Article, the execution date of this Agreement shall be considered as its effective date.

2.1.1 The tendering of initiation fee and periodic dues uniformly required as a condition of continued membership shall constitute good standing in the Union for the purpose of this Article.

2.2 The Employer shall discharge any employee as to whom the Union, through its authorized representative, delivers to the Employer a written notice that such employee is not in good standing in conformity with this Article. For the purpose of establishing uniform rules for the application of this paragraph of the Agreement, the parties agree as follows:

2.2.1 If a newly hired employee fails to apply for Union membership, or if an employee fails to comply with the requirements of continued membership as set forth above, the Union will serve a letter upon the Employer requesting that such employee be terminated.

2.2.2 Upon receipt of a letter requesting termination of an employee who has not complied with Article 2 of the Agreement, the Employer shall (on the same date, if the employee is working on that date) immediately notify such employee that if he has not

complied with the Union membership requirements of Article 2 of the Agreement prior to the end of his next regular shift, his employment shall automatically be terminated.

2.2.3 The Union agrees to withdraw any letter of termination if an employee, with respect to whom such letter has been served, shall complete his membership requirements within the time limit specified in 2.2.1 and 2.2.2.

2.2.4 Whenever the Union requires the discharge of any employee in connection with the Union security clause of this Contract, the Union shall hold the Employer harmless and shall indemnify the Employer against loss, as a result of relying upon the direction of the Union in terminating any employee. The Employer agrees that when the Union notifies the Employer within three (3) days of the original notice, that the reason for the termination was a bona fide clerical error, the Employer will reinstate the employee to his former position on the next weekly schedule.

2.3 The Employer agrees to furnish the Union with a monthly list of employees hired and/or terminated, or, in lieu of such a list, to deliver to each employee a notice outlining the provisions of the foregoing paragraph of this Article 2. If the Employer chooses to furnish a list of employees each month, such list shall be prepared to show new hires and terminations separately and to designate the employee's last and first name, middle initial, home address and telephone number and date of employment or termination. If the Employer chooses to deliver to each employee a notice as referred to above, he shall be furnished a supply of such notices by the Union and postage prepaid envelopes. The original of any such notice shall be delivered to the Union and the first copy to the employee not later than thirty (30) days following the date of employment.

2.4 No employee shall be disciplined or discharged except for just cause. The Employer shall be the judge of the competency and qualifications of his employees and shall make such judgment fairly. The Employer's judgment is subject to review by an Arbitrator.

2.4.1 There exists one (1) 60-calendar day probationary period for new employees. If an employee is terminated during this probationary period, such terminations are not subject to Article 17 of this Agreement.

2.5 No employee shall be discharged or discriminated against for any lawful Union activity, including performing service on a Union committee outside of business hours or for reporting to the Union the violation of any provisions of the Labor Agreement, providing such activities shall not interfere with the normal performance of the employee's work.

2.6 The Employer agrees that it will not require any employee or prospective employee to take a polygraph (lie detector) test as a condition of employment or continued employment.

ARTICLE 3 - SENIORITY AND AVAILABLE HOURS

3.1 Attainment of Seniority

3.1.1 All employees shall attain seniority after sixty (60) calendar days with the Employer.

3.1.2 Upon completion of this period, seniority shall date back to the last date of hire.

3.2 Application of Seniority

3.2.1 Seniority shall be applicable on an individual store basis, except as otherwise provided for under Section 3.2.2, 3.3, and 3.4, and shall apply to the extent provided for in this Article.

3.2.2 An employee's seniority shall not be broken in cases where the employee transfers to a different store with the same Employer within the geographic jurisdiction covered by the Collective Bargaining Agreements between the Employer and United Food and Commercial Workers Union Local No. 1105, United Food and Commercial Workers Union Local No. 367, United Food and Commercial Workers Union Local No. 381, and Teamsters Union Local No. 38.

3.2.3 When an employee is transferred by the Employer from another area, outside those listed in 3.2.2 above, the transferred employee shall retain all seniority rights with the Employer but shall be entitled to exercise such rights only after having worked in the bargaining unit for a minimum of sixty (60) calendar days.

3.3 Layoff

3.3.1 Where, on an individual store basis, there is a reduction of the number of employees holding seniority within such a store, the last employee hired shall be the first employee laid off, provided qualifications and ability are equal. The affected employee so reduced may displace the most junior employee of the Employer in the same classification, i.e., clerks, helper clerks and courtesy clerks, within the geographic jurisdiction covered by this Agreement, provided qualifications and ability are equal. A layoff is defined as two consecutive weeks that an employee is not shown on the weekly work schedule. In the event of a store closure, the affected employees shall be considered laid off at the time of the closure.

3.4 Rehire

3.4.1 Where there is an increase in the number of employees within a job classification, the last employee laid off by the Employer, within the geographic jurisdiction

covered by this Agreement, will be the first employee rehired, provided qualifications and ability are equal. In the cases where two or more employees are laid off on the same day, the senior employee shall be the first rehired, provided qualifications and ability are equal.

3.4.2 Employees shall be required to inform the Employer in writing of their current address and phone number, and with the exception of temporary rehires, employees rehired in accordance with 3.4.1 shall be notified in writing to report to work.

3.5 Loss of Seniority

3.5.1 Except as otherwise provided for in Article 4 - Leave of Absence, seniority shall be broken and the employee's service shall be terminated for the following reasons:

3.5.2 Voluntary quit;

3.5.3 Discharge in accordance with Section 2.4;

3.5.4 Absence caused by a layoff in excess of sixty (60) consecutive calendar days. Notwithstanding the above, employee(s) laid off due to the closure of their store will retain their seniority for one hundred twenty (120) consecutive calendar days, unless they fail to exercise their seniority with the Employer at their first opportunity; refuse to accept recall; and/or accepts employment with the purchaser.

3.5.5 Absence caused by an illness or non occupational accident of more than one hundred twenty (120) consecutive days;

3.5.6 Absence caused by an occupational accident of more than eighteen (18) consecutive months unless a longer period is agreed upon between the Employer and the Union;

3.5.7 Failure to report to work within seventy-two (72) hours following the postmark of the written notice referred to in Section 3.4.2 mailed to employee's last known address; and,

3.5.8 Failure to report to work immediately following a Leave of Absence as provided for under Article 4.

3.6 Reduction of Hours

3.6.1 Regular employees shall not have their hours arbitrarily reduced for the purpose of increasing the working hours of regular part-time employees or assigning such hours to new hires or extra employees.

3.7 Available Hours

3.7.1 The Employer may arrange weekly work schedules to accommodate the needs of the business, and senior employees shall be offered the most weekly hours up to a maximum of forty (40) hours per week; provided qualifications and ability are equal; the senior employee is available to perform the work; and the employee has notified management in writing of his or her desire for additional hours of work. Nothing herein shall be construed as a guarantee of daily or weekly hours of work or pay for time not worked. It shall be the obligation of the Employer to promptly investigate alleged abuses upon presentation, and to rectify such abuses when justified within the meaning of this section.

3.7.2 The Employer agrees that the provisions of Section 3.7.1 shall not be applied in an arbitrary manner and the Employer shall, at the request of the Union, provide business reasons for the scheduling of employees in that given store.

3.8 Definitions

3.8.1 "Provided Qualifications and Ability are Equal" -- It is understood and agreed that the term "provided qualifications and ability are equal" shall mean that if two (2) employees have the same qualifications and abilities, the senior employee has priority.

3.9 Liability

3.9.1 It is understood and agreed that the employee will not be entitled to request wages under the provisions of this Article except to the extent of time lost, commencing with the weekly work schedule next following receipt of the Union's written notification to the Employer of the claim, in accordance with Article 17, provided that if less than three (3) days remain prior to the posting of the weekly work schedule in accordance with Section 5.9 when the Employer receives notification, the Employer's liability, if any, for time lost shall commence with the second next work schedule and thereafter until resolved.

ARTICLE 4 - LEAVE OF ABSENCE

4.1 Employees with one (1) year or more of continuous service shall be entitled to a leave of absence without pay for the following bona fide reasons:

4.1.1 Bona fide illness or non-occupational injury which requires absence from work in excess of fourteen (14) calendar days.

4.1.2 Pregnancy.

4.1.3 Serious illness or injury in the employee's immediate family.

4.1.4 A Doctor's certificate verifying the absence must be furnished if requested by the Employer.

4.2 Leaves for personal reasons may be granted at the sole discretion of the Employer to employees regardless of length of service.

4.2.1 Union stewards may be granted up to two (2) unpaid days off per calendar year to attend Union functions. Only one (1) shop steward per store location may be granted this time off.

4.3 Any request for a leave of absence under the terms of Sections 4.1 and 4.2 shall be in writing and state the following information:

4.3.1 Reason for such request;

4.3.2 Date leave is to begin; and,

4.3.3 Date of return to work.

4.4 Any leave of absence, with the exception of Section 4.1.3 and 4.5, may run to a maximum of six (6) months.

4.5 Leaves due to occupational injuries that result from employment with the current Employer regardless of length of service, shall be granted for a period up to eighteen (18) months unless a longer period is agreed upon between the Employer and the Union.

4.6 The employee must be qualified to resume his regular duties upon return to work from an approved leave of absence.

4.6.1 A doctor's certificate verifying that the employee is able to resume his normal duties must be furnished if requested by the Employer.

4.6.2 The employee shall then return to the job previously held or to a job comparable with regard to rate of pay, on the first weekly schedule prepared after the Employer has received notice in writing of the employee's availability.

4.7 Any employee who fails to return to work at the end of a leave of absence shall be terminated.

4.8 Any employee found to have abused the "leave of absence" by falsification or misrepresentation shall thereupon be subject to disciplinary action.

ARTICLE 5 - HOURS OF WORK AND OVERTIME

5.1 Forty (40) hours per week consisting of five (5) days of eight (8) consecutive hours each (exclusive of not more than one (1) hour out for lunch each day) shall constitute the basic straight-time workweek.

5.2 Holidays, either worked or not worked, shall not be considered as days worked for the purpose of computing weekly overtime except in the case of employees who normally work six (6) days per week, totaling at least forty-four (44) hours per week.

5.3 All hours worked in excess of eight (8) hours per day and forty (40) hours per week shall be paid for at the rate of time and one-half (1-1/2). Where six (6) days, Monday through Saturday are worked in any one week, time and one-half (1-1/2) shall be paid for work on the day the least number of hours are worked.

5.4 A minimum of ten (10) hours shall be required between straight-time shifts. Otherwise, the premium of time and one-half (1-1/2) will be required for any hours that may be worked prior to the expiration of the ten (10) hour period.

5.5 **Premium Work:** Work performed by employees on any of the following days or between the hours specified below shall be considered as premium work and paid for according to the premium rates set forth herein.

5.5.1 **Sunday Premium** -- All employees shall receive time and one-third (1-1/3) the straight-time hourly rate for all hours worked on Sunday. The employee in charge of the store shall be paid fifty cents (50¢) per hour in addition to the applicable rate while in charge.

5.5.2 Any employee in charge of the store during the absence of the manager and assistant manager for a period of three (3) or more hours in a day shall be compensated in the amount of fifty cents (50¢) per hour additional while in charge when the store is open for business. This is to be in addition to any compensation including any overtime and/or premium applicable.

5.5.3 **Holiday** -- Time worked on any holiday specified in this Agreement shall be paid for at time and one-half (1-1/2) the employee's straight-time wage rate in addition to any holiday pay to which the employee is otherwise entitled to under Article 7. This clause does not apply to the employee's birthday.

5.5.3(a) Employees required to work after 6:00 P.M. on New Year's Eve or Christmas Eve shall be entitled to time and one-half (1-1/2) for all hours worked after 6:00 P.M. on such days.

5.5.4 6:00 P.M. to 9:00 P.M. -- The employee's regular rate of pay plus twenty cents (20¢) per hour. Schedules may be set for those employees designated to complete their shift at fifteen (15) minutes after 9:00 PM to facilitate closing the store, without the application of the premium set forth in Section 5.5.5.

5.5.5 9:00 P.M. to 6:00 A.M. -- The employee's regular rate of pay plus fifty cents (50¢) per hour.

5.6 Rest Period: It is understood and agreed between both parties that each employee shall be granted a 15 minute rest period on the Employer's time for each four hours of working time. The time of this rest period shall be up to the discretion of the Employer. All rest periods shall be on the Employer's time and shall cover time from stopping work and returning thereto. All rest and meal periods to conform with the Washington Administrative Code (WAC) 296-126-092. No employee shall be required to work more than 3 hours without a rest period. Employees scheduled for an eight (8) hour shift shall be entitled to two (2) fifteen (15) minute rest periods and a meal period.

5.7 Store Meetings: Required store meetings shall be paid for at the straight-time hourly rate, and shall be considered time worked for the purpose of computing overtime in accordance with Article 5.3 of the Agreement. Article 5.4, 5.10, and 6.4 shall not apply to this provision.

5.7.1 Employees required to attend such meetings on their day off, or who have been called back after an hour of off-duty time shall receive a minimum of a two (2) hour call-in for such meetings.

5.8 Wage Statements: The Employer agrees to furnish each employee, on regular established paydays, a wage statement showing the name of the employee, period covered, hours worked, rate of pay, total amount of wages paid and deductions made.

5.9 Work Schedules -- The Employer recognizes the desirability of giving his employees as much notice as possible in the planning of their weekly schedules of work and, accordingly, agrees to post a work schedule not later than 6:00 P.M. on Thursday preceding the start of the workweek. It is understood that the work schedule may not be used to guarantee any specified number of hours of work to any employee and that the schedule may be changed in case of emergency; or by forty-eight (48) hours' notice to the employee; or by mutual agreement between the Employer and the employee, provided however, no employee shall be discriminated against for failure to enter into such mutual agreement.

5.9.1 The weekly work schedule shall include the period designated as the meal periods required by this Agreement. Lunch hours shall be as close to the middle of the shift as possible.

5.9.2 If scheduled employees are required to work more than one-half (1/2) hour in excess of the posted schedule for that day, such employee shall be entitled to receive a thirty-five cent (35¢) per hour premium for all hours worked in excess of the posted schedule.

5.9.2(a) This provision shall not apply if the additional scheduled hours were changed in accordance with the terms of Section 5.9.

5.9.2(b) In the event the employee works more than eight (8) hours, the highest applicable premium shall apply and there shall be no compounding of premium and/or overtime pay.

5.9.2(c) This provision shall not apply to Courtesy and Helper Clerks.

5.9.3 An Employer will utilize qualified employees from other classifications within a store, when available, to relieve checkers for lunch periods.

5.10 The Employer shall not schedule any employee for a split shift.

ARTICLE 6 - CLASSIFICATIONS AND MINIMUM RATES OF PAY

6.1 The classifications and hourly rates of pay shall be set forth in Appendix "A", attached hereto and by this reference made a part hereof.

6.2 For the purpose of computing months of experience and determining length of service wage adjustments under Section 6.1 of this Article -- One hundred seventy-three and one third (173-1/3) compensable hours of employment with the current Employer shall be counted as one (1) month's experience provided that no employee shall be credited for more than one hundred seventy-three and one third (173-1/3) hours of experience in any one calendar month. All wage adjustments required by the application of this Section shall be effective on the following Sunday.

6.2.1 The apprentice pay bracket formula is based entirely on actual hours of comparable experience in the retail industry, experience which is absolutely essential for proper understanding of the responsibilities and satisfactory performance of the job or position. However, for those apprentices who go into the military service prior to becoming a Journeyman, such an employee will be reemployed at the next higher wage rate above his rate at the time of entry into the military service, if the employee applies for reemployment within ninety (90) days following discharge.

6.2.2 Employees who receive a certificate from a vocational school in cash register operations shall be credited with all classroom hours. This paragraph applies to employees hired after the acceptance of this Agreement.

6.3 Where an employee is hired where comparable past experience is applicable, all past experience for an apprentice shall apply if the comparable past experience has been within two (2) years previous to employment. Past experience must be claimed by an employee on his or her employment application in order to claim wage adjustments for incorrect payment by the Employer. Applicable past experience is defined as comparable work performed in the retail grocery industry.

6.3.1 Comparable past experience for employees who were formerly Journeypersons shall be applied as follows:

Those employees who have not worked for the past:

- 0 - 2 years shall be considered Journeypersons
- 2 - 3 years shall be considered Step 6 Apprentice
- 3 - 4 years shall be considered Step 4 Apprentice
- Over 4 years shall be considered Step 1 Apprentice

6.3.2 This shall not preclude an Employer from hiring or paying employees at a scale in excess of the aforementioned brackets.

6.4 All employees, except those in the classification Courtesy Clerk and Helper Clerk, and except in cases of emergency beyond the Employer's control or where the employee is unable to work four (4) hours on a particular day, shall receive not less than four (4) continuous hours work or equivalent compensation in any one (1) day ordered to report for work, compensation to begin at the time of reporting for duty.

6.4.1 Helper Clerk, when scheduled, shall be guaranteed a minimum of two (2) hours work, or equivalent compensation, Monday through Friday and four (4) hours work, or equivalent compensation, on Saturdays, Sundays and Holidays.

6.5 Employees who are employed in any of the classifications covered by this Agreement and who are temporarily assigned to the work of Relief Manager, shall be compensated for straight-time hours while so temporarily assigned at the Senior Journeyperson's rate and overtime shall be paid at the rate of time and one-half (1-1/2) the Senior Journeyperson's rate.

6.6 It is expressly understood that employees receiving more than the minimum compensation or enjoying more favorable working conditions than provided for in this Agreement, shall not suffer by reason of signing or adoption; however, the terms of this Agreement are intended to cover only minimums of wages and other employee benefits. The Employer may place superior wages and other employee benefits in effect and reduce the same to the minimum herein prescribed without the consent of the Union.

6.7 Non-Foods: For employees employed in Non-Food operations as defined herein, which are operated in a food store.

6.7.1 **Definitions** -- The definition of food items set forth for the interpretation and application of this provision is based on the historical practice of each Employer. In the event a dispute arises as to the interpretation of "food" or "non-food", the current (7/8/83) order guides will be used as a guide.

6.7.2 All terms and conditions of this Agreement except hourly wage rates will apply to non-food employees.

6.7.3 The wage rates of non-food employees will be defined in Appendix "C" of this Agreement.

6.7.4 All employees who are classified as non-food employees shall devote their time exclusively to the non-food operation. All employees who do any work in foods shall receive the grocery rates of pay. This shall include but not be limited to work in the central checkstand (except bagging and carryout) checking, receiving, stocking, marking of grocery or produce merchandise. Credit for past experience for non-food employees shall be given on the basis of experience in comparable non-food merchandise and in accordance with the provisions of Section 6.3 of Article 6 of the Agreement, or past experience in retail work with the same Employer, whichever is greater.

6.7.5 A bona fide non-food operation which is sufficiently large in terms of floor area, number of employees, and lines of non-food merchandise that such operation standing by itself could reasonably be expected to operate as an individual store, may have an employee in charge of such non-food operation who is excluded from the bargaining unit under the terms of Section 1.1 of Article 1 of this Agreement, provided such non-food operation will also have a non-food Senior Journeyman paid in accordance with 6.7.3, above.

6.7.6 After two (2) years of service in non-foods, non-foods employees who notify their Employer in writing that they are desirous of a transfer to food operations or other classifications shall be provided the first opportunity for available openings prior to hiring new hires in their store, subject to qualifications and ability. In the event such a transfer is arranged, the affected employee will not suffer a reduction in pay but will commence apprenticeship progression. The non-food rate shall apply until such time as the grocery rate exceeds the non-food rate, at which time the apprentice grocery rate shall apply.

ARTICLE 7 - HOLIDAYS

7.1 The following days shall be considered holidays for all employees who have been employed for ninety (90) consecutive calendar days: New Year's Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

7.1.1 The holidays set forth in Section 7.1 shall be observed as holidays on the date established for each by Federal legislation.

7.2 Employees with one (1) year of continuous service with the Employer shall receive their birthday as a paid holiday. By mutual agreement between the Employer and employee, the employee may receive payment in lieu of such holiday in accordance with Section 7.3. Employees shall give the Employer a thirty (30) day notice prior to their birthday. The birthday shall be observed within thirty (30) days of the employee's birthday on a mutually agreeable day. In the event the employee's birthday falls on the same day as any of the holidays specified in Section 7.1 of this Article, the employee's birthday will be celebrated on another day in accordance with the procedure set forth in the previous sentence.

7.3 Employees, provided they normally work the hours as specified below, who work during the week in which the holiday occurs, and report for work their last scheduled working day preceding and their next scheduled working day immediately following the holiday, shall be paid for holidays, specified in Sections 7.1 and 7.2 of this Article, not worked on the following basis, provided that in any event if the preceding qualifications for holiday pay are met by the employee and he works thirty-two (32) or more hours in the holiday week he shall receive eight (8) hours of holiday pay.

7.3.1 Hours normally worked per week shall mean the employee's average weekly hours for the last eight (8) weeks of work prior to the holiday (week) or date of hire, whichever is applicable.

7.3.2 The requirement to work sometime during the holiday week shall be waived when the involuntary absence is due to a bona fide illness or injury, provided that the employee has worked within the seven (7) calendar days preceding the holiday and within the seven (7) calendar days following the holiday.

<u>Hours Normally Worked Per Week</u>	<u>Hours of Holiday Pay</u>
12 to 24	4
24 to 32	6
32 or more	8

7.4 Employees who qualify for holiday pay as specified in Section 7.3 of this Article shall be paid time and one-half (1-1/2) in addition to such holiday pay for work performed on holidays named in Section 7.1 of this Article. Employees who do not qualify for holidays pursuant to Section 7.3 of this Article shall receive time and one-half (1-1/2) for work performed on such holidays, provided this shall not apply to the employee's birthday.

7.5 Holidays, either worked or not worked, shall not be considered as days worked for the purpose of computing weekly overtime except in the case of employees who normally work six (6) days per week, totaling at least forty-four (44) hours per week. In the case of the employee's birthday, the week in which the birthday is observed shall be considered as the holiday week.

ARTICLE 8 - VACATION

8.1 Employees on the first anniversary date of their employment (after the first year of continuous employment) shall be entitled to a vacation with pay at their straight-time hourly rate based upon the number of hours worked in the preceding twelve (12) months as follows:

<u>Hours Worked</u>	<u>Hours of Paid Vacation</u>
800 to 1200	20
1200 to 1600	24
1600 to 2080	32
2080 or more	40

8.2 Employees on the second (2nd) and each subsequent anniversary date of their employment to the fifth (5th) anniversary date of their employment (after the second (2nd) and each subsequent year to the fifth (5th) year of continuous employment) shall be entitled to a vacation with pay at their straight-time hourly rate based upon the number of hours in the preceding twelve (12) months as follows:

<u>Hours Worked</u>	<u>Hours of Paid Vacation</u>
800 to 1200	40
1200 to 1600	48
1600 to 2080	64
2080 to 2288	80
2288 to 2496	88
2496 or more	96

8.3 Employees on the fifth (5th) and each subsequent anniversary date of their employment to the twelfth (12th) anniversary date of their employment and each subsequent year to the twelfth (12th) year of continuous employment shall be entitled to vacation with pay at their straight-time hourly rate based upon the number of hours worked in the preceding twelve (12) months as follows:

<u>Hours Worked</u>	<u>Hours of Paid Vacation</u>
800 to 1200	60
1200 to 1600	72
1600 to 2080	96
2080 to 2288	120
2288 to 2496	132
2496 or more	144

8.4 Employees on the twelfth (12th) and each subsequent anniversary date of their employment shall be entitled to vacation with pay at their straight-time hourly rate based upon the number of hours worked in the preceding twelve (12) months as follows:

<u>Hours Worked</u>	<u>Hours of Paid Vacation</u>
800 to 1200	80
1200 to 1600	96
1600 to 2080	128
2080 to 2288	160
2288 to 2496	176
2496 or more	192

8.5 It is hereby understood and agreed that in computing "hours of paid vacation" for employees who regularly appear on the payroll for thirty-two (32) or more hours per week, the terms of Sections 8.1, 8.2, 8.3, and 8.4 of this Article shall be applied so that working time lost up to a maximum of one hundred sixty (160) hours due to temporary layoff, verified cases of sickness or accident, or other absence from work approved by the Employer (in addition to vacation and holiday time off earned and taken by the employee) shall be counted as time worked.

8.6 Employees who average twenty (20) hours or more per week, who terminate or are terminated (discharge for dishonesty excepted) after the first or any subsequent anniversary date of their employment and prior to their next anniversary date of employment shall be entitled to vacation pay at their straight-time hourly rate based upon the number of hours worked since the last anniversary date of their employment at the following rates for each full one hundred (100) hours worked: After the first (1st) to the fifth (5th) anniversary date, four (4) hours' vacation pay; after the fifth (5th) to the twelfth (12th) anniversary date, six (6) hours' vacation pay; and after the twelfth (12th) anniversary date, eight (8) hours' vacation pay.

8.7 Vacation may not be waived by employees nor may extra pay be received for work during that period, provided however, that by prior mutual agreement between the Employer, employee and Union, this provision may be waived.

8.8 Employees whose vacations are scheduled during a holiday week shall receive holiday pay provided for under the terms of Article 7 of this Agreement, in addition to vacation pay.

8.9 The Employer agrees to pay earned vacation pay prior to vacation if requested by the employee on a timely basis.

8.10 All vacations shall be scheduled by seniority and all weeks of vacation may be taken separately or consecutively (up to three (3) weeks) at the sole discretion of the employee.

ARTICLE 9 - SICK LEAVE

9.1 Employees, during each twelve (12) months following their last date of employment, (after the first (1st) and each succeeding year of continuous employment with their current Employer) shall be entitled, as set forth below, to paid sick leave at their current regular straight-time hourly rate for bona fide illness or injury off-the-job.

9.2 Sick leave pay shall be accrued by an employee depending upon the number of straight-time hours worked, including vacation and holiday hours, by the employee with his current Employer in each twelve (12) months as follows:

<u>Hours Worked</u>	<u>Hours of Sick Leave Pay</u>
1248 to 1679	24
1680 to 1999	32
2000 or more	40

9.3 Sick leave pay, to the extent it has been earned, shall begin on the third (3rd) normally scheduled working day of illness or injury-off-the-job or the first (1st) normally scheduled working day, if the employee is hospitalized on such first (1st) day of illness thereafter, and shall be in an amount per day equal to the average number of straight-time hours worked per day by the employee during the past twelve (12) months; provided, 1) the daily total of sick leave pay under this Article and disability payments provided by the Health and Welfare Plan shall not exceed the current regular straight-time rate for the employee's average hours up to eight (8) hours per day; and, 2) not more than five (5) days' sick leave pay shall be required in any one (1) workweek. For purposes of this Article, disabling outpatient surgery will be treated as hospitalization.

9.4 Sick leave pay shall be cumulative from year to year, but not to exceed a maximum of one hundred twenty (120) hours. Sick leave pay must be earned by employment with one Employer. Effective August 1, 2001, the maximum sick leave bank shall be increased to one hundred and sixty (160) hours.

9.5 A doctor's certificate or other authoritative verification of illness may be required by the Employer and, if so, must be presented by the employee not more than forty-eight (48) hours after return to work. If the employee is absent more than two (2) scheduled days, such verification must be presented prior to the employee's return to work, provided the Employer has given reasonable advance notice.

9.6 Any employee found to have abused sick leave benefits by falsification or misrepresentation shall thereupon be subject to disciplinary action, reduction or elimination of sick leave benefits (including accumulated sick leave) and shall further restore to the

Company amounts paid to such employee for the period of such absence or may be discharged by the Company for such falsification or misrepresentation.

9.7 Sick leave benefits shall apply only to bona fide cases of illness and injury off-the-job and shall not apply to on-the-job accidents which are covered by Article 13 of this Agreement. However, sick leave may be used to supplement Worker's Compensation to the extent it has been accumulated. The total of sick leave pay, disability payment under any insurance plan, and Worker's Compensation benefits paid to an employee in any calendar week shall not exceed the average earnings of the employee for the six (6) work weeks prior to his/her absence.

9.8 Family Leave - Employees shall be permitted family leave in accordance with RCW 49.12 on the same terms and conditions (including eligibility requirements) as provided in Section 9.1 through 9.7 above.

ARTICLE 10 - FUNERAL LEAVE

10.1 Employees with less than six (6) months of employment will be allowed time off without pay to attend funerals for the immediate family as defined below. After six (6) months of employment, employees who are regularly employed twenty (20) hours or more per week shall be allowed up to three (3) days off with pay for loss of their normal scheduled hours of work, provided the employee attends the funeral. Funeral leave will be paid only with respect to a workday on which the employee would otherwise have worked and shall not apply to an employee's scheduled days off, holidays, vacation, or any other day in which the employee would not, in any event, have worked. Scheduled days off will not be changed to avoid payment of funeral leave. Funeral leave shall be paid for at the employee's regular straight-time hourly rate. Immediate family shall be defined as spouse, son, daughter, mother, father, mother-in-law, father-in-law (existing spouse), grandparents, brother, sister, stepchildren, grandchildren or relatives residing with the employee.

ARTICLE 11 - JURY DUTY

11.1 After their first (1st) year of employment, employees who are regularly employed twenty (20) hours or more per week who are called for service on a District Court, Superior Court, Municipal Court or Federal District Court jury shall be excused from work for the days on which they serve and shall be paid the difference between the fee they receive for such service and the amount of straight-time earnings lost by reason of such service up to a limit of eight (8) hours per day and forty (40) hours per week and one hundred twenty (120) hours within any calendar year; provided, however, an employee called for jury duty who is temporarily excused from attendance at court must report for work if sufficient time remains after such excuse to permit him to report to his place of work and work at least one-half (1/2) of his normal workday. Employees who have served a full day as juror, and who are scheduled to commence work after 9:00 P.M., shall not be required to report to work that day. In order to be eligible for such payments, the employee must furnish a written statement

from the appropriate public official showing the date and time served and the amount of jury pay received. Employees may receive compensation on one (1) panel per year.

11.1.1 Witness Duty -- Employees required to appear in court or in legal proceedings on behalf of their Employer during unscheduled hours, shall receive compensation at their regular straight-time hourly rate of pay only for the time spent in making such appearance, less any witness fees received. No other provision in this Agreement shall apply to this Section.

11.1.2 If an employee is required to appear on behalf of his/her Employer during regular scheduled hours, he/she shall receive compensation at their regular straight-time hourly rate of pay for the time spent in making such appearance, less any witness fees. In this event, these hours will be considered compensable hours under the terms of this Agreement.

ARTICLE 12 - HEALTH AND WELFARE/DENTAL

12.1 Each Employer and the Union agrees to be bound by the terms and provisions of that certain Trust Agreement creating the Retail Clerks Welfare Trust, initially executed June 18, 1957, and all subsequent revisions or amendments thereto, including the revision of January 25, 1990. Each Employer accepts as his representatives for the purpose of this Trust Fund, the Employer Trustees serving on the Board of Trustees of said Trust Fund and their duly appointed successors.

12.2 Employers party to this Agreement shall continue to pay on a per compensable hour basis (maximum of one hundred and seventy-three (173) hours per calendar month per employee) into the Retail Clerks Welfare Trust for the purpose of providing the employees with hospital, medical, surgical, vision, group life, accidental death and dismemberment, weekly indemnity benefits and dental benefits in accordance with the contribution rates and related provisions established by the separate Health and Welfare Agreement between Allied Employers, Inc., and various Local Unions dated April 1, 1977 and as subsequently amended, including the revision dated May 2, 2004.

12.3 The details of the benefit programs including a description of exact benefits to be provided, and the rules under which employees and their dependents shall be eligible for such benefits, shall be determined by the Trustees of the Retail Clerks Welfare Trust in accordance with the terms and provisions of the Trust Agreement creating the Retail Clerks Welfare Trust, dated June 18, 1957, and as may be subsequently amended.

12.4 The contribution referred to shall be computed monthly and the total amount due for each calendar month shall be remitted in a lump sum not later than twenty (20) days after the last day of the month in which the contributions were earned.

12.4.1 Notwithstanding the foregoing Section, the Board of Trustees of the Retail Clerks Welfare Trust shall have the authority to establish and enforce a method for reporting contributions on an accounting period basis, rather than a calendar month basis. In such a case, the one hundred and seventy-three (173) hour maximum shall be appropriately adjusted, as directed by the Trustees, provided that in no event shall the Employer's total obligation be different than what it would have been on a calendar month basis. Further, the total contributions due for each approved accounting period shall be remitted in a lump sum not later than twenty (20) days after the end of the accounting period.

12.5 The term "compensable hour" shall mean any hour for which any employee receives any compensation required by this Agreement.

ARTICLE 13 - STATE INDUSTRIAL INSURANCE

13.1 All employees shall be covered under Washington State Workmen's Industrial Accident Compensation or guaranteed equal coverage.

ARTICLE 14 - RETIREMENT PROGRAM

14.1 Each Employer and the Union agree to be bound by the terms and provisions of that certain Trust Agreement creating the Retail Clerks Pension Trust Fund dated January 13, 1966, and as subsequently amended. Further, each Employer accepts as his representatives, for the purpose of such Trust Fund, the Employer Trustees who will be appointed by Allied Employers, Inc., to serve on the Board of Trustees of said Trust Fund and their duly appointed successors.

14.2 All contributions shall be paid on compensable hours with a maximum of one hundred seventy three (173) hours per calendar month per employee. The term "compensable hour" shall have the same meaning as set forth in Article 12.

14.3 The contribution referred to in Section 14.5 shall be computed monthly and the total amount due for each calendar month shall be remitted in a lump sum not later than twenty (20) days after the last day of the month.

14.3.1 The Board of Trustees of the Retail Clerks Pension Trust shall have the authority to establish and enforce a method for reporting contributions on an accounting period basis, rather than a calendar month basis, provided that in no event shall the Employer's total obligation be different than what it would have been on a calendar month basis. Further, the total contributions due for each approved accounting period shall be remitted in a lump sum not later than twenty (20) days after the end of the accounting period.

14.4 The provisions of Section 17.3 of Article 17 of this Agreement shall, in no way, apply to or affect the Employer's obligation to pay contributions to this Trust Fund.

14.5 Effective October 1, 2004, based on September 2004 hours, Employers will contribute the following amounts plus an additional supplemental contribution that is 10¢ per hour for each compensable hour. (The supplemental contribution is based on the parties' pension agreement.)

	Current + Supplemental
Appendix A (including red-circled Appendix B & C employees)	55¢ + 10¢ = 65¢
Appendix B & C (except red-circled)	40¢ + 10¢ = 50¢
Helper and Courtesy Clerks	25¢ + 10¢ = 35¢

ARTICLE 15 - GENERAL CONDITIONS

15.1 The Employer shall not permit demonstrators, salesmen or other employees of a supplier to perform work of store clerks. Demonstrators assigned to a store by a supplier shall confine themselves to the particular items being demonstrated and wear clothing or carry some badge identifying them with the product or firm for which the demonstration is made.

15.2 All gowns, aprons and uniforms required by the Employer shall be furnished and kept in repair by the Employer and, except where the garment is of drip dry materials, the Employer shall pay for laundering of same.

15.3 In the event any employee covered by this Agreement shall be called or conscripted for the Army, Navy, Marine Corps, or other branch of the United States Military Service, he shall retain, consistent with his physical and mental abilities, all seniority rights hereunder for the period of this Agreement or any renewal or extension thereof, provided application for reemployment is made within ninety (90) days after being honorably discharged from such military service, current law to govern at time of application.

15.4 It is the desire of both the Employer and the Union to avoid, wherever possible, the loss of working time by employees covered by this Agreement. All contacts will be handled so as to not interfere with the employee's duties or with service to the customers.

15.5 The Union may issue a Union Store Card and/or Window decals to the Employer. Such Union store cards and decals are and shall remain the property of the International Brotherhood of Teamsters, and the Employer agrees to surrender said Union Store Cards and/or decals to an authorized representative of the Union on demand in the event of failure by the Employer to observe the terms of this Agreement.

15.5.1 The Employer shall display such Union Store Cards and/or decals in conspicuous areas accessible to the public in each establishment covered by this Agreement.

15.6 The Employer shall furnish to the Union, on written request, a copy of the payroll records of all bargaining unit employees, but not more than one (1) payroll record need be furnished during a twelve (12) month period.

15.7 If any employee is required to travel from one place to another during the course of the performance of the day's work, said employee shall be compensated for such time and for any legitimate expenses incurred. Such employees shall be reimbursed for public transportation expense if used, or be granted mileage allowance at the IRS allowable rate per mile, if the employee provides the vehicle to be used.

15.8 Where the masculine or feminine gender has been used in any job classification or in any provision of this Agreement, it is used solely for the purpose of illustration and shall not in any way be used to designate the sex of the employee eligible for the position or the benefits of any other provisions.

15.9 The Company agrees to notify the Union of the sale and/or closure of a store at least thirty (30) days in advance, whenever practical. Reasons where the thirty (30) days notice is not practical may include but are not limited to lease contingencies, financing arrangements, and or finalization of the buy/sell arrangements.

15.10 Drug Testing - The Employer may require the employee to submit to a legally recognized drug or alcohol test at the Employer's expense if the Employer has reasonable grounds to believe the employee is under the influence of alcohol or drugs. Reasonable grounds will not be required for drug or alcohol testing when an employee suffers an on-the-job injury. An employee who tests positive shall be entitled to have a second test performed using a different disclosure method to verify the accuracy of the test results. Time spent in such testing shall be on company time; however, any employee refusing to submit to a drug or alcohol test shall be taken off the clock effective with the time of the Employer's request. An employee who refuses to take a drug or alcohol test upon request shall be subject to termination.

ARTICLE 16 - NON-DISCRIMINATION

16.1 The parties to this Agreement acknowledge their responsibilities under Title VII of the Civil Rights Act of 1964 and the Age Discrimination in Employment Act of 1967, and do hereby agree not to discriminate on the basis of race, color, religion, sex, national origin or age.

ARTICLE 17 - GRIEVANCE PROCEDURE

17.1 Any grievance or dispute concerning the application or interpretation of this Agreement must be presented in writing by the aggrieved party to the other party within sixty (60) days from the date of the occurrence giving rise to such grievance or dispute, except in cases of discharge which must be presented within fifteen (15) days; otherwise, such right of

protest shall be deemed to have been waived. Such grievances shall be adjusted by accredited representatives of the Employer and the Union. In the event of the failure of these parties to reach a satisfactory adjustment within twenty-one (21) days from the date the grievance is filed in writing by the aggrieved party, the matter must be referred by the moving party for final adjustment to a Labor Relations Committee consisting of two (2) members from the Employer and two (2) members from the Union and the decision of the Labor Relations Committee shall be final and binding. In the event the Labor Relations Committee fails to reach an agreement within seven (7) days from the date a grievance is considered by the Committee, the moving party must, within seven (7) days thereafter, refer the grievance to arbitration by requesting the Federal Mediation and Conciliation Service to submit a list of eleven (11) names of qualified arbitrators from which the parties shall select the Arbitrator. In the event the moving party submits a request for a panel of arbitrators in accordance with the foregoing provisions and the Federal Mediation and Conciliation Service fails to provide such a list within twenty-one (21) days from the date of the request, the parties may mutually select an Arbitrator. If they are unable to agree upon an Arbitrator within three (3) working days, the moving party may contact the American Arbitration Association for an alternate panel of arbitrators. The Labor Relations Committee and the Arbitrator shall have no power to add to, subtract from, or change or modify any provision of this Agreement, but shall be authorized only to interpret existing provisions of this Agreement as they apply to the specific facts of the issue in dispute. The decision of the Arbitrator shall be final and binding on all parties and shall be rendered within thirty (30) days from the close of the hearing or the receipt of briefs, whichever is later. Should the arbitrator fail to comply with these provisions, he will not be paid for his services. The moving party shall notify the arbitrator of this provision during the selection process. If the assignment is refused, the parties agree to select an alternate.

17.1.1 The losing party shall pay the cost of the arbitrator. The parties agree that the arbitrator has the authority to determine appropriate proration of this cost in the event of a split decision and award. The arbitrator should be made aware of the requirements of this provision at the conclusion of the arbitration hearing.

17.1.2 The parties agree that the Union and Employer shall pay their own attorney fees in all circumstances arising under the Article.

17.1.3 In cases where it is concluded that an employee has been improperly discharged, the arbitrator may reinstate the improperly discharged employee. The arbitrator may not render an award which requires the employer to pay an improperly discharged or suspended employee for time that the employee has not actually worked in excess of the wage and benefits the employee would have earned had he worked his normal schedule during the one hundred and eighty (180) calendar days immediately following the date of discharge or suspension.

17.2 During the process of making adjustments under the rule and procedures set forth in 17.1 above, no strike or lockout shall occur.

17.3 Except as provided in 17.1, grievances shall not be recognized unless presented in writing within sixty (60) days from the date of the occurrence causing the complaint or grievance, except in cases where report of the grievance has been suppressed through coercion by the Employer.

17.3.1 In the event the claim is one for additional wages, any such claim shall be limited to wages, if any, accruing within the sixty (60) day period immediately preceding the date upon which the grievance was filed in writing.

17.3.2 Where there is an automatic wage bracket adjustment (failure to progress the employee in classification in accordance with the hours worked formula of Appendix "A", "B", and "C") due under the terms of the Appendix, the period of adjustment shall be one (1) year from the date the grievance was filed in writing.

17.4 It is understood that any of the foregoing time limits may be waived by mutual agreement, if the time limits are not mutually waived, failure to comply constitutes waiver.

17.5 The Employer and the Union shall make available to the other, pertinent data necessary for the examination of all circumstances surrounding a grievance. The Arbitrator shall be empowered to effect compliance with this provision by requiring the production of documents and other evidence.

ARTICLE 18 - NO STRIKES OR LOCKOUTS

18.1 During the life of this Agreement the Union agrees not to engage in any strike or stoppage of work and the Employer agrees not to engage in any lockout. It shall not be a cause for discharge or discipline and it shall not be a violation of this Agreement for an employee to refuse to cross a primary labor union picket line at the Employer's premises that has been established to support a legal strike, provided the picket line is approved by Local #38.

ARTICLE 19 - TECHNOLOGICAL CHANGES

19.1 Notwithstanding the above, it is agreed that should the Employer intend to institute electronic checkout systems which result in the removal of price marking from the stores which would have direct, material impact on employment covered by this Agreement, the Employer shall give to the affected Union or Unions at least sixty (60) days written advance notice by certified or registered mail setting forth the nature of such intended changes and/or methods of operation.

19.2 Upon written request by the Union, negotiations shall commence with respect to the following subjects: Rates of pay for new jobs which might be created; transfer to comparable work, within or outside the bargaining unit, or the disposition of displaced employees resulting from the institution of such new methods.

19.3 In the event the parties do not reach agreement within such period then all unresolved issues, as set forth above, shall be submitted to final and binding arbitration. It is not the intent of the parties that such negotiations or arbitrations will in any way jeopardize the efficiencies and increased productivity to be gained by the installation of such systems.

19.4 The parties further agree that the Arbitrator's decision shall be final and binding, and that there will be no strikes, work stoppages, lockouts, or economic action of any sort or form employed by either party in connection with, or arising out of, any dispute concerning or related in any way to the operation of this Section.

19.5 It is agreed and expected that the parties will exert every effort to accomplish the foregoing within the sixty (60) day allotted period, but failing to do so, shall not prohibit or in any way impede the Employer from installing or effectuating any such new methods, systems, or equipment upon the expiration of the allotted sixty (60) day time period, unless such period is extended by mutual written agreement. The decision of the Arbitrator or the parties shall be effective on or retroactive to the date such new methods are installed. The cost of the impartial Arbitrator shall be borne equally by the parties.

19.6 If the addition of a second U-Scan unit in any store has a material impact on any of the bargaining unit employees, the parties will agree to bargain over the effects of the installation of the second U-Scan unit in that store. A "unit" is defined as a bank with one to four self-scanners.

ARTICLE 20 - SEPARABILITY - SAVINGS

20.1 It is hereby declared to be the intention of the parties to this Agreement that the sections, paragraphs, sentences, clauses and phrases of this Agreement are separable and if any phrase, clause, sentence, paragraph or section of this Agreement shall be declared invalid by the valid judgment or decree of a court of competent jurisdiction because of the conflict with any Federal or Washington State law, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Agreement and the balance of this Agreement shall continue in full force and effect.

20.2 The parties hereto agree that substitute provisions conforming to such judgment and decree shall be incorporated into this Agreement within thirty (30) days thereafter.

ARTICLE 21 - NO FREE TIME

21.1 The Employer shall be responsible for payment for all hours worked, and an employee shall only work those hours specifically authorized by the Employer. Accordingly, it is intended that there shall be no "free or time-off the-clock" work practices under this Agreement. Any employee found by the Employer or the Union to be engaging in such practice shall be subject to discipline, which may include termination.

ARTICLE 22 - DURATION OF AGREEMENT

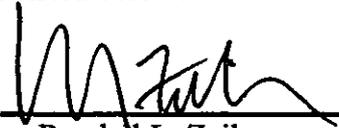
22.1 This Agreement shall be in full force and effect from and after August 8, 2004 through August 4, 2007, at which time it shall be automatically renewed for a period of one (1) year from said date, and thereafter for each year upon each anniversary of said date without further notice; provided, however, that either party may open this Agreement for the purpose of discussing a revision within sixty (60) days prior to said expiration date of each anniversary thereof upon written notice being served upon either party by the other.

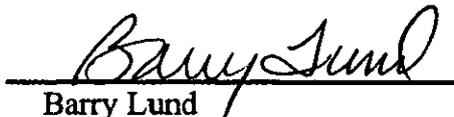
22.2 If during the second year of this Agreement, the United States becomes engaged in a nationally recognized wartime emergency, the parties hereto agree that upon sixty (60) days notice in writing either party may reopen this Agreement.

IN WITNESS WHEREOF, we attach our signatures this 2ND day of May, 2005.

ALLIED EMPLOYERS, INC.
For and on behalf of those
firms listed below:

GENERAL TEAMSTERS UNION
LOCAL NO. 38

BY 
Randall L. Zeiler
Executive Director

BY 
Barry Lund
Secretary-Treasurer

Firms Party To This Agreement

Albertson's, Inc.
QFC
Safeway, Inc.

COURTESY CLERKS - HELPER CLERKS

1. There shall be two (2) separate classifications; Courtesy Clerk and Helper Clerk, whose hourly rates shall be as outlined in Appendix "A". At the time of hiring, the Employer shall notify the Union and the employee of each respective clerk's classification.

2. **Duties: Courtesy Clerk** - An employee who may perform only the following duties:

- a. Bag or box the merchandise after it has been checked out and take it to the customer's vehicle.
- b. Cleanup in and around the store so long as the cleanup does not result in the handling of any merchandise, except in the event of spillage, and in that event merchandise may be moved in conjunction with the cleanup activities.
- c. Collect and line up shopping carts and return them to the store from the parking lot.
- d. Stock the bags in the checkstands.
- e. Collect bottles, take them to the designated area, and sort them.
- f. Change the reader board.
- g. Return merchandise from the checkstand area to its display area.
- h. Verify prices.
- i. Water plants and flowers.
- j. Cover produce and frozen food cases.
- k. Pull cardboard.
- l. Incidental assignment of duties other than those specified in 2.a through 2.k (other than checking) are permissible as long as such assignment is not the Courtesy Clerk's primary assignment.

3. **Duties: Helper Clerk** - An employee who may perform all of the duties in the store except checking.

4. **Progression - Helper Clerk**

At such time as an employee is classified as a "Helper Clerk", such employee shall not again be classified, or paid, as a Courtesy Clerk. Any employee classified as a Helper Clerk who performs any checking shall automatically be advanced to First Step Apprentice and shall not, thereafter, be reduced to Helper Clerk. If a Helper Clerk is promoted to Apprentice Grocery Clerk by the Employer, the employee shall be credited with one-half (1/2) of all hours worked for the same Employer up to a maximum of 1040 hours.

Upon advancement to the appropriate apprentice clerk classification, such employees shall be credited for all hours previously compensated for as an apprentice with the current Employer or in accordance with Article 6.3 of this Agreement.

Helper Clerks who notify their Employer in writing that they are desirous of a transfer to Appendix "A" progressions shall be provided the first opportunity for available openings over new hires, provided qualifications and ability are equal.

5. Daily Guarantee: Helper Clerk, when scheduled, shall be guaranteed a minimum of two (2) hours work, or equivalent compensation, Monday through Friday, and four (4) hours work, or equivalent compensation, on Saturdays, Sundays, and Holidays.

6. Schedules: The classification of each Courtesy Clerk and/or Helper Clerk shall be shown on the weekly work schedule. The total hours scheduled or worked by the "Helper Clerk" classification of employment shall not exceed twelve percent (12%) of the total hours scheduled or worked by all bargaining unit employees.

7. **Violations and Penalties - Courtesy Clerk**

Violations

a. Courtesy clerks performing assigned duties other than those specified in paragraph 2, a-k.

Penalties

a. On the first and subsequent violation, the Courtesy Clerk shall be compensated at the "Helper Clerk" rate of pay for all hours worked by the employee for that week.

8. **Violations and Penalties - Helper Clerk**

Violations

a. No assigned checking.

b. The total hours scheduled or worked by Helper Clerks shall not exceed twelve percent (12%) of the total hours scheduled or worked by all bargaining unit employees.

Penalties

a. Automatically advanced to 1st Step Apprentice and shall not, thereafter, be reduced to a Helper Clerk.

b. All Helper Clerks shall be compensated an additional thirty-five cents (35¢) for all hours during such week.

APPENDIX "A"

GROCERY WAGE CLASSIFICATIONS

For employees hired prior to August 15, 2004:

Classifications	CURRENT	8/8/04**	8/6/06
Sr. Journeyperson*	\$17.10	\$17.40	\$17.70
Journeyperson	16.85	17.15	17.45
3293-3812 hrs	13.91	13.91	13.91
2773-3292 hrs	12.37	12.37	12.37
2081-2772 hrs	11.61	11.61	11.61
1385-2080 hrs	10.81	10.81	10.81
693-1384 hrs	9.28	9.28	9.28
0- 692 hrs	7.72	7.72	7.72
Helper Clerk			
0- 520 hrs	8.06	8.06	8.06
Over 520 hrs	8.33	8.48	8.63
Courtesy Clerk			
0- 520 hrs	7.26	7.26	7.26
Over 520 hrs	7.52	7.65	7.78

*This classification of employee shall not be required in a store wherein less than a total of one hundred (100) man-hours are worked in a payroll week by the unit of employees covered by this Agreement. When a total of one hundred (100) man-hours are worked in a payroll week by the unit of employees covered by this Agreement, then one (1) of such employees shall be classified and compensated by the Employer as a Senior Journeyperson. For each additional two hundred (200) man-hours worked in such week by the unit of employees covered by the Agreement, one (1) additional employee shall be classified and compensated as a Senior Journeyperson. Senior Journeyperson shall be employees normally working full-time. One employee of this classification shall be assigned to night work if night work is performed, provided the store is closed for business.

**Effective retroactive for employees on the payroll on August 15, 2004.

These increases shall be across the board so that employees paid above scale will receive the wage increases. The exceptions to this rule are: (a) employees being paid an over scale rate due to an increase in the Washington State minimum wage; (b) employees who have transferred into another classification and have had their wage rate frozen at an above scale level; and (c) any Safeway Floral or GMHBC Managers who are being paid in excess of the Company established pay rates for their store.

In no event shall any wage classification be less than ten cents (10¢) per hour above the then current Washington State minimum wage.

For all Journeyman employees on the payroll on August 1, 2005, effective the first payroll thereafter, there shall be a lump sum bonus paid which shall be calculated by taking 30¢ per hour for all Journeyman hours worked in the previous twelve (12) months. (The 30¢ per hour figure is to be paid on all Journeyman hours worked regardless if the hour was a straight-time hour or overtime hour. The parties have factored in overtime requirements in the 30¢ figure.).

For employees hired on or after August 15, 2004:

Classifications	8/15/04	8/6/06
Sr. Journeyman*	\$17.40	\$17.70
Journeyman	17.15	17.45
Next 520	13.22	13.22
Next 1040 hrs	11.72	11.72
Next 1040 hrs	10.72	10.72
Next 1040 hrs	9.72	9.72
Next 1040 hrs	9.22	9.22
Next 1040 hrs	8.72	8.72
Next 1040 hrs	8.22	8.22
1 st 1040 hrs	7.72	7.72
Helper Clerk		
1 st 520 hrs	7.72	7.72
Next 1040 hrs	8.00	8.00
Thereafter	8.48	8.63
Courtesy Clerk		
1 st 1040 hrs	7.26	7.26
Thereafter	7.65	7.78

*This classification of employee shall not be required in a store wherein less than a total of one hundred (100) man-hours are worked in a payroll week by the unit of employees covered by this Agreement. When a total of one hundred (100) man-hours are worked in a payroll week by the unit of employees covered by this Agreement, then one (1) of such employees shall be classified and compensated by the Employer as a Senior Journeyman. For each additional two hundred (200) man-hours worked in such week by the unit of employees covered by the Agreement, one (1) additional employee shall be classified and compensated as a Senior Journeyman. Senior Journeyman shall be employees normally working full-time. One employee of this classification shall be assigned to night work if night work is performed, provided the store is closed for business.

These increases shall be across the board so that employees paid above scale will receive the wage increases. The exceptions to this rule are: (a) employees being paid an over scale rate due to an increase in the Washington State minimum wage; (b) employees who have transferred into another classification and have had their wage rate frozen at an above scale level; and (c) any Safeway Floral or GMHBC Managers who are being paid in excess of the Company established pay rates for their store.

In no event shall any wage classification be less than ten cents (10¢) per hour above the then current Washington State minimum wage.

For all Journeyperson employees on the payroll on August 1, 2005, effective the first payroll thereafter, there shall be a lump sum bonus paid which shall be calculated by taking 30¢ per hour for all Journeyperson hours worked in the previous twelve (12) months. (The 30¢ per hour figure is to be paid on all Journeyperson hours worked regardless if the hour was a straight-time hour or overtime hour. The parties have factored in overtime requirements in the 30¢ figure.)

BAKERY SALES ADDENDUM

This is to confirm our understanding that employees performing work under the above referenced Labor Agreement shall be covered by all the terms and conditions of the Snohomish County Grocery Agreement between Allied Employers, Inc., on behalf of Snohomish County Employers and Teamsters Local Union #38, executed with the following exceptions:

APPENDIX "B"

BAKERY SALES WAGE CLASSIFICATIONS

For employees hired prior to August 15, 2004:

Classifications	CURRENT	8/8/04*	8/6/06
Head Bakery Sales	\$12.90	\$13.20	\$13.50
Journey person	\$12.60	\$12.90	\$13.20
3293-3812 hrs	10.07	10.07	10.07
2773-3292 hrs	9.51	9.51	9.51
2081-2772 hrs	8.92	8.92	8.92
1385-2080 hrs	8.34	8.34	8.34
693-1384 hrs	7.75	7.75	7.75
0- 692 hrs	7.26	7.26	7.26

*Effective retroactive for employees on the payroll on August 15, 2004.

For all Journey person employees on the payroll on August 1, 2005, effective the first payroll thereafter, there shall be a lump sum bonus paid which shall be calculated by taking 30¢ per hour for all Journey person hours worked in the previous twelve (12) months. (The 30¢ per hour figure is to be paid on all Journey person hours worked regardless if the hour was a straight-time hour or overtime hour. The parties have factored in overtime requirements in the 30¢ figure.)

These increases shall be across the board so that employees paid above scale will receive the wage increases. The exceptions to this rule are: (a) employees being paid an over scale rate due to an increase in the Washington State minimum wage; (b) employees who have transferred into another classification and have had their wage rate frozen at an above scale level; and (c) any Safeway Floral or GMHBC Managers who are being paid in excess of the Company established pay rates for their store.

In no event shall any wage classification be less than ten cents (10¢) per hour above the then current Washington State minimum wage.

For employees hired on or after August 15, 2004:

Classifications	8/15/04	8/6/06
Head Bakery Sales	13.20	13.50
Journey person	12.90	13.20
Next 520	10.72	10.72
Next 1040 hrs	10.22	10.22
Next 1040 hrs	9.72	9.72
Next 1040 hrs	9.22	9.22
Next 1040 hrs	8.72	8.72
Next 1040 hrs	8.22	8.22
Next 1040 hrs	7.72	7.72
1 st 1040 hrs	7.26	7.26

For all Journey person employees on the payroll on August 1, 2005, effective the first payroll thereafter, there shall be a lump sum bonus paid which shall be calculated by taking 30¢ per hour for all Journey person hours worked in the previous twelve (12) months. (The 30¢ per hour figure is to be paid on all Journey person hours worked regardless if the hour was a straight-time hour or overtime hour. The parties have factored in overtime requirements in the 30¢ figure).

These increases shall be across the board so that employees paid above scale will receive the wage increases. The exceptions to this rule are: (a) employees being paid an over scale rate due to an increase in the Washington State minimum wage; (b) employees who have transferred into another classification and have had their wage rate frozen at an above scale level; and (c) any Safeway Floral or GMHBC Managers who are being paid in excess of the Company established pay rates for their store.

In no event shall any wage classification be less than ten cents (10¢) per hour above the then current Washington State minimum wage.

ARTICLE 3 - SENIORITY

Bakery Sales employees shall be considered as a separate classification under the seniority provisions of the Agreement in accordance with the terms and provisions of Article 3 - Seniority and Available Hours.

ARTICLE 6 - CLASSIFICATIONS AND MINIMUM RATES OF PAY

There shall be one (1) head salesperson in each store or department of a store which employs two (2) or more full-time salespersons or employs salespersons a total of one hundred (100) hours per week.

ARTICLE 9 - SICK LEAVE

Sick leave pay shall be accrued by an employee depending upon the number of straight-time hours worked by the employee with his current Employer in each twelve (12) months as follows:

<u>Hours Worked</u>	<u>Hours of Sick Pay</u>
800 to 1200	20
1200 to 1680	24
1680 to 1999	32
2000 or more	40

ARTICLE 19 - TECHNOLOGICAL CHANGES

Does not apply to this Agreement.

MEMORANDUM OF UNDERSTANDING (Clerks' Work)

This section does not apply.

APPENDIX "C"

**SNACK BAR, TAKE-OUT FOOD, SALAD BAR, FLORAL; NON-FOOD; AND
DELI DEPARTMENT WAGE CLASSIFICATIONS**

For employees hired prior to August 15, 2004:

Classifications	CURRENT	8/8/04*	8/6/06
Journeyman	\$12.60	\$12.90	\$13.20
3293-3812 hrs	10.07	10.07	10.07
2773-3292 hrs	9.51	9.51	9.51
2081-2772 hrs	8.92	8.92	8.92
1385-2080 hrs	8.34	8.34	8.34
693-1384 hrs	7.75	7.75	7.75
0- 692 hrs	7.26	7.26	7.26

*Effective retroactive for employees on the payroll on August 15, 2004.

For all Journeyman employees on the payroll on August 1, 2005, effective the first payroll thereafter, there shall be a lump sum bonus paid which shall be calculated by taking 30¢ per hour for all Journeyman hours worked in the previous twelve (12) months. (The 30¢ per hour figure is to be paid on all Journeyman hours worked regardless if the hour was a straight-time hour or overtime hour. The parties have factored in overtime requirements in the 30¢ figure).

These increases shall be across the board so that employees paid above scale will receive the wage increases. The exceptions to this rule are: (a) employees being paid an over scale rate due to an increase in the Washington State minimum wage; (b) employees who have transferred into another classification and have had their wage rate frozen at an above scale level; and (c) any Safeway Floral or GMHBC Managers who are being paid in excess of the Company established pay rates for their store.

In no event shall any wage classification be less than ten cents (10¢) per hour above the then current Washington State minimum wage.

For employees hired on or after August 15, 2004:

Classifications	8/15/04	8/6/06
Journey person	12.90	13.20
Next 520	10.72	10.72
Next 1040 hrs	10.22	10.22
Next 1040 hrs	9.72	9.72
Next 1040 hrs	9.22	9.22
Next 1040 hrs	8.72	8.72
Next 1040 hrs	8.22	8.22
Next 1040 hrs	7.72	7.72
1 st 1040 hrs	7.26	7.26

For all Journey person employees on the payroll on August 1, 2005, effective the first payroll thereafter, there shall be a lump sum bonus paid which shall be calculated by taking 30¢ per hour for all Journey person hours worked in the previous twelve (12) months. (The 30¢ per hour figure is to be paid on all Journey person hours worked regardless if the hour was a straight-time hour or overtime hour. The parties have factored in overtime requirements in the 30¢ figure).

These increases shall be across the board so that employees paid above scale will receive the wage increases. The exceptions to this rule are: (a) employees being paid an over scale rate due to an increase in the Washington State minimum wage; (b) employees who have transferred into another classification and have had their wage rate frozen at an above scale level; and (c) any Safeway Floral or GMHBC Managers who are being paid in excess of the Company established pay rates for their store.

In no event shall any wage classification be less than ten cents (10¢) per hour above the then current Washington State minimum wage.

**SNACK BAR, TAKE-OUT FOOD, SALAD BAR, AND DELI DEPARTMENT
ADDENDUM AGREEMENT**

This Addendum Agreement is entered into by and between Allied Employers, Inc., for and on behalf of the firm(s) whose name(s) are appended hereto, hereinafter referred to as the "Employer", and Teamsters Local Union #38, hereinafter referred to as the "Union".

It is understood and agreed by the Employer and the Union that the provisions of the Union's 2004 - 2007 Food Agreement with Allied Employers, Inc., hereinafter referred to as the "Agreement", which has an effective date of August 8, 2004, and an expiration date of August 4, 2007, will be fully applicable to the Snack Bar, Take-Out Food, and Deli Department employees employed by the Employer in its Snohomish Washington Retail Food Stores, except as specifically amended and/or modified below:

ARTICLE 1 - RECOGNITION AND BARGAINING UNIT

Amended to read as follows:

Allied Employers, Inc., hereby recognizes during the term of this Agreement, Teamsters Local Union No. 38 Affiliated with International Brotherhood of Teamsters, as the sole and exclusive collective bargaining agency for a unit consisting of all Snack Bar, Take-Out Food, and Deli Department employees employed by it in its present and future (Snohomish County), Washington Retail Food Stores with respect to rates of pay, hours, and other conditions of employment, except and excluding the Department Manager, Store Director, Grocery and Produce Department employees, Bakery Sales Department employees, Bakery Production Department employees, Meat Department employees, janitors, professional employees, confidential employees, office clerical employees, guards, watchmen, and supervisors, as defined in the National Labor Relations Act, as amended.

ARTICLE 5 - HOURS OF WORK AND OVERTIME

Amended by substituting the following Sections for Section 5.3 and Section 5.5:

5.3 All hours worked in excess of eight (8) hours per day and forty (40) hours per week shall be paid for at the rate of time and one-half (1-1/2) the employee's regular straight-time hourly rate of pay. Where six (6) days, Monday through Saturday, are worked in any one (1) week, time and one-half (1-1/2) the employee's regular straight-time hourly rate of pay shall be paid for work on the day the least number of hours are worked.

5.5 Premium Work: Work performed by employees on any of the following days or between the hours specified below shall be considered as premium work and paid for according to the premium rates set forth herein:

5.5.1 Sundays - All hours of work performed on a Sunday shall be compensated for at the rate of time and one-third (1-1/3) the employee's regular straight-time hourly rate of pay.

5.5.2 Holidays - Time worked on any holiday specified in this Agreement shall be paid for at time and one-half (1-1/2) the employee's regular straight-time hourly rate of pay in addition to any holiday pay to which the employee is otherwise entitled under the Holiday provisions of Article 7 of this Agreement. This clause does not apply to the employee's birthday.

5.5.3 Night Premium Pay - All hours of work performed between the hours of 6:00 PM and 6:00 AM shall be compensated for at the night premium rate of twenty cents (20¢) per hour, in addition to the employee's regular straight-time hourly rate of pay.

5.5.4 No Pyramiding - There shall be no compounding or pyramiding of Premium pay and Overtime pay and only the highest applicable rate shall be paid for an hour of work performed under this Agreement.

ARTICLE 6 - CLASSIFICATIONS AND MINIMUM RATES OF PAY

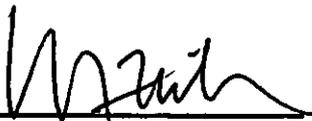
Shall be amended by deleting Section 6.2.2 and Section 6.5

It is specifically understood and agreed that the exceptions to the Agreement contained in this Addendum Agreement will remain in full force and effect during the term of this Addendum Agreement, and any extension thereof without amendment or modification, notwithstanding any additions, deletions, modifications and/or amendments of the Agreement that may be subsequently agreed upon by the Union and Allied Employers, Inc.

CONFIRMED: 5-2-05 (date)

ALLIED EMPLOYERS, INC.

TEAMSTERS LOCAL UNION NO. 38

BY 
Randall L. Zeiler
Executive Director

BY 
Barry Lund
Secretary-Treasurer

ADDENDUM AGREEMENT

**To Agreement Between
ALLIED EMPLOYERS, INC. and TEAMSTERS UNION LOCAL #38**

BAKE-OFF/DELI AGREEMENT

August 7, 2004 through August 4, 2007

This is to confirm our understanding that employees performing work under the above referenced Labor Agreement shall be covered by all terms and conditions of the Snohomish County Grocery Agreement between Allied Employers, Inc., and Teamsters Local Union No. 38, executed with the following exceptions:

ARTICLE 1 - RECOGNITION AND BARGAINING UNIT

1.1 Allied Employers, Inc., on behalf of the Employers listed below, hereby recognizes during the term of this Agreement, Teamsters Local Union No. 38 affiliated with International Brotherhood of Teamsters, as the sole and exclusive collective bargaining agency for a unit consisting of all Bake-Off/Deli Department employees employed by it in its present and future (Snohomish County) Washington Retail Food Stores with respect to rates of pay, hours and other conditions of employment, except and excluding the Department Manager, Store Director, Grocery and Produce Department employees, Meat Department employees, janitors, professional employees, confidential employees, office clerical employees, guards, watchmen and supervisors, as defined in the National Labor Relations Act, as amended.

DEFINITION OF BAKE-OFF

A shop will be considered a Bake-Off/Deli covered under this Agreement if it is a combination Delicatessen and Bake-Off Bakery.

ARTICLE 3 - SENIORITY

Bake-Off/Deli employees shall be considered as a separate classification under the seniority provisions of the Agreement in accordance with the terms and provisions of Article 3 - Seniority and Available Hours.

ARTICLE 5 - HOURS OF WORK AND OVERTIME

Amended by substituting the following Sections for Section 5.3 and 5.5.

5.3 All hours worked in excess of eight (8) hours per day and forty (40) hours per week shall be paid for at the rate of time and one-half (1-1/2) the employee's regular straight-time hourly rate of pay. Where six (6) days, Monday through Saturday are worked in any one (1) week, time and one-half (1-1/2) the employee's regular straight-time hourly rate of pay shall be paid for work on the day the least number of hours are worked.

5.5 Premium work - Work performed by employees on any of the following days or between the hours specified below shall be considered as premium work and paid for according to the premium rates set forth herein:

5.5.1 Sundays - All hours of work performed on a Sunday shall be compensated for at the rate of time and one-third (1-1/3) the employee's regular straight-time hourly rate of pay.

5.5.2 Holidays - Time worked on any holiday specified in this Agreement shall be paid for at time and one-half (1-1/2) the employee's regular straight-time hourly rate of pay, in addition to any holiday pay to which the employee is otherwise entitled under the holiday provisions of Article 7 of this Agreement. This clause does not apply to the employee's birthday.

5.5.3 Night Premium Pay - All hours of work performed between the hours of 6:00 PM and 6:00 AM shall be compensated for at the night premium rate of twenty cents (20¢) per hour in addition to the employee's regular straight-time hourly rate of pay.

5.5.4 No Pyramiding - There shall be no compounding or pyramiding of premium pay and overtime pay and only the highest applicable rate shall be paid for an hour of work performed under this Agreement.

5.9.3 An Employer will utilize qualified employees from other classifications within the store, when available, to relieve "Bake-Off/Deli employees" during lunch periods.

ARTICLE 6 - CLASSIFICATIONS AND MINIMUM RATES OF PAY

Shall be amended by deleting Section 6.2.2 and Section 6.5.

ARTICLE 14 - RETIREMENT PROGRAM

14.4 Effective October 1, 2004, based on September 2004 hours, Employers will contribute the following amounts plus an additional supplemental contribution that is 10¢ per hour for each compensable hour. (The supplemental contribution is based on the parties' pension agreement.)

Current + Supplemental

Appendix C

40¢ + 10¢ = 50¢

BAKE-OFF/DELI RATES

For employees hired prior to August 15, 2004:

Classifications	CURRENT	8/8/04*	8/6/06
Head Bakery Sales	\$12.90	\$13.20	\$13.50
Journeyman	\$12.60	\$12.90	\$13.20
3293-3812 hrs	10.07	10.07	10.07
2773-3292 hrs	9.51	9.51	9.51
2081-2772 hrs	8.92	8.92	8.92
1385-2080 hrs	8.34	8.34	8.34
693-1384 hrs	7.75	7.75	7.75
0- 692 hrs	7.26	7.26	7.26

*Effective retroactive for employees on the payroll on August 15, 2004

For all Journeyman employees on the payroll on August 1, 2005, effective the first payroll thereafter, there shall be a lump sum bonus paid which shall be calculated by taking 30¢ per hour for all Journeyman hours worked in the previous twelve (12) months. (The 30¢ per hour figure is to be paid on all Journeyman hours worked regardless if the hour was a straight-time hour or overtime hour. The parties have factored in overtime requirements in the 30¢ figure).

These increases shall be across the board so that employees paid above scale will receive the wage increases. The exceptions to this rule are: (a) employees being paid an over scale rate due to an increase in the Washington State minimum wage; (b) employees who have transferred into another classification and have had their wage rate frozen at an above scale level; and (c) any Safeway Floral or GMHBC Managers who are being paid in excess of the Company established pay rates for their store.

In no event shall any wage classification be less than ten cents (10¢) per hour above the then current Washington State minimum wage.

For employees hired on or after August 15, 2004:

Classifications	8/15/04	8/6/06
Head Bakery Sales	13.20	13.50
Journey person	12.90	13.20
Next 520	10.72	10.72
Next 1040 hrs	10.22	10.22
Next 1040 hrs	9.72	9.72
Next 1040 hrs	9.22	9.22
Next 1040 hrs	8.72	8.72
Next 1040 hrs	8.22	8.22
Next 1040 hrs	7.72	7.72
1 st 1040 hrs	7.26	7.26

For all Journey person employees on the payroll on August 1, 2005, effective the first payroll thereafter, there shall be a lump sum bonus paid which shall be calculated by taking 30¢ per hour for all Journey person hours worked in the previous twelve (12) months. (The 30¢ per hour figure is to be paid on all Journey person hours worked regardless if the hour was a straight-time hour or overtime hour. The parties have factored in overtime requirements in the 30¢ figure).

These increases shall be across the board so that employees paid above scale will receive the wage increases. The exceptions to this rule are: (a) employees being paid an over scale rate due to an increase in the Washington State minimum wage; (b) employees who have transferred into another classification and have had their wage rate frozen at an above scale level; and (c) any Safeway Floral or GMHBC Managers who are being paid in excess of the Company established pay rates for their store.

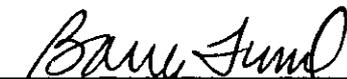
In no event shall any wage classification be less than ten cents (10¢) per hour above the then current Washington State minimum wage.

CONFIRMED: 5-2-05 (date)

ALLIED EMPLOYERS, INC.

TEAMSTERS LOCAL UNION NO. 38

BY 
Randall L. Zeiler
Executive Director

BY 
Barry Lund
Secretary-Treasurer

ADDENDUM AGREEMENT

**To Agreement Between
ALLIED EMPLOYERS, INC. and TEAMSTERS UNION LOCAL #38**

BAKE-OFF

August 7, 2004 through August 4, 2007

This is to confirm our understanding that employees performing work under the above referenced Labor Agreement shall be covered by all terms and conditions of the Snohomish County Grocery Agreement between Allied Employers, Inc., and Teamsters Local Union No. 38, executed with the following exceptions:

ARTICLE 1 - RECOGNITION AND BARGAINING UNIT

1.1 Allied Employers, Inc., on behalf of the Employers listed below, hereby recognizes during the term of this Agreement, Teamsters Local Union No. 38 Affiliated with International Brotherhood of Teamsters, as the sole and exclusive collective bargaining agency for a unit consisting of all Bake-Off Department employees employed by it in its present and future (Snohomish County) Washington Retail Food Stores with respect to rates of pay, hours and other conditions of employment, except and excluding the Department Manager, Store Director, Grocery and Produce Department employees, Meat Department employees, janitors, professional employees, confidential employees, office clerical employees, guards, watchmen and supervisors, as defined in the National Labor Relations Act, as amended.

1.1.1 In addition to the exceptions listed above, this Agreement does not apply to the Bakery and Confectionery Local #9 employee(s) working in the Bake-Off per the terms set out below:

Definition of a Bake-Off

A shop will be considered a Bake-Off covered under this Agreement if it is producing less than 45% of the product from scratch dough. If the Bake-Off is producing more than 45% of the product from scratch, the terms of the Bakery Sales Addendum to the Teamsters Local #38 Grocery Clerks Agreement will apply to the Sales portion of the Department and the Bakery & Confectionery Local #9 In-Store contract will apply to the Production portion of the Department. Product produced from mixes will be considered made from scratch for purposes of this Agreement.

Joint Jurisdiction

For Departments opened or converted after November 16, 1984, the parties agree that the jurisdiction of the Bake-Off Department will be shared jointly with Teamsters Local #38 and Bakery & Confectionery Workers Local #9, which allows for the complete interchangeability of duties and work assignments between Clerks and Bakery Union employees within the Bake-Off Department. It is agreed with Local 38 that the Bakers Union will be guaranteed a minimum of one (1) member in each shop. Both the Bakers and the Clerks agree that the Bake-Off Department will be entitled to one (1) exempt employee who will not be required to be a member of either Local.

ARTICLE 3 - SENIORITY

Bake-Off employees shall be considered as a separate classification under the seniority provisions of the Agreement in accordance with the terms and provisions of Article 3 - Seniority and Available Hours.

ARTICLE 5 - HOURS OF WORK AND OVERTIME

5.9.3 An Employer will utilize qualified employees from other classifications within the store, when available, to relieve "Bake-off employees" during lunch periods.

ARTICLE 9 - SICK LEAVE

Sick Leave pay shall be accrued by an employee depending upon the number of straight-time hours worked by the employee with his current Employer in each twelve (12) months as follows:

<u>Hours Worked</u>	<u>Hours of Sick Pay</u>
800 to 1200	20
1200 to 1680	24
1680 to 1999	32
2000 or more	40

ARTICLE 14 - RETIREMENT PROGRAM

14.1 The Employer and the Union agree to be bound by the terms and provisions of that certain Trust Agreement creating the Retail Clerks Pension Trust Fund dated January 13, 1966, and as subsequently amended. Further, each Employer accepts as his representatives, for the purpose of such Trust Fund, the Employer trustees who will be appointed by Allied Employers, Inc. to serve on the Board of Trustees of said Trust Fund and their duly appointed successors.

14.5 Effective October 1, 2004, based on September 2004 hours, Employers will contribute the following amounts plus an additional supplemental contribution that is 10¢ per hour for each compensable hour. (The supplemental contribution is based on the parties' pension agreement.)

Current + Supplemental

Appendix C

40¢ + 10¢ = 50¢

ARTICLE 19 - TECHNOLOGICAL CHANGES

Does not apply to this Agreement.

BAKE-OFF SALES WAGE CLASSIFICATIONS

For employees hired prior to date of August 15, 2004:

Classifications	CURRENT	8/8/04*	8/6/06
Journeyman	\$12.60	\$12.90	\$13.20
3293-3812 hrs	10.07	10.07	10.07
2773-3292 hrs	9.51	9.51	9.51
2081-2772 hrs	8.92	8.92	8.92
1385-2080 hrs	8.34	8.34	8.34
693-1384 hrs	7.75	7.75	7.75
0- 692 hrs	7.26	7.26	7.26

*Effective retroactive for employees on the payroll on August 15, 2004.

For all Journeyman employees on the payroll on August 1, 2005, effective the first payroll thereafter, there shall be a lump sum bonus paid which shall be calculated by taking 30¢ per hour for all Journeyman hours worked in the previous twelve (12) months. (The 30¢ per hour figure is to be paid on all Journeyman hours worked regardless if the hour was a straight-time hour or overtime hour. The parties have factored in overtime requirements in the 30¢ figure).

These increases shall be across the board so that employees paid above scale will receive the wage increases. The exceptions to this rule are: (a) employees being paid an over scale rate due to an increase in the Washington State minimum wage; (b) employees who have transferred into another classification and have had their wage rate frozen at an above scale level; and (c) any Safeway Floral or GMHBC Managers who are being paid in excess of the Company established pay rates for their store.

In no event shall any wage classification be less than ten cents (10¢) per hour above the then current Washington State minimum wage.

For employees hired on or after August 15, 2004:

Classifications	8/15/04	8/6/06
Journey person	12.90	13.20
Next 520	10.72	10.72
Next 1040 hrs	10.22	10.22
Next 1040 hrs	9.72	9.72
Next 1040 hrs	9.22	9.22
Next 1040 hrs	8.72	8.72
Next 1040 hrs	8.22	8.22
Next 1040 hrs	7.72	7.72
1 st 1040 hrs	7.26	7.26

For all Journey person employees on the payroll on August 1, 2005, effective the first payroll thereafter, there shall be a lump sum bonus paid which shall be calculated by taking 30¢ per hour for all Journey person hours worked in the previous twelve (12) months. (The 30¢ per hour figure is to be paid on all Journey person hours worked regardless if the hour was a straight-time hour or overtime hour. The parties have factored in overtime requirements in the 30¢ figure).

These increases shall be across the board so that employees paid above scale will receive the wage increases. The exceptions to this rule are: (a) employees being paid an over scale rate due to an increase in the Washington State minimum wage; (b) employees who have transferred into another classification and have had their wage rate frozen at an above scale level; and (c) any Safeway Floral or GMHBC Managers who are being paid in excess of the Company established pay rates for their store.

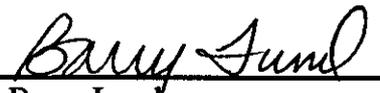
In no event shall any wage classification be less than ten cents (10¢) per hour above the then current Washington State minimum wage.

CONFIRMED: 5-2-05 (date)

ALLIED EMPLOYERS, INC.

BY 
Randall L. Zeiler
Executive Director

TEAMSTERS LOCAL UNION NO. 38

BY 
Barry Lund
Secretary-Treasurer

MEMORANDUM OF UNDERSTANDING

1. Manufacturer's Representatives, Book or Advance Salesmen

"Manufacturer's Representatives" and "Book or Advance Salesmen" will be allowed to perform only the following functions in retail food stores covered by this Agreement:

- a. Take orders;
- b. Check code dates and, thereafter, return said merchandise to the shelf in a neat and orderly manner. Remove outdated merchandise from the shelf.
- c. Remove returnable merchandise from a central location in the storage area (backroom) of the store.
- d. Remove from shelves, merchandise which has been determined by a manufacturer, processor, supplier or distributor to be contaminated and which, thereby, presents a health hazard or which has been ordered removed by a Federal, State or Municipal authority.
- e. Construct, assemble or place mechanical, electric or electronic displays.
- f. Build initial promotional displays at specifically designated locations, not to include normal shelf display, which may include merchandise for selection or pick-up by customers. If such displays require replenishment of merchandise because of customer pick-up, such merchandise replenishment shall be performed by employees covered by this Agreement.

This will not preclude the Employers from utilizing the services of individuals not covered by this Agreement, including, but not limited to "Book or Advance Salesmen", outside suppliers, employees, etc., to perform any necessary work in the store in conjunction with the opening of a new store, remodeling or extensive re-merchandising of an existing store (or part thereof).

2. Driver Salesmen

Driver-Salesmen may perform any work that is necessary to merchandise the merchandise that their Company supplies a store with, including but not limited to ordering, stocking, pricing, rotating of such merchandise, building of displays, etc., at the time of their delivery of such merchandise.

Driver-Salesmen will not be permitted to make call-backs for the purpose of merchandising food merchandise that has been stored in the store.

The above understanding and clarifications will not alter in any respect the Industry's prevailing practices with respect to the merchandising of soft drink, beer and ale products, and ice cream.

MEMORANDUM OF UNDERSTANDING
RESOLUTION OF UNIT CLARIFICATION - PETITION #19-UC-534

Allied Employers, Inc., on behalf of its member Employers, and Teamsters Local Union No. 38 agree, that the following provisions represent full and final settlement of Unit Clarification #19-UC-534.

1. Notwithstanding the prior practice of the application of Article 1.1 of the Agreement, the following additional exemptions per Company shall not be required to be members of the Union nor shall they be covered by the terms of the Agreement:

Each Company represented by Allied Employers, Inc., signatory to the Teamsters Local Union No. 38 Agreement (Snohomish County) shall be allowed a total of three (3) per store, in addition to the Snack Bar, Deli, Non-Foods or Bake-Off Deli Manager provided for in paragraph 6.7.5 of the Agreement, Article I of the Snack Bar Deli Addendum and the Bake-Off/Deli Agreement. The assignment of the additional exemption shall be at the sole discretion of the Employer.

The parties understand and agree that all such additional exemptions shall be permitted to perform bargaining unit work without restriction, pursuant to the historical practice of the parties.

2. In consideration for the foregoing understandings, the parties agree to negotiate terms and conditions applicable to P.O.S. Clerks (Scan Coordinator, File Maintenance Clerks) who are regularly employed at the store. Such work shall continue to be bargaining unit work with the primary assignment made to bargaining members. (Supervisors may also perform this work).

LETTER OF UNDERSTANDING

ARTICLE 18 - NO STRIKES OR LOCKOUTS

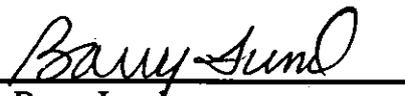
This is to confirm our agreement concerning the proper interpretation and application of Article 18 - No Strikes or Lockouts provision in the Labor Agreement between Allied Employers, Inc., on behalf of its members, and Teamsters Local Union No. 38. This letter is to confirm the parties' agreement that in the event a primary labor union picket line at the Employer's premises is established to support a legal strike and such picket line has been approved by Teamsters Union Local #38, Article 18 permits the employees covered under our Labor Agreement to refuse to cross such primary labor union picket line, provided, however, if such picket line is removed and thereafter reestablished during the same labor dispute, such picket line will not be considered a sanctioned picket line by Teamsters Union Local #38.

CONFIRMED: 5-2-05 (date)

ALLIED EMPLOYERS, INC.

GENERAL TEAMSTERS UNION
LOCAL NO. 38

BY 
Randall L. Zeiler
Executive Director

BY 
Barry Lund
Secretary-Treasurer

LETTER OF UNDERSTANDING
PERMANENT JOB OPENINGS

This is to confirm our understanding reached during our most recent negotiations that the parties agreed to the following provision as it relates to permanent individual job openings within the bargaining unit:

Employees desiring to be considered for permanent individual job openings in their store will indicate their desire by submitting in writing a request for consideration. The notification will remain in force for six months unless withdrawn by the employee. The Employer(s) will not be arbitrary or capricious in considering such employee requests.

CONFIRMED: 5-2-05 (date)

ALLIED EMPLOYERS, INC.

BY

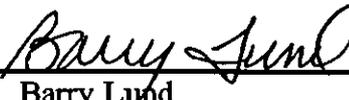


Randall L. Zeiler

Executive Director

GENERAL TEAMSTERS UNION
LOCAL NO. 38

BY



Barry Lund

Secretary-Treasurer

LETTER OF UNDERSTANDING

UNION MEETING NOTICES

This is to confirm that during the most recent negotiations between the parties the following was agreed upon:

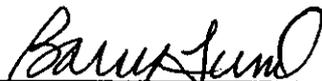
The Employer agrees to allow the posting of Union meeting notices in the store at a location designated by the Employer. The notice will state the date, time, and place of the Union meeting.

CONFIRMED: 5-2-05 (date)

ALLIED EMPLOYERS, INC.

GENERAL TEAMSTERS UNION
LOCAL NO. 38

BY 
Randall L. Zeiler
Executive Director

BY 
Barry Lund
Secretary-Treasurer

LETTER OF UNDERSTANDING

DESIGNATION OF UNION REPRESENTATIVE

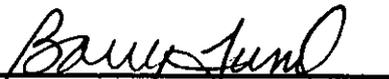
This is to confirm that during the recent negotiations the Employers confirmed the Union's right to designate their Union Stewards. The parties also agreed that such designation of authority or responsibility shall not interfere with the normal performance of the employee's work in accordance with Section 2.05 of the above referenced Labor Agreement.

CONFIRMED: 5-2-05 (date)

ALLIED EMPLOYERS, INC.

GENERAL TEAMSTERS UNION
LOCAL NO. 38

BY 
Randall L. Zeiler
Executive Director

BY 
Barry Lund
Secretary-Treasurer

LETTER OF UNDERSTANDING

DEMONSTRATORS

It is hereby understood and agreed that demonstrators in the stores covered by this Agreement who are employees of the Employer shall be compensated in accordance with the Snack Bar, Take-Out Food and Deli Department Addendum Agreement, including Appendix "C".

CONFIRMED: 5-2-05 (date)

ALLIED EMPLOYERS, INC.

GENERAL TEAMSTERS UNION
LOCAL NO. 38

BY 
Randall L. Zeiler
Executive Director

BY 
Barry Lund
Secretary-Treasurer

LETTER OF UNDERSTANDING
CORPORATE CAMPAIGN

This Letter Agreement is by and between Allied Employers, Inc. on behalf of its members and Teamsters Union Local No. 38 and it should be considered as incorporated by reference as part of the Collective Bargaining Agreement that will go into effect on August 8, 2004. The Agreement is as follows:

The Employers signatory hereto and the Teamster #38 Locals, during the negotiations for the Clerks and Meatcutters Agreement in Puget Sound, believe they have a good faith working relationship and will not take any action to depart from that relationship or take any action inconsistent with maintaining that relationship. Consistent with its duty of fair representation under the Agreements and their grievance procedures, Teamsters Union Local #38 will not be a party to, instigate or support class action litigation (except charges with the National Labor Relations Board) or engage in any type of corporate campaign against any involved Employer.

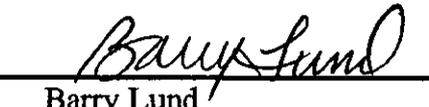
It is also recognized that various monies from the Local Unions are paid to Teamster International Union funds. The Local does not control such funds. Consequently, the Teamster International Union's use of those funds for purposes contrary to this Agreement will not be a violation of this Agreement.

CONFIRMED: 5-2-05 (date)

ALLIED EMPLOYERS, INC.

GENERAL TEAMSTERS UNION
LOCAL NO. 38

BY 
Randall L. Zeiler
Executive Director

BY 
Barry Lund
Secretary-Treasurer

LETTER OF UNDERSTANDING
MOST FAVORED NATIONS

This Agreement is by and between Allied Employers, Inc. on behalf of its members and Teamsters Union Local #38 and it should be considered as incorporated by reference as part of the Collective Bargaining Agreement that will go into effect on August 8, 2004. The Agreement is as follows:

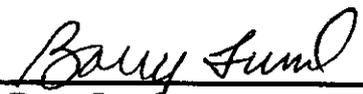
Should the Union at any time after the date of this Agreement enter into a renewal agreement, or any extension thereof, covering any grocery store(s) within the geographic area covered by this Agreement based upon a settlement of new terms negotiated after the date of this Agreement which are more advantageous to such grocery store(s), the Employer party to this Agreement shall be privileged to adopt any such settlement into its entirety, provided the Employer has sent written notice to the Union calling the matter to its attention. (N/A to new store openings.)

CONFIRMED: 5-2-05 (date)

ALLIED EMPLOYERS, INC.

GENERAL TEAMSTERS UNION
LOCAL NO. 38

BY 
Randall L. Zeiler
Executive Director

BY 
Barry Lund
Secretary-Treasurer

LETTER OF UNDERSTANDING

DUES CHECK-OFF

1. Add initiation and uniform dues through payroll deduction as follows:

a. Union Dues Check-Off

On a monthly basis the Employer agrees to deduct uniform dues and initiation fees from the paycheck of those covered employees whose individual written unrevoked authorizations are on file with the Employer and to transmit the amounts so deducted to the Union within twenty (20) days of such deductions. Said deduction authorizations shall be in such form as to conform with Section 302(c) of the Labor Management Relations Act of 1947.

b. Authorized initiation fees will be deducted in three (3) equal installments and remitted to the Local Union monthly.

c. It is understood the Employer is not liable in any manner if the employee is not on the payroll at the time deductions are being processed.

d. Indemnify and Hold Harmless:

The Union shall indemnify and hold the Company harmless against any and all claims, demands, suits or other forms of liability that shall arise out of or by reason of action taken or not taken by the Company in reliance upon signed authorization cards furnished to the Company by the Union or for the purpose of complying with any of the provisions of this Article.

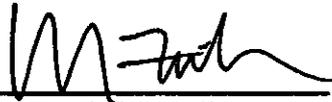
2. The involved Employers shall be granted a reasonable period to adopt administrative and payroll procedures to accommodate this agreement.

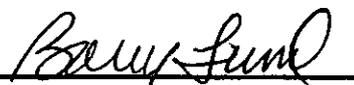
3. DRIVE: For employees who voluntarily authorize a contribution to the DRIVE political action committee, the Employer agrees to deduct the authorized amount each payroll period on a payroll deduction basis and forward same to the Union monthly.

CONFIRMED: 5-2-05 (date)

ALLIED EMPLOYERS, INC.

TEAMSTERS LOCAL UNION NO. 38

BY 
Randall L. Zeiler
Executive Director

BY 
Barry Lund
Secretary-Treasurer

LETTER OF UNDERSTANDING

DOCTOR'S NOTES

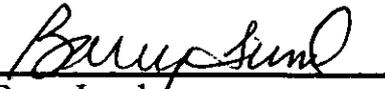
The Employers agree that they will not automatically require doctor's notes when employees call in sick.

CONFIRMED: 5-2-05 (date)

ALLIED EMPLOYERS, INC.

BY 
Randall L. Zeiler
Executive Director

GENERAL TEAMSTERS UNION
LOCAL NO. 38

BY 
Barry Lund
Secretary-Treasurer

LETTER OF UNDERSTANDING

SCHEDULED DAYS OFF

When an employee requests a day off in advance of the scheduled being written and the request is granted, the Employer will endeavor to work with the employee so that there is not a reduction in hours because of the request. (This LU shall not be subject to the grievance procedure.)

CONFIRMED: 5-2-05 (date)

ALLIED EMPLOYERS, INC.

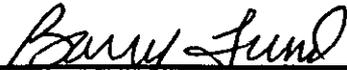
GENERAL TEAMSTERS UNION
LOCAL NO. 38

BY



Randall L. Zeiler
Executive Director

BY



Barry Lund
Secretary-Treasurer

LETTER OF UNDERSTANDING

GRIEVANCE PROCEDURE

All parties would benefit from a dispute resolution procedure that is both more timely and more efficient. To that end, the parties agree to the following:

1. All disputes that are resolved at the store level (whether a formal grievance has been filed or not) shall be on a non-precedent basis (unless otherwise expressly stated in writing) and shall not be used by any party in any other situation or procedure regarding another employee or union agent and any manager or supervisor at the store or regional level.
2. The parties should strive to share factual details regarding a grievance (or pre-grievance issue) as early as possible in the process. The filing party should provide as much detail as possible in the original grievance or soon thereafter. The responding party should provide as much detail as possible with its response. This will allow both parties to more effectively investigate and assess the grievance and hopefully resolve the matter short of needing an in-person grievance meeting.
3. Written warnings need not be processed beyond the union filing a grievance in order to preserve the union's right to challenge the warning if it is used as progressive discipline in the future.
4. For grievances being handled by Allied, Allied and the union will use a new method of scheduling by having standing monthly (as needed) meeting dates set aside for labor relations meetings. When a labor relations meeting is requested, the parties shall attempt to set it for the next standing meeting date. If that is not practical, the parties will either schedule a separate meeting or set it for the following standing date.
5. Arbitration: On a trial basis, when selecting an arbitrator, instead of the current system of striking from a FMCS panel, the parties shall take turns striking names off the list of the following permanent panel:
 1. Gary L. Axon
 2. Michael H. Beck
 3. Michael E. Cavanaugh
 4. Joseph W. Duffy
 5. Eric B. Lindauer
 6. Jane R. Wilkinson
 7. Kathryn R. Whalen

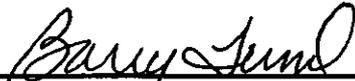
The use of this permanent panel shall be on a trial basis. At any time, either party may opt to instead use the former method of using a panel of 11 arbitrators from FMCS.

CONFIRMED: 5-2-05 (date)

ALLIED EMPLOYERS, INC.

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