

# UNITED PARCEL SERVICE PROPOSALS

**MAY 20, 2014**

**National Master United Parcel Service**

**And**

**International Association of Machinists**

**&**

**Aerospace Workers**

**Agreement**

**For the period:**

**August 1, 2014~~09~~ until July 31, 2014**

*These negotiating proposals are subject to such revisions, modifications and deletions as UPS may determine from time to time. The Company reserves the right to submit additional proposals and to correct any inadvertent errors or mistakes. These proposals and those that may follow are being made not only for the purpose of amending the current Agreement but may also be for the clarification and interpretation of the current Agreement.*

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# NATIONAL MASTER U.P.S. / I.A.M. & A. W. AGREEMENT

## Preamble

This collective bargaining agreement is by and between United Parcel Service, Inc. (OH), and hereafter referred to as "UPS", the "Company" or the "Employer", and the International Association of Machinists and Aerospace Workers (IAM&AW), hereafter referred to as the "Union", representing local Unions affiliated with the IAM&AW and collectively referred to as the Union. This Agreement is applicable to those employees in any UPS/IAM local agreement. The Employer and Union hereby agree to be bound by the provisions of this Agreement.

## ARTICLE 1.

The Employer and Union have entered into this National UPS/IAM Agreement based upon certain mutual understandings and conditions precedent. They are as follows:

- (1) The decision to negotiate and execute a nationwide agreement was made in order to facilitate the negotiating process and simplify contract administration thereafter.

All employees covered by this Master Agreement and the various local agreements shall constitute one (1) bargaining unit. The printing of this Master Agreement and the related local agreements in separate agreements is for convenience only and is not intended to create separate bargaining units.

- (2) A condition precedent to the negotiation of a successor National UPS/IAM Agreement is that it and all successor local agreements covering UPS employees represented by the different IAM Lodges will be presented to the Union's members as one contract, with one vote by all members, either rejecting or ratifying the National UPS/IAM Agreement.
- (3) A condition precedent to the negotiation of this National Agreement and any successor agreement(s) is that any terms negotiated and included in the National Agreement shall supersede any contrary provision in any Local IAM Agreement on the same subject.
- (4) A condition precedent to the re-negotiation of any successor National UPS/IAM Agreement(s) is that all Local IAM Agreements have a common expiration date with the Master UPS/IAM Agreement.
- (5) If any action is taken by either United Parcel Service, Inc. (OH) ("UPS") or the International Association of Machinists and Aerospace Workers ("IAM") so as to change, alter or eliminate the conditions precedent set forth in this Section, either party shall have the right to decline, with fourteen (14) days written notice, to renegotiate this National UPS/IAM Agreement. If such notice is given, any successor labor agreements will be negotiated only on a local basis with the

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different IAM Lodges who represent UPS employees.

## **ARTICLE 2. DUES CHECKOFF AND JOINT DUES COMMITTEE**

The Union and the Employer will establish a Joint Dues Committee to review the deduction and remittance of union dues. This Committee is charged with the responsibility of ensuring that dues are accurately deducted and remitted in a timely manner to the Local Unions. It is anticipated that this Committee shall serve as a source of continuing study regarding the most efficient, accurate, and expeditious deduction and payment of dues, including exploring electronic solutions. The Union and the Employer will establish procedures for the operation of this Committee.

## **ARTICLE 3. JOINT UPS/IAM NATIONAL COMMITTEE**

The parties hereby establish a Joint UPS / IAM National Committee. The purpose of the National Committee shall be to discuss items of mutual interest that have an impact throughout the Employer's IAM-represented operations. The National Committee will be co-chaired by the Employer's Vice President of Labor Relations and the Union's Automotive Coordinator, or their respective designees. The co-chairs shall appoint an equal number of UPS and IAM representatives to serve on this Committee. The Joint Committee will meet annually or upon the mutual call of the co-chairs.

## **ARTICLE 4. GRIEVANCE AND ARBITRATION PROCEDURE**

All grievances and/or questions of interpretation arising under the provisions of this Agreement shall be resolved in the following manner:

Disputes involving national language shall first be dealt with in the local grievance machinery, but in no event shall be submitted to arbitration under the local agreements. If the dispute cannot be resolved at the local level, it may be referred to a four-person committee composed of the Employer's Vice President of Labor Relations, the Union's Automotive Director, and one designee for each side, for final and binding resolution. For this committee to have jurisdiction to hear the case, either side must refer the dispute to this committee within 30 days of it being deadlocked at the local level. The Employer's Vice President of Labor Relations and the Union's Automotive Director may designate another individual to hear the case in their stead. The Employer and Union designees sitting on this committee may not be from the same area (IAMAW Lodge or UPS District) from which the grievance arose. If the committee cannot resolve the dispute, or, if they fail to hear the dispute within 60 days of the dispute being referred to them, then either side may refer the matter to arbitration within ten days. The parties will thereafter mutually agree upon an arbitrator within ten days, and his or her decision shall be final and binding. The expenses of the arbitration (e.g., arbitrator's fee, conference room) shall be borne equally by the Company and the International Union; however, each side shall be responsible for its own legal fees.

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Accordingly, no work stoppage, slowdown, walkout or lockout over such grievances and/or questions of interpretation shall be deemed to be permitted or authorized by this Agreement.

## ARTICLE 5. HOLIDAYS

Upon ratification, newly hired employees will not be eligible to receive named holidays, personal days, and option days provided by any local agreement until they have completed twelve (12) months of employment.

## ARTICLE 6. COST-OF-LIVING (COLA)

All seniority employees who have completed their appropriate wage progression schedule shall be covered by the provisions of a cost-of-living allowance, as set forth in this Agreement.

Employees who have not completed their appropriate wage progression on the effective date of a COLA increase shall receive the adjustment on a prospective basis on the date they complete their wage progression schedules.

The amount of the cost-of-living allowance shall be determined as provided below on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers, CPI-W (Revised Series using 1982-1984 Expenditure Patterns), All Items (1982-84= 100), published by the Bureau of Labor Statistics, U.S. Department of Labor" and referred to herein as the "Index".

Effective August 1, 2015~~10~~, and every August 1 thereafter during the life of the agreement, a cost-of-living allowance will be calculated on the basis of the difference between the Index for May 2015~~10~~ (published June 2015~~0~~) and every May thereafter, and the base Index for May 2014~~09~~ (published June 2014~~09~~) and every May thereafter, as follows:

For every 0.2 point increase in the Index, over and above the base (prior year's) Index plus 3.0% there will be a 1 cent increase in the hourly wage rates payable on August 1, 2015~~0~~, and every August 1 thereafter. These increases shall only be payable if they equal five (\$.05) cents in a year.

All cost-of-living allowances paid under this agreement will become and remain a fixed part of the base wage rate for all job classifications. A decline in the Index shall not result in the reduction of classification base wage rates.

In the event the appropriate Index figure is not issued before the effective date of this cost-of-living adjustment, the cost of living adjustment that is required will be made at the beginning of the first (1<sup>st</sup>) pay period after the receipt of the Index.

In the event that the Index shall be revised or discontinued and in the event the Bureau of Labor Statistics, U.S. Department of Labor, does not issue information which would enable the Employer and the Union to know what the Index would have been had it not been revised or

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discontinued, then the Employer and the Union will meet, negotiate and agree upon an appropriate substitute for the Index. Upon the failure of the parties to agree within sixty (60) days, thereafter, the issue of an appropriate substitute shall be submitted to an arbitrator for determination. The arbitrator's decision shall be final and binding.

## ARTICLE 7. HEALTH & WELFARE AND PENSION

### Section 1. Existing IAMAW H&W and Pension Funds

**(a) For those areas in which Health and Welfare and Pension are both provided through a jointly trustee Taft Hartley fund,** contributions shall be increased ~~\$.90~~ **1.00** per hour for each of the first four increases due under the terms of this contract. The parties agree that the fifth increase due pursuant to this Article shall be the same as year one of the next NMUPSA, ~~less \$.10 per hour; however, if that increase is less than \$.10 per hour then the Company will retain that amount and nothing further shall be due.~~

Increases to the various funds will be paid in accordance to the same schedule that was followed in the ~~2002-2009~~ **2009-2014** Agreement which worked off of the old local agreements' expiration dates.

~~In each year, thirty-five cents (\$.35) per hour shall be allocated for health and welfare and the remainder shall be allocated for pension. The final allocation of this Agreement will be the same as the first year of the next NMUPSA. In those areas where employees are in an IAMAW Pension fund and Health & Welfare fund, the allocation of the above-listed increases shall continue to be determined pursuant to the Trust Agreements and the local agreements.~~

**(b)** If, in accordance with a duly adopted funding improvement plan or rehabilitation plan, an IAMAW Pension Fund is required to issue a schedule pursuant to ERISA Section 305 (added by the Pension Protection Act of 2006) that requires contributions in excess of those contained within this Article, the Union and the Employer shall promptly meet to negotiate changes in the Agreement to generate sufficient savings to cover the cost of the increased contributions. Agreement shall not be unreasonably withheld. Once completed, the applicable Fund shall be obligated to accept the schedule as if it was the beginning of the term of a new labor agreement.

**(c)** The Employer and the IAM&AW agree that if additional contributions are required by the ~~prior~~ paragraph **(b) above**, the maximum amount of a general wage increase that will be reallocated to a pension contribution is thirty-five cents (\$.35). The parties will not implement any reallocation of GWI to pension contributions in excess of thirty-five cents (\$.35) without mutual agreement by the parties and subject to it being ratified by the affected employees.

~~All eligible full-time employees covered under this Agreement (with the exception of IAM District Lodges 190 and 160) will receive healthcare benefits pursuant to the UPS Health and Welfare Package.~~**(d)** Eligible employees in the jurisdictions of District Lodges 190, and 160 **and**

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751, shall continue to participate in their existing health and welfare plans, and the Employer will make contributions to those plans as set forth above and as set forth in their respective local agreements. Retiree healthcare coverage for eligible employees who retire during the life of this Agreement shall be pursuant to the UPS Health and Welfare Package for Retired Employees.

Newly hired full-time employees shall be covered after they have attained seniority and have 60 calendar days of employment. There shall be no employee contribution to the cost of the individual insurance premium. In those areas where employees currently pay \$25 per month for dependent healthcare coverage, employees will continue to do so. In those areas where employees covered by the NMUPSA currently pay for dependent healthcare coverage, UPS IAM-represented employees hired after August 1, 2003 will pay the same amount up to a maximum of \$25 per month. In those areas where employees covered by the NMUPSA move into a UPS-sponsored healthcare plan during the life of this Agreement and have to pay for dependent healthcare coverage, then UPS IAM-represented employees in those areas who are hired after the employees covered by the NMUPSA move into a UPS plan will pay the same amount up to a maximum of \$25 per month for dependent coverage.

All remaining benefit coverage and payment details are set forth in the applicable Summary Plan Description (SPD). The level of benefits in the UPS Health and Welfare Package and the UPS Health and Welfare Package for Retired Employees shall not be reduced for the life of this Agreement.

## Section 2 Transition From UPS Sponsored Medical Coverage

(a) Part-time and full-time employees covered by an IAM&AW Fund will continue to be covered by those H & W funds. If UPS provides pension coverage to any of these employees the hourly contribution increase referenced in Section 1(a) above shall be allocated between H&W and pension equally.

(b) Effective January 1, 2015 all full-time and part-time employees on the payroll at that time and those hired thereafter who would have had health and welfare coverage provided by the Employer will instead be provided coverage through TeamCare. A weekly contribution shall be made for any week in which the employee receives at least one hour of pay. The Company shall continue weekly contributions for one year for employees who have an on-the-job injury.

The Employer shall be liable for making the weekly payments to TeamCare to provide the medical coverage. The Employer will provide medical coverage to active employees on existing terms through December 31, 2014.

(c) Any eligible employee covered by this Section who retires effective January 1, 2015 or thereafter shall be provided retiree medical benefits through TeamCare. The Employer will continue to provide retiree medical coverage to those employees who retire before January 1, 2015.

(d) The allocation of the one dollar (\$1.00) increase set forth in Section 1(a) above for those

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employees participating in TeamCare shall be as follows:

August 1, 2014 - fifty cents (\$0.50)

August 1, 2015 – fifty cents (\$0.50)

August 1, 2016 – (TBD Based on TeamCare’s cost)

August 1, 2017 – (TBD based on TeamCare’s’ cost)

August 1, 2018 – (TBD by first year of next NMA)

(e) Individual, spousal and dependent coverage will be made available to part-time employees hired after August 1, 2014 after twelve (12) months of active employment.

(f) In each of the years referenced in paragraph (d) above, the remaining amount, if any in 2016 and 2017, shall be allocated to the appropriate IAM&AW Fund or UPS Pension Plan, as applicable.

## **Section 2. Part-Time Medical Coverage**

Part-time employees covered by an IAMAW Health and Welfare Fund will continue to be covered by those funds.

For part-time employees covered by an Employer plan, health and welfare coverage for all part-time employees on the pay-roll on January 1, 2010 and those hired thereafter will instead be provided coverage pursuant to the terms of an Employer-sponsored nationwide health care plan, namely, the UPS National Health Plan for Part-Time Employees. (A copy of the Summary Plan Description will be provided.). Features of the plan will include a prescription card.

Individual health coverage under Employer-sponsored plan(s) will be made available to part-time employees hired after August 1, 2009 after twelve (12) months of active employment and spousal or dependant coverage will be made available to these part-time employees eighteen (18) months after their initial date of employment.

## **Section 3. UPS Part-time Pension Plan**

The UPS Pension Plan will be improved to provide monthly benefits for part-time employees not covered by I.A.M. & A.W. Pension Plans as follows: The benefit formula in the UPS Pension Plan for current or future part-time employees who are participants will be increased effective August 1, 2004 to fifty-five dollars (\$55) for each year of past and future Service Credit. The benefit formula in the UPS Pension Plan for current or future part-time employees who are participants will be increased solely for purposes of the monthly, accrued benefit, effective August 1, 2009 to sixty dollars (\$60) for each year of future credited service to a maximum of 35 years of Credited Service. If a participant is in Covered Employment on August 1, 2009, he shall receive the sixty dollar (\$60) benefit formula for

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the entire 2009 plan year. The amounts listed in this paragraph will be effective for all years providing the employee has completed:

- a. 35 years of service as a part-time employee-\$2100; or
- b. 30 years of service as a part-time employee-\$1800; or
- c. 25 years of service as a part-time employee and 60 years old-\$1500; or
- d. 25 years of service as a part-time employee at any age will receive a reduced Service-\$1250 (Based on Credit of \$45 \$50 per year).

Effective upon the ratification date of the 2002-2009 Agreement, the Employer will granted additional years of credited service in accordance with the terms of the Plan to all full-time and part-time employees on the payroll on the date of ratification of this Agreement who worked for UPS after they were 21 but were denied credited service solely because the UPS Pension Plan required that an employee be age 25 or older to participate in the UPS Pension Plan.

**The Company will amend the UPS Pension Plan to allow an employee with an hour of service in covered employment on or after August 1, 2014 to become a participant on the January 1 or July 1 (whichever is earlier), after reaching age 21 and completing a 12 month period of employment beginning on their hire date, or any subsequent calendar year, in which they earned at least 375 hours of service. In addition, in order to receive any retroactive benefit service as a result of the change, the employee's primary job as of August 1, 2014 must be a part-time position. The Pension Plan will also be amended to reduce the number of hours of service required to earn a vesting year from 750 to 375. This paragraph does not change how benefit service is accrued.**

This Section does not apply to employees represented by Local Lodge 698, as those employees' pension details are set forth in the local agreement.

#### **Section 4-401(k) Plan**

No later than January 1, 2010, all full- and part-time employees shall be eligible to participate in the IAM National 401(k) Plan in accordance with the terms of that Plan. The Employer shall withhold from an employee's earnings, amounts mutually agreed between the Employer and the employee, and deposit such monies into a 401(k) account in the employee's name in compliance with the Internal Revenue Code and ERISA.

#### **ARTICLE 8. WAGES**

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**Section 1. Wage Increases—Automotive and Maintenance Journeyman Mechanics**

Wages for Automotive and Maintenance Journeyman Mechanics who have completed progression as of the date of ratification of this Agreement will be determined only in accordance with this Section. Automotive and Maintenance Journeyman Mechanics who complete progression during the life of this Agreement will receive their first general wage increase upon the next anniversary of their previous contract's expiration date, and thereafter, their wages will be determined only in accordance with this Section.

First Increase <u>August 1, 2014</u>	Seventy-five-cents per hour (\$.70 <del>5</del> )
Second Increase <u>August 1, 2015</u>	Seventy-five cents per hour (\$.70 <del>5</del> )
Third Increase (201 <del>6</del> <sup>1</sup> or 2012)	Eighty-five cents per hour (\$.80 <del>5</del> )
Fourth Increase (201 <del>7</del> <sup>2</sup> or 2013)	Ninety-five cents <u>one dollar</u> per hour (\$. <del>95</del> <u>1.00</u> )
Fifth Increase	Same as year 1 of next NMUPSA

The increases in 2016 and 2017 will be split to provide one-half of the increase on August 1 of that year with the second part of the increase on February 1 of the following year.

**Section 2. Wage Increases --Trailer Repairmen**

In those areas where Trailer Repairmen who are out of progression are currently paid between 80% and 85% of the Journeyman Mechanics' rate, those employees will be paid 85% of that rate. All other Trailer Repairmen who are out of progression will receive the general wage increase set forth above. Notwithstanding any provision in this Agreement or in any local agreement, no Trailer Repairmen's wage shall exceed eighty-five percent (85%) of the prevailing journeyman mechanic's wage rate in their area.

**Section 3. Wage Increases -- Other Employees**

Employees other than those listed in Sections 1 and 2 above will receive wage increases consistent with the provisions of their respective local bargaining agreements.

**Section 4.**

Employees who are out of progression and eligible for the wage increases set forth in Sections 1, 2, and 3 above will receive them as follows: The fifth increase referenced in Section 1 above shall be paid for all employees covered by this agreement on August 1, ~~2018~~ 13. ~~If post-progression wage increases in a particular local agreement are not tied to an expiration date, then the language in the local agreement will determine when these wage increases take place.~~

**Section 5.**

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Notwithstanding anything herein or any language in a local agreement, no employee who has completed progression shall receive a wage increase that is greater than those set forth in Section 1 above. The only exception to this are those employees covered by the first sentence of Section 2 above.

Progressions shall continue to be determined by the local agreements. ~~If dates are used to calculate a progression under a local agreement then in no case shall those dates be prior to July 31, 2002~~

## Section 6

Employees shall have the option of participating in the Employer's electronic funds transfer (EFT), the Employer's check card payment system, or a paper payroll check system. New employees, defined as employees who are not on the payroll on the date of ratification, shall designate either EFT or a check card, unless prohibited by applicable state law. New employees shall make this election during orientation. Recognizing the mutual benefits and advantages of these systems over a paper payroll check, the Union agrees to encourage all employees to select either EFT or a check card as a method of payment.

## Section 7—Paid for Time

All employees covered by this Agreement shall be paid for all time spent in service of the Employer. Rates of pay provided for by this Agreement shall be minimums. Time shall be computed from the time that the employee is ordered to report for work and registers in and until the employee is effectively released from duty. All time lost due to delays as a result of overloads or certificate violations involving federal, state or city regulations, which occur through no fault of the employee, shall be paid for by the Employer.

The Employer will not allow employees to work prior to their start time without appropriate compensation.

Wages for properly selected vacations, in all instances, will be paid to the employees no later than the workday prior to their vacation. If the employee does not receive his/her vacation check, the Employer will make all reasonable efforts to provide the check the following day including delivery by Saturday or Next Day Air. **If the employee requests to see his vacation check on the Monday as permitted below and the Employer fails to make the vacation payment available by Saturday following the employee's regular scheduled pay day, the employee shall be paid an additional amount equal to one-half (1/2) of his or her daily guarantee at his or her regular hourly rate of pay for every subsequent pay period until the shortage is corrected.** Other shortages involving more than ~~thirty~~ **forty** dollars (\$~~340.00~~) for full-time employees, and ~~fifteen~~ **twenty** dollars (\$~~1520.00~~) for part-time employees, will be corrected and the payment will be made available to the employee at his/her reporting location on his/her second scheduled workday after reporting the shortage. If the Employer fails to make the payment available on the employee's second scheduled workday and the shortage was the result of the Employer's error, the employee will be paid an additional amount equal to one-half (1/2) of his/her daily guarantee at his/her regular hourly rate for

every full pay period in which the shortage is not paid after the second (2nd) scheduled work day, until corrected.

Errors of less than ~~thirty~~ **forty** dollars (\$~~430.00~~) for full-time employees or ~~fifteen~~ **twenty** dollars (\$~~2015.00~~) for part-time employees and overages will be corrected in the following weekly paycheck.

Any grievance settlement not paid within ten (10) working days of the settlement shall entitle the grievant(s) to a penalty payment as outlined above. The ten (10) working day period shall begin to run when the Labor Department representative agrees to the settlement, or is notified by the Union or management team of the settlement. The Employer shall pay a maximum of one penalty payment for a multi-grievant grievance, which shall be subject to the additional penalties set forth above for untimely payment, until corrected.

When an employee notifies the Employer in writing of any ongoing overpayment, the employee's increasing liability will cease five (5) working days after the date of the written notification. The notification shall be provided to the employee's immediate supervisor or manager. All employees must receive their vacation pay in a separate check before taking vacation. Vacation checks for an employee, who is taking a properly scheduled vacation in accordance with the applicable Supplement, Rider or Addendum, will be at the operating center on Monday of the week prior to the employee's vacation week(s). This is to ensure that the employee receives his/her pay prior to taking his/her vacation. The employee will be shown his/her check upon request, but will not receive the check until the regular scheduled pay day.

All green checks will be taxed at the employee's regular withholding tax rate.

Paycheck stubs will show the year-to-date vacation sick and personal leave balances.

### **Section 8—Leave of Absence**

**(a) Any employee, member of the Union, acting in any official capacity whatsoever shall not be discriminated against for his/her acts as such officer of the Union so long as such acts do not interfere with the conduct of the Company's business, nor shall there be any discrimination against any employee because of Union membership or activities.**

**(b) The Company agrees to grant employees reasonable time off without pay without discrimination or loss of seniority rights to attend a labor convention or union meeting called by the Local Lodge or District, provided at least forty-eight (48) hours written notice is given by the IAM&AW, Local IAM&AW, Lodge or District to the Company specifying the length of time off and provided that there shall be no disruption of the Company's operations. The Company's consent to such requests shall not be unreasonably denied.**

**(c) Authorized agents of the IAM&AW, Local Lodge or District shall have access to the**

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Company's premises during working hours for the purpose of adjusting disputes, investigating working conditions, collecting dues and ascertaining that this agreement is being adhered to, provided, however, that there is no interruption of the Company's working schedule.

#### **Section 9- Loss of License**

When an employee in any job classification requiring driving has his/her operating privilege or license suspended or revoked for reasons other than those for which the employee can be discharged by the Company, a leave of absence without loss of seniority, not to exceed **two (2) ~~one (1)~~ years**, shall be granted for such time as the employee's operating license has been suspended or revoked. The employee will be given available work opportunities to perform non-CDL required job functions. There must be available work that the employee is qualified to perform and he or she must be able to perform the work under the local agreement and local practice. While performing this work the employee shall be paid the appropriate rate for the job performed based on his or her company seniority.

#### **Section 10- Long Term Disability**

(1) Full-time seniority employees will become eligible for long- term disability (LTD) after six (6) months of employment for non- occupational illnesses or injuries that last longer than twenty-six (26) weeks.

(2) Long-term disability benefits will equal sixty percent (60%) of the employee's base weekly pay to a maximum of six hundred dollars (\$600) per week for up to five (5) years. Long-term disability benefits begin when short-term disability coverage ends or after twenty-six (26) weeks from date of disability, whichever is later. The five hundred dollars (\$500) cap shall be increased to seven hundred dollars (\$700) effective August 1, 2014 and to eight hundred dollars (\$800) on January 1, 2017.

(3) Average weekly base pay is computed by averaging paid hours (maximum of forty (40) hours per week) each week during the last full calendar quarter the employee worked and multi- plying that by the hourly rate of their base job. Weeks of un-employment in the prior quarter will not be counted in the calculation. If there were substantial weeks of unemployment, the prior full calendar quarter may be used for the calculation.

(4) The definition of disability, termination of eligibility, offsets, exclusions, limitations, claim procedures and any other related issues will be controlled by the Summary Plan Description.

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ARTICLE 9 Military Clause

Employees in service in the uniformed services of the United States, as defined by the provisions of the Uniform Services Employment and Reemployment Rights Act (USERRA), Title 38, U.S. Code Chapter 43, shall be granted all rights and privileges provided by USERRA and/or other applicable state and federal laws. This shall include continuation of health coverage as provided by USERRA, and pension contributions for the employee's period of service, as provided by USERRA. Employees shall be subject to all obligations contained in USERRA which must be satisfied for the employees to be covered by the statute.

The Employer, in its discretion, may make additional payments or award additional benefits to employees on leave for service in the uniformed services in excess of the requirements outlined in the USERRA.

Employees on USERRA-approved military leave shall continue to accrue vacation to be used upon return as set forth below. To be eligible for accrual, employees must be (i) employed by UPS for at least one (1) year, (ii) be a member of the uniformed services at time of callup, and (iii) be called into active duty (other than for training) for a period of service exceeding thirty (30) days pursuant to any provision of law because of a war or national emergency declared by the President of the United States or Congress. An eligible employee returning to work as per USERRA shall be entitled to annual vacation for the remainder of that contractual vacation period based on the number of weeks to which he/she is entitled for years of service and the quarter in the current contractual vacation period in which the employee returns from eligible military leave, as follows:

<u>No.</u>	<u>Wks</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
6	6	4	3	1	
5	5	3	2	1	
4	4	3	2	1	
3	3	2	1	1	
2	2	1	1	1	

In no event shall the employee have less than one (1) week of vacation available upon his/her return.

For the next contractual vacation period, the employee shall be credited with the vacation he would have accrued while he was on military leave. In no event shall the employee have less than he is entitled to based on total years of service under the applicable Local IAM Agreement.

The treatment of unused vacation and the scheduling of the vacation shall be in

accordance with the applicable Local IAM Agreement.

Upon notification from an employee that he/she is taking USERRA qualified military leave, the Employer shall notify the Local Union within five (5) business days.

#### ARTICLE 10 Technological Change

A. Technological change will be defined as any significant change in equipment or materials which results in a significant change in the work of the bargaining unit or diminishes the number of workers in the bargaining unit.

B. The Employer will advise the Union of any technological changes at least six (6) months prior to the implementation of such change.

C. The Employer will be required to provide the Union upon written request, any relevant information to the extent available regarding the technological changes.

D. In the event that the parties cannot reach agreement on a dispute regarding technological changes, either party may refer all outstanding disputes to the IAM National Grievance Committee for resolution.

E. It is understood the Company is obligated to train employees on new technologies which are deemed to be work of the bargaining unit.

#### ARTICLE 11 Maintenance of Standards

The Employer agrees, subject to the provisions of this Agreement, that all conditions of employment relating to wages, hours of work, overtime differentials and general working conditions shall be maintained at not less than the highest standards in effect at the time of the signing of this Agreement, and the conditions of employment shall be improved whenever specific provisions for improvement are made elsewhere in this Agreement. It is agreed that the provisions of the Article shall not apply to inadvertent or bona fide errors made by the Employer or the Union in applying the terms and conditions of this Agreement.

#### ARTICLE 12 Tool Allowance and Tool Replacement

Local agreements that have neither a tool allowance nor a tool replacement shall receive a \$300 annual tool allowance (net of taxes) payable in December each year to all PE and Automotive journeymen mechanics. The same allowance will apply to those local agreements with a tool allowance of less than \$300 annually. Local Agreements that

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currently have a tool allowance or tool replacement of \$300 or more annually shall keep the language in those agreements. Full-time trailer mechanics and trailer repairmen who are out of progression shall be eligible for a \$200 annual tool replacement. In order to receive all or some of the replacement, an inventory of the tools must be in place. This new \$200 tool replacement will not apply in those local agreements where the trailer mechanics and trailer repairmen have a greater tool replacement benefit.

### ARTICLE 13 Sub-Contracting

The parties intend that subcontracting provisions within the Local IAM Agreements will continue to be followed. However, the parties to this Agreement also want to emphasize that it is their intent to preserve work and job opportunities for the employees covered by this Agreement, consistent with those provisions in the Local Agreements. The Employer further agrees that it is not its intent to use the subcontracting provisions in the Local Agreements to diminish or eliminate bargaining unit jobs. Rather it is the parties' mutual intent and goal to grow the operations so as to be able to add additional employees and union members.

In order to help achieve the mutual objectives set forth above, the Employer agrees to meet and discuss with the Union's Local Business Representatives the subcontracting of any Plant Engineering Maintenance, Automotive, GSE, Body Shop or Trailer Shop work prior to the performance of such work by a third party.

### ARTICLE 14 – Injured Employee

An employee who is sent home by the Company as a result of an injury on the job, or is sent to a hospital, or who must obtain medical attention that day, shall receive pay at the applicable hourly rate for the balance of his/her regular shift on that day. An employee who has returned to his/her regular duties after sustaining a compensable injury who is required by the worker's compensation doctor to receive additional medical treatment during his/her regularly scheduled working hours shall receive his/her regular hourly rate of pay for such time.

### ARTICLE 15 - Drug and Alcohol Testing

#### Section 1. Controlled Substances Testing

The parties have agreed that the procedures as set forth in this Article shall be the methodology for all testing and will be modified only in the event that further federal legislation or Department of Transportation (DOT) regulations (as set forth in 49 CFR Parts 40 and 382) require revised testing methodologies or requirements during the term of

*Being  
Revised  
AAA*

*AAA  
03/21/2014*

*5/21/14*

way between the terminal and the collection site or the collection site to the terminal; or (b) For travel time both ways between the terminal and the collection site, only if the collection site is not reasonably en route between the employee's home and the employee's terminal.

**ARTICLE 16 9. DURATION**

**Section 1**

This Agreement shall be in full force and effect from August 1, ~~2014~~<sup>09</sup> to and including July 31, ~~2014~~<sup>14</sup> and shall continue from year to year thereafter unless written notice of desire to cancel or terminate the Agreement is served by either party upon the other at least sixty (60) days prior to the date of expiration.

**Section 2**

Where no such cancellation or termination notice is served and the parties desire to continue this Agreement but also desire to negotiate changes or revisions in this Agreement, either party may serve upon the other a notice at least sixty (60) days prior to July 31, ~~2014~~<sup>14</sup> or July 31st of any subsequent contract year, advising that such party desires to revise or change terms or conditions of this Agreement.

**Section 3**

In the event of an inadvertent failure by either party to give notice set forth in Sections 1 and 2 of this Article, such party may give notice at any time prior to the termination or automatic renewal date of this Agreement. If notice is given in accordance with the provisions of this Section, the expiration date of this Agreement shall be the sixty-first (61st) day following such notice.

The undersigned hereby execute the NATIONAL MASTER UPS/IAM AGREEMENT and affiliated Local IAM Agreements (Supplemental Agreements, Riders and/or Addenda). The Agreement is effective as of the date of ratification unless otherwise specifically noted herein.

**FOR THE UNION:**

**FOR THE COMPANY:**

Kasper A. Anderson  
Boysen Anderson

Dan Hoyer  
Dan Hoyer

Date: 05/21/2014

Date: 5/21/14

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5/21/14

KAA  
05/21/2014

## LETTER OF UNDERSTANDING

The term "NMUPSA" as used in this Agreement refers to the National Master United Parcel Service Agreement between UPS and the Teamsters.

### **MOU on Tool Allowance and Tool Replacement**

~~Effective in 2010 local agreements that have neither a tool allowance nor a tool replacement shall receive a \$200 annual tool allowance (net of taxes) payable in December each year to all PE and Automotive journeymen mechanics. The same allowance will apply to those local agreements with a tool allowance of less than \$200 annually. Local Agreements that currently have a tool allowance or tool replacement of \$200 or more annually shall keep the language in those agreements. Effective in 2010, full-time trailer mechanics and trailer repairmen who are out of progression shall be eligible for a \$100 annual tool replacement. In order to receive all or some of the replacement, an inventory of the tools must be in place and receipts for the new tools must be provided to the company. This new \$100 tool replacement will not apply in those local agreements where the trailer mechanics and trailer repairmen have a greater tool replacement benefit.~~

### **MOU on Retiree Healthcare Cost Sharing**

~~The parties agree that eligible IAM retirees shall pay the same amount in terms of cost sharing for retiree healthcare coverage as do eligible retirees under the NMUPSA.~~

### Memorandum of Understanding

United Parcel Service Inc. (UPS) and the IAM & AW (Union) agree to the following in connection with the former IAM & AW-represented UPS employees who are in a retired status as of December 31, 2014 and receiving retiree medical coverage through a UPS sponsored plan:

- 1) Retirees in UPS sponsored plans (pre- and post-65) will have the following contribution rates:  
Effective 1-1-2015:  
Single-one hundred dollars (\$100.00)/retiree plus-two hundred dollars (\$200.00)  
Effective 1-1-2016:  
Single-one hundred and fifty (\$150.00)/retiree plus-three hundred dollars (\$300.00)
- 2) Effective January 1, 2015 all current retiree medical plans will be modified to provide an 80/20 benefit in network; 70/30 benefit out-of-network, and an annual deductible of \$200/\$400.
- 3) Nothing within this paragraph is intended to alter UPS rights with regard to the retiree plans as specified in the associated Summary Plan Description.

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5/21/14

AAA  
05/21/2014

**MEMORANDUM OF UNDERSTANDING**

United Parcel Service, Inc. ("UPS") and the International Association of Machinists and Aerospace Workers ("UNION") agree to the following:

Whenever the term "TeamCare" is used in the collective bargaining agreement between the parties it is intended to be a shorthand reference to Central States Southeast & Southwest Areas Health & Welfare Fund.

Dee H  
COMPANY  
Date: 5/21/14

Larsen A. Anderson  
UNION  
Date: 05/21/2014

MEMORANDUM OF UNDERSTANDING

United Parcel Service, Inc. ("UPS") and the International Association of Machinists and Aerospace Workers ("UNION") agree to the following:

If an employee goes on a leave of absence of work as a result of an off-the-job injury or illness which qualifies for disability payments, UPS will make whatever weekly contributions are necessary to maintain health & welfare coverage for five years from the date of the initial absence. A new five year period will apply if an employee returns to work and then begins another disability leave for different reasons or returns to work for, at least sixty (60) calendar days.

Dee Ho  
COMPANY  
Date: 5/21/14

Guyon A. Anderson  
UNION  
Date: 05/21/2014

**MOU when an employee is on leave for Union business**

**If an employee is on leave of absence for union training the entire week and is unable to earn a compensable hour the company will make the necessary contribution to maintain his/her health care coverage. This does not pertain to long term leaves for extended union business.**

Raymond A. Anderson 05/21/2014

**Union**

**Date**

David J. [Signature] 5/21/14

**Company**

**Date**

MOU on IAM Quarterly Teamcare Review

Upon thirty (30) days written notice the company will set up a Quarterly review of the financial health of the Teamcare health and welfare fund. The location of the review will be at the fund office in Chicago IL.

Gregory A. Anderson  
Union Date 05/21/2014

Dee H  
Company Date 05/21/14