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Union: **UNITE, AFL-CIO**

Local:

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NATIONAL AGREEMENT

UNITE

(AFL-CIO)

AND

LEVI STRAUSS & CO.

2003

Ratified: February 4, 2004 – Nov 30, 2006

32 pages

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NATIONAL AGREEMENT

The following represents the understandings and agreements reached by and between Levi Strauss & Co. (the Company) and UNITE (the Union) during their 2003 National Negotiations. This master agreement represents all national agreements negotiated between the parties and supersedes the previous 2000 National Agreement and all Memoranda of Understanding.

With the exception of those issues so noted, these agreements apply to all U.S. Company Owned and Operated locations represented by UNITE, and the agreements contained in this document shall supersede and replace all local agreements on these subjects unless otherwise noted. Local negotiations shall be conducted where indicated herein and may also address bargaining subjects outside the scope of this Agreement.

Ratification Of National Contract

The parties agree that the National Agreement will be ratified separately from local contracts. The method of ratification is a UNITE decision. A meeting time and an opportunity to vote will be provided on-site during the employee's shift, subject to local practice and agreement.

ARTICLE 1 - COVERAGE AND RECOGNITION

The Company recognizes the Union as the exclusive collective bargaining agent for warehouse clerical, warehouse production and maintenance/technical services employees in all UNITE organized facilities, excluding office clerical employees, technical and professional employees, confidential employees, guards, and supervisors as defined in the National Labor Relations Act.

For those employees permitted under NLRB law to organize and bargain, the Company agrees they will be permitted to do so as a separate bargaining unit, separate and apart from warehouse clerical, warehouse production and maintenance/technical services.

Contract Employees

The parties agree that it is desired to avoid the use of contract employees paid by a third party unless there is a sound business reason to do so and that this issue is subject to local decision making.

Part-time Employees

Whether or not part-time employees may be used at each CSC shall be decided by mutual/joint agreement at the local level.

All terms and conditions of employment for part time employees (including benefits) shall be determined by mutual/joint agreement at the local level.

New Facilities and Third-party Relationships

The Company's right to determine the methods and process for distribution shall be restricted in that LS&CO. cannot transfer LS&CO. controlled Value Added Services currently done in U.S. CSCs to another vendor in the U.S.

The Company shall:

- Meet with the Union and consider the Union's recommendations regarding new third-party relationships similar to pool points; and

- Meet with the Union to discuss opening a new cut, sew, finishing or distribution facility or moving an existing one covered under this agreement more than 10 miles from its current location.

If, during the term of this agreement, the Company opens a new Company owned and operated cut, sew, finishing or distribution facility, the Company will:

- Not oppose the Union's attempt to organize the employees of the facility, but rather will be neutral and will issue to its employees a statement of neutrality; and

- Recognize the Union as the exclusive collective bargaining representative for the employees in an appropriate bargaining unit if the Union obtains authorization cards signed by a majority of the employees in the bargaining unit.

The Company and Union shall meet and agree upon the terms of the card check process, which shall be conducted by a neutral third party or other mutually agreed process.

If both the Company and Union determine that a cut, sew, finishing or distribution facility should be lawfully accreted to an existing bargaining unit, the Company will negotiate with the Union the labor standards and conditions for such facility.

Except as explicitly limited by a specific provision of this Agreement, there are no restrictions on the Company's right to close, partially close, open, relocate, buy sell, or lease distribution facilities and make decisions regarding third-party logistics relationships.

ARTICLE 2 - CHECK-OFF

UNITE PAC

The Company agrees to make voluntary deductions for UNITE-PAC from the paychecks of employees who individually authorize the same. The implementation of this provision will be preceded by computer programming and employee education.

ARTICLE 3 - LABOR-MANAGEMENT PARTNERSHIP

The Union and the Company have executed a Partnership Agreement which, among other things, provides for a vision of joint decision making on matters governing the business of the CSC and a commitment to the success of the Partners. The parties agree that the achievement of full joint decision making at the local level continues to be a desirable objective.

In order to make the Partnership agreement more effective for the Union and the Company, the parties agree during the term of this Agreement to jointly assess and develop an action plan and training for the Leadership Steering Committee(LSC) members in order to build the skills and knowledge that will enable them to bring forth ideas, prevent and solve problems, be accountable for their actions, and hold each other accountable for their commitments.

The action plan will set forth a realistic number of specific, measurable, achievable actions to be taken by the LSC over time during the term of this Agreement.

The parties, in making such an Agreement, believe that the development of joint decision making will be evolutionary in nature. Such decision making will only increase over time as the skills, knowledge and business literacy of the Partners achieve levels necessary for effective and efficient joint decision making. Therefore, the parties will *jointly design and develop the appropriate training and allocation of resources.* Such training shall be delivered jointly whenever possible, delivered by experts when required, and will always be subject to evaluation.

Local Joint Decision Making

The facility will form the LSC to accomplish this vision. The LSC will determine those subjects which will be included in joint decision making. Should a subject not be named as being within the bounds of joint decision making, decision making rights around that subject are reserved to the Company, including the management of the facility, the direction of the work force, and the right to suspend, discipline or discharge employees for just cause, except as limited by this Agreement or subsequent decisions made in accordance with the National Partnership Agreement.

In the event that there is a change in local leadership, the list of subjects within

the bounds of joint decision making shall be reviewed and updated by the LSC, as those subjects relate to the skills, knowledge and business literacy of the newly appointed local joint leadership.

The LSC shall have the responsibility to provide any new member of the Committee with full information and any necessary education and upskilling required in order to give the new member the opportunity for full participation in the Committee.

The LSC will review the list of decision-making subjects for possible updating and expansion annually, so that, long term, the evolution of full joint decision making will be achieved. When that process is completed, the LSC will communicate the subjects of joint decision-making to the Union and the Company at the Regional level.

The LSC may address business, community and/or employee issues. In doing so, the LSC may charter local task forces and shall establish the objectives, boundaries and parameters for these Task Forces, which shall include:

1. Decisions shall always be made by consensus, which means that while a particular person may prefer a different decision, that person is able to accept and support the decision;

2. Discipline matters shall be out of bounds;

3. The National Partnership Agreement shall be out of bounds; and,

4. The Local Union shall determine how employees shall ratify Task Force decisions.

Whether a Task Force is chartered or not, any change impacting wages, hours, working conditions or benefits must be addressed by the LSC and/or bargained with the Union and will require union ratification that includes education of affected employees prior to ratification as part of the process. Where practical, the parties may conduct joint education prior to ratification. The Union may continue to exercise institutional oversight in the approval and chartering of Task Forces.

Above the CSC Level Joint Decision Making

In accordance with the joint decision making concept contained in the Labor-Management Partnership Agreement, the Company and the Union have an interest in providing a structure to facilitate joint decision making at the facility level. To that end, above the CSC level leadership, both Company and Union, will support the Partnership and allocate available resources toward LSC action plans and training plans.

It is further agreed by the parties that a steering committee will be convened above the CSC level. This steering committee will have participation from employees at all sites by including one local union representative, one union staff designee, and one management employee from each CSC. The Vice President of Distribution, or designee, and the Executive VP, or designee, from UNITE shall also attend.

The understanding of the parties is that the above plant LSC will typically be held quarterly at the facility and rotate among them, unless the parties agree otherwise.

The primary purpose of this steering committee is to resolve issues of interest at all sites and to monitor LSC effectiveness. The following principles will continue to apply to decisions to be made by the steering committee:

1. Keep the focus of decision making on CSC issues at the CSC level.

2. Before an issue can be considered for such joint decision making, the parties must agree that common interest in the issue exists.

3. In order for a local issue to be considered by the steering committee, the subject of the issue must have been declared by the LSC as being within bounds of local joint decision making.

4. For an issue to be considered by the steering committee, the issue must support business and union strategies.

Both parties recognize that such joint decision making neither supplants nor replaces the Grievance Procedure.

When CSC issues are decided by the steering committee, the resolution of such issues will apply at all CSCs. The steering committee should also ensure appropriate communications are made regarding these decisions to all facility LSCs and leaders from labor and management.

The parties may meet and determine how to allocate the cost of such initiatives and programs.

The Company will pay lost time for employees to attend the above the CSC level steering committee meetings, and employees may use Union Business to prepare for such meetings.

CSC Annual Operating Plan Process

It is agreed that the LSC will develop and implement a plan to assure the evolution of employee and local union leadership participation in an annual business planning process so as to continually grow literacy regarding capital investments, budgeting, CSC loading, and resource options.

To that end, the LSC will conduct an assessment to identify and prioritize key issues, (education/training, benefits, health and safety, ergonomics) develop action plans, and determine resources needed for inclusion in the facility annual operating plan. They will also be responsible for implementing, measuring and evaluating the effectiveness of all plans with regular reporting to regional leadership of both organizations.

Orientation Of New Employees

The Company and the Union agree to review and revise the new employee orientation process to better introduce new employees to the negotiated nature of wages, hours and benefits, as well as an introduction to UNITE.

Information about the Partnership and the Union Contract shall be presented jointly to new employees. Union Membership Cards shall be given to all new employees along with other paperwork.

New management employees shall receive Partnership and Union orientation, jointly provided by the Company and the Union.

In addition, the Union shall be provided with a table in the CSC Cafeteria to distribute information for employees about the Union during lunch and break periods.

Union Building

It is agreed that the Company and the Union have a common interest in building an effective union at the local level so that full joint decision making as contemplated by the Partnership Agreement can be achieved. It is recognized that two elements are key to the achievement of this objective:

1. A strong, knowledgeable union to represent and involve employees; and,

2. A management that understands and supports the local union's role, responsibilities, accountabilities and development.

To achieve these objectives, a jointly developed strategy which includes the following elements should be undertaken:

1. Implement the strategy through the joint design and delivery of the education of local union leadership and employees.

2. Implement various management education initiatives which result in greater management understanding and support for the union's role, responsibilities, accountabilities and development.

3. Perform periodic joint evaluations of the strategy.

4. The Company agrees to fund the cost of the following initiatives:

   - Two (2) UNITE Council Meetings each year of the Agreement

   - One (1) Leadership School during the term of the Agreement

- One (1) Health & Safety Leadership Training Course each year of the Agreement with joint planning and participation. The training shall be held at one of the CSCs each year and shall rotate among the CSCs. The first training will be held at Canton.

- One (1) union building activity each year which shall be jointly planned by the local LSC, such as a cookout or "Join the Union Day", or similar activity.

- A labor-management conference, to be held annually on the first day of UNITE Council meeting, for the purpose of discussing upcoming strategic issues in Distribution.

- The company will pay lost time for delegates to the UNITE convention according to the formula set by UNITE for attendees, which could be one (1) or two (2) per facility.

UNITE has the option to arrange the schedule, content and staffing of these meetings provided that it does not result in additional cost and notice of such change is in sufficient time to ensure inclusion in the annual operating plan.

In addition the Company shall continue to fund:

- The cost of National Negotiations

- The cost of Local Negotiations

- The cost of translating and printing Local Agreements

- Weekly Local Union leadership meetings, details of which will be decided locally

The Company agrees to include the UNITE logo on company provided shirts and uniforms for employees who wish to wear it.

Upon request, the Union will be given access to Company facilities before and after hours to conduct membership drives, provided that these activities do not interfere with the work of the employees.

Local Negotiations Process

It is agreed that the Company will pay for employee lost time incurred in local negotiations. It is anticipated that this lost time should amount to approximately forty (40) hours, but it is agreed that if negotiations continue beyond forty (40) hours the Company will pay for additional lost time at the table and in caucus as long as both parties consider the negotiations to be productive.

Educational Assistance

The Company commits to an educational assistance program that would provide enhanced opportunity for employees to receive assistance in developing their skills and knowledge. This program would expand the existing Tuition Reimbursement Program by providing for education which may assist an employee in their current or future position and would also enhance their employment security and quality of life through education focused on basic skills (math, reading, literacy) and ESL which could lead to an attainment of a GED.

ARTICLE 4 - SENIORITY AND REDUCTION IN FORCE

Reduction-In-Force is defined as a severance of employment with the Company where there is no reasonable expectation that an employee will be recalled to employment within the next twelve (12) months. Events which could trigger a Reduction-in Force include elimination or substantial reduction of a department (with "substantial" being 50% or more of the department), subcontracting or outsourcing work currently performed at a CSC, technological change, process flow improvement, expiration of Long Term Lay Off, and CSC Closure. Should it be determined that a Reduction-In-Force is necessary, employees will be terminated on the basis of seniority, with the parties recognizing the option of volunteers, provided that the remaining employees have the qualifications and ability to perform the available work with a reasonable amount of training. Since no recall to employment is anticipated, any employee so affected shall be entitled to the benefits provided for in this Agreement in the Article entitled Severance Pay.

The Company will make the initial decision on whether to cause an event which could trigger a Reduction-in-Force. It is anticipated by the parties that local decision making processes will result in joint decisions on Reduction-In-Force. However, should such decisions not be possible within a reasonable period of time, including the alternative of joint region decision making efforts, then the Company will decide the issue of Reduction-In-Force.

It is agreed that all local agreements in all UNITE facilities shall provide for loss of seniority after twelve (12) calendar months in lay off status.

Severance Pay

Although the parties do not contemplate it, should it become necessary to permanently reduce the workforce the Company promises to provide at least two (2) weeks notice to such employees and the Union of said lay off. The following severance benefits will be provided to those employees permanently laid off without recall rights:

- One (1) week severance pay for every complete year of service, with a minimum of one (1) week severance pay provided employees, except the first year of service may not be completed through leave of absence or layoff.

- Employees will receive any accrued but unused vacation pay at the time of the layoff
- Medical insurance coverage will be continued beyond the date of termination in accordance with the schedule of required COBRA premium waiver as described in the Article on Health Insurance. Should any employee desire to continue coverage, the employee will be required to pay the full cost of the COBRA premium to continue such coverage.
- An employee who experiences maternity expenses for which eligibility occurred prior to lay off shall have such expenses covered through delivery. The Company may require evidence satisfactory to the Company to verify that pregnancy occurred prior to lay off.
- In the event of a substantial permanent lay off the Company shall provide individual employment counseling, notice of job opportunities within the community, and community services referral to employees who may be severed from employment with the Company.

The acceptance by an employee of severance pay shall mean that all other benefit accumulations cease at the time of lay off and the employee, if re-employed, will be considered a new employee unless such rehire occurs within one (1) year of lay off, in which event the employee will be reinstated with full seniority and benefits provided that any unused severance pay will result in the employee being considered a new, probationary employee.

Downsizing and/or CSC Closure

At least once a year, or when either party to this Agreement otherwise perceives a threat to the survival of a CSC or department, the parties will meet and determine if such a threat exists.

While there are no job guarantees, the parties agree that:

1. The nature of and the reason for such a threat will be discussed;

2. The parties will promptly meet and strive to find alternate solutions aimed at preserving jobs. These solutions should include full examination of sourcing decisions, measurement assumptions, opportunities for improvement and any other appropriate actions, and,

3. Adequate time and resources consistent with business conditions and the parties stated values will be made available to examine, plan and implement alternatives to facility closures. The Company commits to supporting the values and principles they have brought to previous negotiations around CSC closings and downsizing.

ARTICLE 5 - HOURS OF WORK

The parties agree that hours of work provisions should be jointly developed locally to satisfy both business and employee needs and within the following parameters:

- Must be cost effective
- Must not discourage efficiency
- Must be accepted and supported by employees
- Must satisfy legal requirements (FLSA)
- Must provide flexibility for employees and the company
- Must provide for reasonable notice for overtime work
- Hours of work schedules may be changed
- Varied work weeks are acceptable
- Current overtime pay requirements may be changed to accommodate new schedules
- Overtime work may be voluntary before mandatory
- Hours of work outside of regularly scheduled hours shall be compensated with premium pay on a daily/weekly basis (except with flextime)
- Limitations on mandatory overtime hours may be agreed upon

The change to add "weekly" above is intended for purposes of clarification and does not affect current overtime practices at the CSCs.

ARTICLE 6 - GRIEVANCE PROCEDURE

If the parties agree that the current grievance procedure is not responsive to the needs of the facility, the parties may review the Grievance Procedure for possible changes. In this event, the following requirements are to be adhered to:

- Resolve issues close to the problem
- Keep the grievant involved at all steps in resolution
- Framework to be worked towards is joint issue resolution
- Facility designs its own resolution procedure
- The LSC reviews grievances to identify and address systemic issues and to review the effectiveness of the grievance procedure
- Supervision/management/union leadership should be jointly trained in problem solving techniques, the collective bargaining agreement and the grievance process. This training shall be done at least annually to educate new leaders and/or update all leaders on changes.

The Company shall prepare and distribute quarterly to the LSC's and to the Union a report on how timely grievances are being processed and at what step of the procedure they are being resolved at each location. The Company spokesperson (or designee) and the Union spokesperson (or designee) will jointly decide on the design of the report.

ARTICLE 7 - LEAVES OF ABSENCE

Attendance

The parties agree that attendance shall be negotiated locally, including the rolling 12-month window, which is not changed by this agreement.

Family Leaves Of Absence

Application-Certification

All requests for Family Medical Leave must be in writing. In cases of Leave for medical reasons, the Company may require proof or evidence of illness or physical disability, including certification by a licensed physician or surgeon to substantiate any Leave request.

Personal Illness/Injury Leave

A. Duration

A Family Medical Leave of absence may be granted to an employee upon written request not to exceed twelve (12) calendar weeks for serious personal illness or accident. Upon request, the Company may extend such Leave of Absence for additional periods of thirty (30) calendar day period or periods up to a maximum of twelve (12) months.

At the employee's option, any accrued paid vacation time off may be used during an approved Medical Leave of Absence.

B. Eligibility

A regular employee must have completed his/her trial period to be eligible for Personal Medical Leave.

C. Notification

Pursuant to requirements contained in the Family Medical Leave Act, an eligible employee requesting Family Medical Leave for personal illness or for other Family Leave must furnish the Company reasonable notice so that work may be planned. Such notice will be required when the employee has advanced notice of a surgery, hospitalization or other medical treatment requiring Leave. Reasonable notice will be two (2) work weeks or as soon as the need for medical treatment is known.

Other Family Medical Leave

A Family Medical Leave of Absence may be granted to an employee upon request not to exceed twelve (12) calendar weeks, during any twelve (12) month period, for serious illness or accident suffered by the employees immediate family, (parent, child, spouse). Such Family Medical Leave may also be granted for placement of a child into an employee's family due to birth, adoption or a foster care arrangement. The Company may extend such leaves of absence for additional period(s), up to a maximum leave period of twelve (12) months.

The twelve (12) month period will be a rolling twelve (12) month period measured backward from any approved Family Medical Leave.

Eligibility

A regular employee must have completed his/her trial period to be eligible for Leave for such serious illness in the immediate family.

Job Return Rights

1. Fitness for Duty

   In order for an employee to return to work from a Personal Illness Leave of Absence, such employee must present the Company with a physician's release from the medical provider who treated the employee which authorizes the employee to return to work. An employee returning from Leave of Absence shall provide the Company with adequate notice of the date of return so that the Company may make adequate operational plans for the employee's return.

2. Job Rights

   An employee granted a Leave of Absence under this Article shall be returned to the same job or operation if vacant, provided the employee is returned to work within ninety (90) calendar days of the commencement of his/her Leave. Any time associated with Vacation shall not be counted. However, the parties may jointly agree to extend such ninety (90) calendar day period on a case-by-case basis. In the event that a Leave of Absence and any extensions thereof exceed such ninety (90) calendar day period, the employee will be assigned to a job or operation of a similar nature as is reasonable to accommodate.

Personal Leave Of Absence

A Leave of Absence for personal reasons may be granted by the Company. Requests for such Personal Leaves of Absence will be given due consideration, but the Company does not obligate itself to grant Leaves of Absence for personal reasons.

Non-FLMA Personal Medical Leave

A Personal Leave of Absence may be used for a non-FMLA qualifying medical condition if the employee provides certification from a physician that the leave was necessary due to the non-FMLA qualifying medical condition. This provision does not affect whether or not an absence is excused under the local attendance policy, and this issue shall be decided locally. Leave in this section is defined as three (3) days or more.

While the Company will determine staffing levels based on business and operational need, the Personal Medical Leave of Absence will not be included in the 10% cap used for scheduling vacations and other leaves.

At the employee's option, any accrued paid vacation time may be used during an approved non-FMLA personal medical leave.

Short Term Union Leave Of Absence

Leaves of absence of reasonable duration shall be granted to a reasonable number of employees who may be selected to act as representatives of the union, as delegates to conventions, conferences and/or other appropriate union activities. The Union agrees to give the Company adequate notice in writing, listing such representatives and the reason for the leave.

Performing Other Work While On Leave

An employee on Leave of Absence for personal physical disability or serious illness may perform work for another employer provided that such an employment relationship commenced not less than thirty (30) calendar days prior to the commencement of the Leave of Absence and further provided that such employment does not prolong or cause the Leave of Absence to be extended.

Temporary Assignment Leave Of Absence

Employees within the Bargaining Unit may be temporarily promoted to jobs or operations outside the Bargaining Unit or employment with the Union on a trial basis for a period not to exceed six (6) months without loss of seniority. In special circumstances, such six (6) month period may be extended by mutual agreement of the parties provided such extension is granted at least two (2) weeks prior to the expiration of such Leave. Temporary Assignment Leave for trial employment with the Union will be considered Personal Leave for purposes of benefits.

ARTICLE 8 - VACATION

Guidelines governing accrual may vary from site to site; however, the following chart is intended to reflect the current vacation allotment at all sites:

Years of Service	Vacation Allotment equal to:
1st Year	5 days or 40 hours
Years 2 – 4	10 days or 80 hours
Years 5 – 14	15 days or 120 hours
Years 15 – 24	20 days or 160 hours
Years 25 – 29	21 days or 168 hours
Years 30 or over	25 days or 200 hours

The inclusion of this chart does not change any monthly accrual rate under local TOPP/vacation banks for years. The locals may need to meet to determine new accrual rates for years 25 and above.

The parties agree that vacation pay will be paid at average, including bonus/incentive.

For a Family Medical Leave of Absence, it is agreed that employees may have the option to use accrued but unused vacation benefits.

The guidelines for vacation, including carry over, use, and payment of unused days will be developed locally.

Scheduling guidelines for employees' individual days will be developed locally.

ARTICLE 9 - INSURANCE

The Company shall make available the following insurance coverage:

Life Insurance

1. Ten Thousand Dollars ($10,000) group life insurance as set forth in the Plan, with premium paid by the Company.

2. Additional increments of Ten Thousand Dollars ($10,000), up to a maximum of $40,000 life insurance coverage will be available to each employee, provided evidence of insurability requirements are met, at the employee's option at their cost. Said costs will be reset annually based on experience. The Company agrees to withhold such cost per week through payroll deduction.

3. Dependent life insurance in the following amounts will be available to each employee at the employee's option at their cost. Said costs will be reset annually based on experience. The Company agrees to withhold such cost per week through payroll deduction:

Dependent	Coverage
Spouse	$ 10,000
Dependent Child	$ 5,000
Infant (less than 6 months old)	$ 500

Group Medical Insurance

Employees shall be entitled to a health care program including medical, dental, and vision benefits, subject to the rules, regulations and provisions embodied in governing plans. The parties agree to amend the plans as follows below. These changes shall be effective May 1, 2004 unless otherwise noted.
All employees will have an option to choose dental coverage.

- Adult check-up (ages 3 and up) covered for one physical exam, including immunizations, every 12 months.
- Network doctor/specialist office visit co-pay: $15
- Mental health co-pay: $20
- Prescription drugs obtained at the pharmacy (30-day supply) will be administered through a formulary program with the following co-pays:
  - $10 generic
  - $20 formulary brand
  - $35 non-formulary brand
- Prescription drugs obtained through mail order (90-day supply) will be administered through formulary program with the following co-pays:
  - $10 generic
  - $20 formulary brand
  - $35 non-formulary brand
- There shall be a $10 deductible per person per year for prescription drugs beginning January 1, 2006.
- Network reimbursements:
  - 85% of costs up to the out-of-pocket limit for all other covered services obtained in network (including emergency use of the emergency room which has a $25 co-pay waived if admitted)
- Non-network covered services will be reimbursed at 55% after meeting a $250 individual and $500 family deductible. Non-network hospital admissions are subject to a $200 per admission charge.
- A lifetime maximum of $1 million
- An out-of-pocket limit in network of $1200 individual, $2400 family
- A non-network out-of-pocket limit of $2350 individual, $4700 family

Contributions

Required employee contributions shall be paid weekly through payroll deduction. Subsequently, the Company will announce new rates in November of each of the following years during the normal open enrollment period, to be effective the following January 1.

Contributions shall reflect a shared cost as follows:

Effective Date	Contribution Rate	
	Individual	Family
1/1/04 -12/31/04	10%	15%
1/1/05 -12/31/05	12%	17%
1/1/06	15%	20%

Vision Care

For employees, the COLE vision benefit plan provides an annual eye exam with a $10 co-pay. The COLE package includes a 15% Lasix discount.

Employees and their families will continue to have access to the materials discount through COLE.

Retiree Medical Insurance

The retiree medical insurance benefit is subject to the rules, regulations and provisions embodied in governing plan(s). The parties agree to amend or replace the plan(s) as outlined below. This provision covers active employees and those who retired during the term of current agreements. It supercedes any other agreements, including local agreements. Retiree medical changes will be effective April 1, 2004 unless otherwise noted.

Eligibility

- Current employees may be eligible for Retiree Life and Medical benefits if they meet two criteria by November 30, 2005:
  (1) they are a minimum age of 40; and
  (2) their age and their years of service in whole numbers equals 55. To receive this benefit, an employee must have reached the minimum age of 55 with at least 15 years of service (early retirement) when they leave the company.
- Current employees, who are not age 40 by November 30, 2005, will not be eligible for Retiree Life and Medical benefits.
- Current employees, who are age 40, but whose age and years of service do not equal 55 or more by November 30, 2005, will not be eligible for Retiree Life and Medical benefits.
- Employees hired after December 31, 2003 will not be eligible for retiree life or medical regardless of their age and number of years of service when they leave LS&CO.

Plan Design for Retirees (Under and Over Age 65)

- The plan design changes of the medical benefit will be the same as we are introducing for active employees, except that there will be a $50 annual per

person prescription drug deductible and the co-payments at a member retail pharmacy (for up to a 30-day supply) will be:

- $10 for generic drugs;
- $30 for brand name drugs on Aetna's Preferred Drug List or formulary; and
- $45 for brand name drugs not on Aetna's Preferred Drug List or non-formulary.

- Co payments for prescription drugs obtained through mail order (90-day supply) will have the following co-pays:
  - $20 for generic drugs
  - $60 for brand name drugs on Aetna's Preferred Drug List or formulary; and
  - $90 for brand name drugs not on Aetna's Preferred Drug List or non-formulary.

Plan Design For Under Age 65 Plan

The plan design for under age 65 will be the same design as the active plan design above, except that prescription drug coverage shall be as described in the section above.

Plan Design for Over Age 65 Plan

The plan design for the over age 65 plan shall include prescription drug coverage only (as described above) and will not have a Medicare Supplement.

Contributions For The Under Age 65 Plan

The maximum amount that LS&CO. will contribute towards retiree medical coverage in the under age 65 plan effective April 1, 2004 is as follows:

Years of Service At Retirement	Retiree Pays	LS&CO. Pays	Then Retiree Pays
15-19	25% of projected cost	75% of projected cost until the amount LS&CO. pays reaches $5,500	100% of any amount that exceeds $5,500
20-24	20% of projected cost	80% of projected cost until the amount LS&CO. pays reaches $6,000	100% of any amount that exceeds $6,000
25+	15% of projected cost	85% of projected cost until the amount LS&CO. pays reaches $6,500	100% of any amount that exceeds $6,500

Contributions For The Over Age 65 Plan

The maximum amount that LS&CO. will contribute towards retiree prescription drug coverage in the over age 65 plan effective April 1, 2004 is as follows:

Years of Service at Retirement	Retiree Pays	LS&CO. Pays	Then Retiree Pays
15-19	25% of projected cost	75% of projected cost until the amount LS&CO. pays reaches $1,800	100% of any amount that exceeds $1,800
20-24	20% of projected cost	80% of projected cost until the amount LS&CO. pays reaches $1,900	100% of any amount that exceeds $1,900
25 +	15% of projected cost	85% of projected cost until the amount LS&CO. pays reaches $2,000	100% of any amount that exceeds $2,000

COBRA Subsidy Upon Retirement

A COBRA Subsidy shall be paid to certain retirees as follows:

- Eligibility:
  To be eligible for the COBRA Subsidy upon retirement, an employee must:
  (1) be an active employees hired on or before December 31, 2003 who is not eligible to receive retiree medical upon retirement (as described above); and
  (2) be at least age 55 with 15 years of service at retirement.
- Benefit:
  A COBRA Subsidy of $458.33 shall be paid monthly ($5,500 annually) upon retirement for a period of 18 months.

Health Care Education

- One education session per year to be delivered by HR and developed by subject matter experts to increase understanding of plan benefits and how to use benefits. This session, to be delivered on Company time, will provide time for Q&A and will include information regarding patient rights around Specialist referrals, internet and 800# prescription plan utilization.
- Two refresher programs per year at lunch and after work on appropriate topics will be made available.
- A mechanism for tracking problems employees experience utilizing their medical plan will be established so that the Benefits Department in San Francisco will be alerted of problems as they occur.

Continuation of Coverage

It is understood that the insurance coverage provided above shall be continued during periods of employee leave of absence from work due to personal illness, provided that any required contributions are made. Employees on leave of absence for any other reason shall have insurance coverage for the balance of the month plus one (1) additional month provided that any required contributions are made, at which time to

continue the insurance coverage the employee will be required to pay the full required monthly premium for the insurance coverage.

Extended Medical Coverage for Reduction in Force

It is agreed that in the event that an employee experiences a Reduction In Force lay off, medical insurance coverage will be continued beyond the date of termination in accordance with the following schedule of required COBRA premium waiver provided the employee continues to pay the required contribution:

Length of Service	COBRA Premium Waiver
Less than 1 Year	1 Month Waiver
1 Year, Less Than 5 years	4 Month Waiver
5 Years, Less Than 10 Years	6 Month Waiver
10 Years, Less Than 15 Years	9 Month Waiver
15 Years, Less Than 25 Years	12 Month Waiver
More than 25 Years	18 Month Waiver

ARTICLE 10 - WEEKLY DISABILITY BENEFIT PLAN

Employees shall be eligible to participate in the Weekly Disability Benefit Plan subject to the rules, regulations and provisions embodied in said Plan.

Eligibility Requirements

Each full time regular employee with one (1) or more years of continuous service with the Company is eligible for the Weekly Disability Benefit Plan. Such employee must be prevented from performing any and every duty pertaining to their occupation as a result of a non-occupational injury or illness.

Benefit Pay Parameters

The weekly benefit will commence with the first (1st) day of a period of disability caused by accidental injury and with the eighth (8th) day of a period of disability caused by a disease. It is understood that disability payments may be made without regard to the established waiting period for physician required therapy for accident and/or physical illness on a daily basis. The weekly benefit is payable throughout the remainder of the period of disability, but not more than twenty-two (22) weeks during any single period of disability, nor in any event for a period of more than twenty-two (22) weeks in any twelve (12) consecutive months. Successive periods of disability separated by less than two (2) weeks of continuous covered employment shall be considered as one (1) continuous period of disability.

Daily Payments

It is understood that disability payments may be made at employee option on a daily basis without regard to the established waiting period for a non-work related accident and/or physical illness for which time away from work will be required for a program of therapy required by a physician or surgeon.

Benefits Excluded

No benefits will be payable for:

Any day on which the employee is not under the care of a physician or surgeon; a period of care shall not be considered to have started until the employee has been seen and treated personally by the physician or surgeon.

Any day on which the employee is performing work for compensation or profit, except that an employee may perform work for another employer if the employment relationship commenced not less than thirty (30) calendar days prior to the commencement of the Leave of Absence and provided that such employment does not prolong nor cause the Leave of Absence to be extended.

Benefit Amount

The weekly benefit payment will be paid at a flat rate of $270.00.

The parties agree that the weekly benefit amount will be prorated at the rate of one (1) day for treatment associated with chronic illness.

Certification of Disability

The Company may require proof of injury or illness including a certification from the physician or surgeon who treated the employee. In addition, the Company may require the employee to be examined by a physician or surgeon designated by the Company.

ARTICLE 11 - EMPLOYEE RETIREMENT PLAN

Eligible employees shall be members of the Levi Strauss & Co. Employee Retirement Plan, subject to the rules, regulations and provisions embodied in the governing Plan, which shall be amended to reflect the following changes:

Beginning January 1, 2006, the monthly rate of pension will increase from $21 to $22. This change applies to benefits service earned on and after January 1, 2006.

ARTICLE 12 - EMPLOYEE LONG TERM INVESTMENT AND SAVINGS PLAN

Eligible employees shall be entitled to participate in the Employee Long Term Investment and Savings Plan subject to the rules, regulations and provision embodied in the governing Plan.

The parties agree to amend the Plan effective April 1, 2001 as follows:

a) Allow new hires to join the plan after six (6) months of service; however, the Company matching contribution will not be given until such employee completes a year of service.

b) The maximum employee contribution will be increased from 10% to 15%, however the Company match contribution will continue to be limited to the existing 10%. This agreement is subject to IRS code and ERISA restrictions.

c) Match existing flat dollar contributions of $5, $10, $15, $20 and $25 per week without restrictions as to the amount of pay received that week, and

d) To change the default option from a money market fund to a balanced fund.

The parties further agree to:

- Provide information on video tapes that employees may take home to view
- Promote the toll free phone and internet site of Fidelity investments
- Provide materials in English/Spanish
- Provide training to employees about this plan when they become eligible to participate.

ARTICLE 13 - SUPPLEMENTAL UNEMPLOYMENT BENEFITS (SUB)

It is agreed that for CSCs, the qualifying events to make otherwise eligible employees entitled to SUB payments are technological change, the addition or removal of a major product line from the CSC, or the entire lay off of the CSC from receiving through shipping for at least five (5) consecutive work days.

Eligibility Requirements

Eligible employees shall be entitled to the Supplemental Unemployment Benefit Plan (SUB). The Plan provides compensation to an employee who experiences Short Term Lay Off and Long Term Lay Off for qualifying reasons and who the Company intends, at some future date to recall to employment. To receive such benefits, an employee's lay off must be the result of technological change, the addition or removal of a major product line from the Center, or the entire lay off of a department for at least five (5) consecutive work days.

To be eligible for SUB benefits, the following eligibility requirements must be met:

1. The employee must have six (6) months or more service;

2. The employee must have applied for and be signed up for State Unemployment Insurance Compensation, unless an employee does not have a sufficient period of employment or earnings covered by State Unemployment or has exhausted State Unemployment Benefits;

3. The employee must have satisfied a one (1) week SUB waiting period during the previous fifty-two (52) weeks (such week may be accumulated on a daily basis), such week unrelated to and independent of the State Unemployment waiting period;

4. The employee must be laid off and subject to recall;

5. The employee must request and not have exhausted benefits; and,

6. Employee must make application for SUB benefits within two (2) weeks after the week for which an employee is seeking a benefit and provide requested documents within established time frames.

Benefit Amount

After the one (1) week SUB waiting week period (which may be accumulated on a daily basis) is satisfied, the benefit shall be paid weekly and shall be of an amount that, when added to the employee's State Unemployment Insurance Benefit, will equal ninety percent (90%) of the employee's quarterly average to a maximum number of payments of twenty-six (26) such payments in any twelve (12) month period.

In addition, it is agreed that the SUB Plan Document and the Summary Plan Description will be modified to assure consistency with the principles above.

ARTICLE 14 - HEALTH & SAFETY

The Company shall make reasonable provision to assure the safety and health of employees during their hours of work. The Company and UNITE are jointly responsible for the development of health and safety programs and strategies.

Health & Safety Committee

The Company and the Union will form a CSC Health & Safety Committee composed of an equal number of Union and Company representatives. The Committee shall meet at least monthly and be jointly chaired. The Committee shall review relevant Company health and safety records and information, make constructive recommendations to the LSC to improve health and safety conditions and practices, and assist in developing

and implementing Company training programs. Training programs shall include improving skills of the Health & Safety Committee to analyze data and to target prevention. The Health & Safety Committee will develop tools to measure the effectiveness of training initiatives and actions.

Members of the Health & Safety Committee and a Company designee shall have a joint responsibility to report out on Health & Safety issues at employee meetings and to gather input from employees through surveys, focus groups and other methods of information gathering.

The LSC, together with the Health & Safety Committee, will engage in an early planning process. The health and safety strategy will be part of the CSC's annual operating plan process and be open to UNITE's review.

The parties shall jointly develop terms of office for Health & Safety Committee members to ensure continued leadership. The Occupational Health Nurse will serve on the Health & Safety Committee either in a permanent position or an ad hoc position. The LSC shall annually review and evaluate committee membership and may mutually agree to rotate membership. The LSC will create ways to recognize participation in the Health & Safety Committee.

The LSC, jointly with the Health & Safety Committee, is responsible and accountable for understanding and communicating role clarity for nurses, adjusters, union leaders and management.

The parties agree to partner in joint implementation of the Ergonomics Program. The CSC ergonomics team shall determine which jobs are having a high rate of injuries and target those jobs for reassessment of methods and workstations. Flex-Pac operations and other jobs that have had significant changes will be evaluated. This shall be done at the Canton distribution facility during the Health and Safety Leadership Training Course in 2004.

The LEAP or similar ergonomics program shall be conducted at each distribution facility on an annual basis.

No employee shall be assigned to any job for which he has not been adequately trained in the safe method and operation thereof. No individual or team will be penalized for participating in health and safety activities.

Stress management programs will be offered through the Employee Assistance Program.

Health & Safety materials shall be provided in both English and Spanish.

Worker's Compensation

In addition, the parties agreed that the prevention of injuries and appropriate care for injured employees is one of our priorities. The Company's claims management philosophy is:

- Every employee is advised of and receives workers' compensation benefits due in a timely fashion in accordance with state workers' compensation statutes;
- All employees are assured of our commitment to return them health and work at the earliest possible date through medical case management;
- Every employee is advised of and clear about restricted duty policies;
- The third party administrator reviews each claim for compensability and non-compensable claims are denied in accordance with state workers' compensation laws;
- Rehabilitation is aggressively pursued for injured employees who can become functional for a modified job or be retrained for alternative duties; and
- Claims are appropriately administered with a goal of minimizing litigation.

In panel states, there will be joint decisions on how to get employees involved in the selection of doctors for workers' compensation panels within the limits of the law.

An employee shall have the option of deciding whether or not to have a Company Occupational Health Nurse present during a doctor's examination in occupational injury and illness cases.

Above the CSC

The parties agree that where the impact of jointly developed health and safety programs and initiatives entered into by the Company and the Union apply across locations, regions, or Company-wide, the parties may meet and determine how to allocate the cost of such development.

The Company agrees to continue funding the cost of annual Health & Safety training for Local Union Health & Safety leaders. Company Health & Safety Specialists and/or Human Resource Managers shall participate in the training. Sharing best practices should be part of the agenda at these trainings.

ARTICLE 15 - DRUG AND ALCOHOL PROGRAM

The Company shall fully implement the current Drug & Alcohol Program (effective 2/14/92) in a consistent manner across all facilities. Following the full implementation of the policy and evaluation of its effectiveness, the parties agree to enter into a dialogue to discuss any proposed amendments to the Program.

The Company and the Union shall jointly monitor the use of "last chance agreements" and address concerns about how they are utilized through a joint process.

There shall be another roll-out of the Drug & Alcohol policy with employee education after 2003.

ARTICLE 16 - NEW WORK AND TECHNOLOGY SYSTEMS

Prior to the introduction of new technology or work system into the facility which displaces workers, the parties agree:

- To jointly examine options prior to the final decision and discuss the Union's role in technology introduction. The final decision regarding the introduction of technologies into the facility resides with the Company, except as otherwise agreed to or provided by the parties under the Partnership Agreement.
- To jointly plan to train workers so they can fill newly created jobs.
- To jointly plan to use attrition rather than lay off whenever possible to implement reductions.
- *To jointly develop outplacement assistance where needed.*

ARTICLE 17 - WAGES

Hire Rate

New hires shall be paid no less than a minimum of $6.00 per hour. Any employee currently below this minimum shall be increased to the new minimum.

General Wage Increase

The parties agree to implement general wage increases of $0.40 the first year of the expiring local agreement, $0.30 the second year, and $0.30 the third year. Local bargaining shall determine the application of these increases to the facility pay plans.

Shift Differential

Shift differential is a local issue.

Protected Incentive Pay

- Calculation
  - The current incentive will be protected at an individual's Historical Average based upon a Representative Pay Period as agreed at the local level and will be called a "Protected Incentive".
  - Historical Average is calculated as regular earnings divided by total hours worked minus base pay, and excludes shift differential and overtime premium.
  - There will be no cap on the Protected Incentive at CASI sites.
  - Future wage increases will not affect this Protected Incentive.

- The Protected Incentive will be paid:
  - beginning the same date when the new Production Standard methodology is implemented;
  - on all hours worked; and
  - on the same frequency currently used for local payroll.

- Calculation for Little Rock employees
  - Protected Incentive at Little Rock will equal the highest Protected Incentive at any CASI site, measured as a percentage of base wage.
  - Little Rock employees will also receive Excess Protection (defined as the amount by which an individual's historical average exceeds the Protected Incentive).
  - Whenever an increase is applied to the base wage, the Excess Protection will be reduced by the amount of the increase.
  - To make the employee whole, a Lump Sum shall be paid to each employee whose Excess Protection is reduced, calculated as the amount of the reduction (in cents per hour) multiplied by the actual hours worked during the relevant period.
  - This Lump Sum shall be paid two times per year.

- Representative Pay Period
  - Little Rock Representative Pay Period is December, 2002 to November, 2003 as agreed locally.
  - Sky Harbor
    - Representative Pay Period is May, 2003 to November 23, 2003.
    - Exclude retro pay for all groups.
  - Canton
    - Representative Pay Period is calculated based on 52-week average ending November 23, 2003.
    - Calculation will include the 2004 raise.
    - Employees who accept incentive jobs by December 31, 2003 will be given the opportunity to establish the average incentive. We will work locally to develop a time frame for establishing a representative period for average incentive for this group, with a target of April 1, 2004.
    - Relief team. Individuals will be paid the difference between the 52 week average of the Relief Team department and the 52 week average of the FlexPac department by shift.
  - Hebron
    - Period is May, 2003 to October, 2003
    - Exclude retro pay for all groups

- Eligibility Guidelines
  - To be eligible for Protected Incentive pay, an employee must be hired on or before December 31, 2003 and hold a job that is incentive eligible on that date.
  - Probationary employees who meet this criteria will also be eligible.
  - An employee will not continue to receive Protected Incentive pay if that employee voluntarily bids to a position that was not previously eligible for incentive pay.

- An employee will continue to receive Protected Incentive pay if that employee is involuntary transferred to a position that was not previously eligible for incentive pay unless that employee fails to place a bid to return to an incentive eligible position. An employee who bids will continue to receive Protected Incentive pay whether or not bid is successful.
- Employee not in an incentive eligible job on 12/31/03 and involuntarily transferred to a job that was previously incentive eligible – will receive protected incentive pay. Protected incentive pay for these employees shall not exceed the protected incentive pay of any employee holding the same job prior to 12/31/03 and should be determined locally.
- Employee not currently in an incentive eligible job who voluntarily bids to a job that was previously incentive eligible – will not receive protected incentive pay.

Bereavement Pay

It is agreed that the Company will pay three (3) days Bereavement Pay without regard to the day upon which the funeral falls for death in the immediate family, defined as parent/designated parent, child, step child, brother, sister, spouse, significant other, parents-in-law, grandparents, and grandchild. Local negotiations may provide for defining other relatives and paid time off due to the death of other family members.

Paid Time Off

The parties agree that this subject is a local issue. Any local deliberations of the issue could be part of a reward or hours of work design. Any locally developed design should not adversely affect costs or productivity.

ARTICLE 18 - PRODUCTION STANDARDS

The parties have agreed to eliminate the use of engineered rates as the basis for production standards and to develop a new methodology.

- Upon ratification, the Union and Company will convene the joint steering committee above the facility level, which will establish the new methodology for production standards by joint agreement.
- Using this methodology, the Company will set the actual production standard used for production standards locally at each facility.
- Production standards are a local issue, and shall not be set nationally.
- The actual production standard set by the Company should be attainable by 80% of the full-time workers in a facility on a job by shift before the standard is considered valid. If a shift is not fully staffed, the application of the 80% will be determined locally. The joint steering committee will determine which period of time to use to measure the 80%.
- The local grievance process at each site may be used to grieve the establishment of a new production standard within 30 days after it is established. Discipline under that production standard may also be grieved under the terms of the local grievance process.

- The joint committee work has a completion goal of April 1, 2004, which may be extended to June 1, 2004 by mutual agreement.

Transition Period (Ratification to April 1, 2004).

- The current system for Production Standards will remain in effect, as is, during the Transition Period.
- The Company waives its right to change rates during this period.
- Employees who have received discipline for failing to meet production standards (not accuracy standards) will be given a "clean slate" when the new production standard methodology is implemented.
- The related Production Standards language in each local agreement shall be modified to reflect the changes in this agreement and to incorporate changes due to the work of the joint steering committee.

ARTICLE 19 - TERM OF AGREEMENT

The Company and the Union have agreed to a three (3) year National Agreement, expiring November 30, 2006. All CSC Collective Bargaining Agreements will be extended for three (3) years from the expirations of those agreements and the parties reaffirm their solid commitment to continuing the staggered expiration of the CSC contracts.

Local contracts each contain no strike clauses which shall continue to be binding based on those local contract expirations and are not modified by this national agreement's term.

IN WITNESS WHEREOF, the parties have executed this Agreement by affixing the authorized signatures below:

FOR THE COMPANY	FOR THE UNION
Bev Beaudreault	Mary Black
Jeff Friant	Michael Butts
Jeff Hunt	Candis Collins
Sean Kimble	Carmen Cortez
Rich Kuether	Evie Garfield

Pam Ruschell

Jennifer Schipper

Janis Stafford

Brian Wehner

Johnny Harvey

Jean Hervey

Mike Hoagland

Willie Jones

Andy Kennedy

Bill Lee

Pam Lucas

Ray McKinney

Maria Muela

Barbara Mejia

Harris Raynor

Brad Rayson

Karen Sharp

Scott Stewart