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Title: **NBC Merchants, Inc. and Midwest Regional Joint Board Union of Needletrades, Industrial and Textile Employees (UNITE), AFL-CIO, Local 399 (2002)**

K#: **6590**

Employer Name: **NBC Merchants, Inc.**

Location: **IN Evansville**

Union: **Midwest Regional Joint Board Union of Needletrades, Industrial and Textile Employees (UNITE), AFL-CIO**

Local: **399**

SIC: **5311**

NAICS: **452110**

Sector: **P**

Number of Workers: **1300**

Effective Date: **06/01/02**

Expiration Date: **05/31/05**

Number of Pages: **37**

Other Years Available: **No**

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AGREEMENT

BETWEEN

NBC MERCHANTS,
EVANSVILLE

AND

LOCAL NO. 399

MIDWEST REGIONAL BOARD
UNION OF NEEDLETRADES,
INDUSTRIAL AND TEXTILE
EMPLOYEES
(UNITE) AFL-CIO

June 1, 2002 – May 31, 2005

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AGREEMENT

AGREEMENT, made and entered into as of the 1st day of June, 2002 by and between NBC MERCHANTS, INC for its Distribution Center in Evansville, Indiana, (hereinafter referred to as the "Employer") and the MIDWEST REGIONAL JOINT BOARD on behalf of itself and its affiliated LOCAL NO. 399 of the UNION OF NEEDLETRADES, INDUSTRIAL AND TEXTILE EMPLOYEES, AFL-CIO (hereinafter referred to as the "Union")

WHEREAS, the Union represents a majority of the employees in the unit hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises of the parties set forth, the parties hereto agree as follows:

ARTICLE 1 - RECOGNITION

The Employer recognizes the Union as the sole and exclusive collective bargaining agent and representative of the regular full-time and regular part-time Distribution employees employed in the Distribution Center only at Evansville, Indiana, excluding all janitorial, office clerical, Distribution Center Supervisors and Managers and Assistant Distribution Center Managers, professional, confidential guards and watchmen, for the purposes of collective bargaining with respect to matters of wages, hours, and other terms and conditions of employment.

ARTICLE 2 - SCOPE OF AGREEMENT

This contract shall apply to workers employed in the following job functions in the warehouse establishment only (exclusive of retail stores) of the Employer located at Evansville, Indiana:

| | |
|-------------------|-------------------|
| Manual Ticketers | Openers |
| Machine Ticketers | General Warehouse |
| Packers | Receivers |
| Shippers | Receiving Clerks |

and employees doing similar work. The above titles are not intended to define job functions or limit the combinations and overlap of duties, but are only listed for the purpose of determining which employees are covered by this Agreement.

ARTICLE 3 - HIRING OF EMPLOYEES

The Employer shall have the sole and exclusive right to select and hire its employees. Within forty-eight (48) hours from the time of hiring an employee covered by this Agreement, the Employer shall send a written notice to the Union, on an appropriate form supplied by the Union, stating name, address, salary, starting date, and job function of such new employee.

ARTICLE 4 - UNION SECURITY

It is a condition of employment that all employees of the Employer covered by this Agreement who are members of the Union in good standing and those who are not members on the execution date or the effective date of this Agreement, whichever is later, shall, on the forty-first (41st) working day following the execution date or the effective date of this Agreement, whichever is later, become and remain members in good standing of the Union. It shall be a condition of employment that all employees covered by this Agreement and hired on and after the execution date of this Agreement, whichever is later, shall on the forty-first (41st) working day following the beginning of such employment, become and remain members in good standing in the Union.

ARTICLE 5 - TRIAL PERIOD

A trial period of forty (40) working days is hereby fixed for new employees covered by this Agreement. During such forty (40) working day period, the Employer may discharge such new employees without cause, without notice to the employees or the Union, and without the consent of the Union. Thereafter, the new employees shall not be abused by the Employer, and any claim of abuse shall be subject of arbitration hereunder. The Employer shall exempt new employees from transfers within or between departments during their trial period.

ARTICLE 6 - TEMPORARY EMPLOYEES

1. The Employer, at its discretion, and upon notification to the Union, may employ temporary employees, who shall not be required to become members of the Union. Such temporary employees may be hired within two (2) fourteen (14) week periods of each calendar year, provided, however, that in no event shall the employment of such temporary employees exceed fourteen (14) weeks of consecutive employment, to be designated by the Employer within each of the two (2) periods. Should any temporary employees remain in the Employer's employ for a period in excess of fourteen (14) weeks, then such employees shall thereafter be deemed covered by the terms of the Agreement.

2. The Employer agrees to notify such temporary employees of their temporary status, and to receive written acknowledgment of it from such temporary employees. If such written acknowledgment is not obtained, it will be presumed that the employees shall be covered by this Agreement after the regular trial period as herein provided. The parties may by mutual agreement extend the period for not more than four (4) additional weeks.

3. Before the Employer hires temporary employees, as herein provided, the Employer shall first offer employment to the employees on layoff at the time, in accordance with Article 15 of this Agreement.

4. Temporary employees shall be subject to transfers out of their departments before regular employees are transferred.

ARTICLE 7 - PAYMENT ON APPEARANCE FOR WORK

An employee employed for one (1) year or more who is scheduled to work and who reports to work shall receive one (1) day's pay at the applicable base rate of pay with the following exceptions: Facility closing notices that are announced by the Employer on radio and/or television; the closing of the distribution center due to unforeseen or unpredicted safety situations that may occur too late for radio or TV announcements to be made, e.g., situations that could endanger the life or limb of employees; or, state of emergency conditions prevailing in Vanderburgh County.

ARTICLE 8 - WAGES

1. Effective June 1, 2002 employees upon completion of the forty working day trial period shall, upon becoming a member of the Union, receive a twenty-five cent (25 cents) per hour wage increase.

2. All employees covered by this Agreement who have completed ninety (90) calendar days of employment on or before June 1, 2002, shall, effective June 1, 2002, receive an increase of fifty cents (50 cents) per hour.

(a) All employees covered by this Agreement who have, on June 1, 2002, been employed by the Company for less than ninety (90) calendar days shall, from and after the day of completion of ninety (90) calendar days work, receive a wage increase of fifty cents (50 cents) per hour.

3. All employees covered by this Agreement who have completed ninety (90) calendar days of employment on or before June 1, 2003, shall, effective June 1, 2003, receive an increase of fifty cents (50 cents) per hour.

(a) All employees covered by this Agreement who have, on June 1, 2003, been

employed by the Company for less than ninety (90) calendar days shall, from and after the day of completion of ninety (90) calendar days work, receive a wage increase of fifty cents (50 cents) per hour.

4. All employees covered by this Agreement who have completed ninety (90) calendar days of employment on or before June 1, 2004, shall, effective June 1, 2004, receive an increase of fifty cents (50 cents) per hour.

(a) All employees covered by this Agreement who have, on June 1, 2004, been employed by the Company for less than ninety (90) calendar days shall, from and after the day of completion of ninety (90) calendar days work, receive a wage increase of fifty cents (50 cents) per hour.

5. Employees regularly employed in shipping/carousel will receive a premium wage increase of forty cents (40 cents) per hour. The premium rate will be retained by them until such time as they are permanently reassigned to another department. Employees assigned to shipping/carousel will receive the premium for the hours worked in shipping/carousel while so assigned.

ARTICLE 9 - HOLIDAYS

1. During the term of this Agreement, all workers employed more than forty (40) working days and covered hereunder shall be entitled to receive a day's pay at the employee's rate of pay, except as noted hereunder, for each of the following holidays, regardless of the day of the week the holiday falls:

| | |
|---------------------------|----------------------------|
| Day Before New Year's Day | Thanksgiving Day |
| New Year's Day | Day After Thanksgiving Day |
| Martin Luther King Day | Day Before Christmas Day |
| Good Friday | Christmas Day |
| Memorial Day | Day After Christmas Day |
| Independence Day | Personal Day |
| Labor Day | |

The parties intend that the maximum number of holidays each year under this Agreement shall not be increased in the event the state legislates an additional holiday or holidays which must be observed by the Employer during the life of this Agreement. The Employer shall, at its sole discretion, substitute one (1) or more of the above holidays as the State holiday, so that the maximum number of holidays under the Agreement is not affected by such State action.

3. If the work is performed on a regular work day or a Saturday and a legal holiday is celebrated on such day, employees shall receive one (1)-day's holiday pay plus time and one-half (1-1/2) for the number of hours worked. If work is performed on a Monday, which is the day of celebration of a legal holiday which fell on the proceeding Sunday,

employees shall receive one (1) full day's pay plus time and one-half (1-1/2) for the number of hours worked.

4. Employees must work their full regularly scheduled day before the holiday and their full regularly scheduled day after the holiday in order to receive holiday pay. In the event of multiple successive holidays, an employee covered by this Agreement shall lose a maximum of one paid holiday if absent before or after the holiday. This is conditioned on the Employer's approving the absence upon the employee's return to work. Such approval will not unreasonably be withheld.

5. The day on which a Personal Day may be taken is subject to Employer approval, and the request for a Personal Day must be made at least twenty-four (24) hours in advance.

ARTICLE 10 - VACATIONS

1. The vacation period shall be between January 1 and December 31 of each year. Vacations with pay will be granted each year to covered employees who will have the required length of employment, as follows:

| <u>Length of Employment</u> | <u>Vacation Period With Pay</u> |
|-----------------------------|-------------------------------------|
|-----------------------------|-------------------------------------|

| | |
|-----------------------|---------------|
| Employed one (1) year | Two (2) weeks |
|-----------------------|---------------|

a. Each worker who has been employed for more than five (5) years shall receive three (3) weeks vacation.

b. Each worker who has completed ten (10) years or more of continuous service shall receive four (4) weeks vacation.

2. Upon consent of an individual worker and the Employer, vacation pay under a. and b. above may be given in lieu of vacation twelve weeks early. Two or more vacation weeks may, when earned, be taken together based on seniority and Employer approval, which shall not be unreasonably denied. Upon earning one (1) week of vacation, employees may schedule 1 week of vacation time in one (1) or more day increments when requested at least twenty-four (24) hours in advance subject to employer approval.

3. Whenever a holiday falls within an employee's vacation period, and either occurs on a day in the employee's regularly scheduled work week or is a guaranteed legal holiday, the employee shall be granted an extra day of vacation or an extra day's pay, at the option of the Employer.

4. Eligibility for vacation time shall not accrue during leaves of absence (except for industrial accident leaves) of more than sixty (60) continuous days.

5. Workers who have completed one year of employment may schedule their vacation up to twelve (12) weeks before their anniversary date.

ARTICLE 11 – SICK LEAVE

1. Regularly scheduled employees, after six (6) months employment, and covered by the agreement, shall be entitled to one (1) day's sick leave at their rate of pay for each two months of employment during the first (1st) year of employment, except that employees employed for more than one (1) year on January 1, 2003, shall, as of that date, have six (6) paid sick days entering this Agreement.

2. Regularly scheduled employees continuously employed for more than one (1) year shall be allowed not more than six (6) days of leave for bona fide sickness in each year of employment, at employee's regular rate of pay. The six (6) days shall be available each January 1st.

3. Unused sick leave may be accumulated to a maximum of twenty one (21) days. Unused carryover sick days may be used at the employee's option, however, when STD is applied for, unused sick days are paid first. Employees using carryover sick days must notify the Employer within one workday after using the carryover sick day.

4. Employees need only to call in to report an absence of three (3) or more consecutive days. The call must be received prior to the end of his/her respective shift on the third day of absence. A call is further required every third day of absence thereafter.

5. Each December 1 employees may cash in as many as three of their current years available sick days and be paid for them before Christmas.

TRANSITION

During the transition period June 1, 2002 to January 1, 2003, each regularly scheduled employee with one (1) year of service as of June 1, 2002 will be eligible for three (3) paid sick days.

ARTICLE 12 - AUTHORITY TO ACT FOR THE UNION

1. It is understood and agreed that only the following are authorized to act as agents of the Union in the administration of this Agreement, and in dealing with and determining any questions which may arise thereunder or in the relations between the Employer and the Union:

Manager

Representative (to be designated by name, in writing, to the Employer)

However, the right is reserved to the Union to substitute a different agent or agents or add new agents at any time during the life of this Agreement by serving upon the Employer notice, in writing, of such change or addition of agents of the Union.

2. No one shall be deemed an agent of the Union unless designated as such by the Union, in writing. Neither the shop steward nor any shop committee shall be deemed or construed to be an agent of the Union unless designated in writing as such an agent.

ARTICLE 13 - HOURS OF WORK

1. The days of work shall be from Monday to Friday inclusive, and the hours of work shall fall within the hours of 6:00 a.m. to 6:00 p.m. daily for the first shift, 3:00 P.M. to 3:00 A.M. for the second shift, and 9:00 P.M. to 9:00 A.M. for the third shift inclusive of at least thirty (30) minutes for lunch. Said hours may be varied by the Employer so that work will start one (1) hour earlier to fit the needs of the Employer. The work schedule and shifts shall not be varied in any one (1) week.

2. Employees employed in Expansion will have a five (5) minute grace period before lunch and a five (5) minute grace period after lunch for going to and returning from lunch. Employees employed behind the Fire Wall will have a five (5) minute grace period in which to return to work after lunch. Other departments which, prior to June 1, 1999, regularly granted a five (5) minute grace period before and/or after lunch will continue to do so during the term of this Agreement.

3. In the course of a work day the Employer shall designate a fifteen (15) minute period for rest and/or refreshment, which shall be during the first (1st) half of the work day, and provided the employee is scheduled to work eight (8) hours that day.

4. A twenty (20) minute break will be given on Saturday when work is scheduled for six (6) hours.

ARTICLE 14 - OVERTIME PAY

1. During the life of this Agreement, employees shall be paid at the rate of time and one-half (1-1/2) for overtime after eight (8) hours in a day and for all work performed in excess of forty (40) hours per week.

2. Except as hereinafter provided, during the entire period of this Agreement, Saturday, Sunday and Legal Holidays work shall be paid at the rate of time and one-half (1-1/2).

3. In the event an employee works seven (7) days in succession, Sunday being the

seventh consecutive day, then such work on the said seventh day shall be at the rate of double time (2x) the employee's regular rate of pay.

4. Overtime shall be offered to employees first by seniority within department, next by area, then facility wide. Probationary and temporary employees will be required to sign in the 3rd column only on the O.T. sign-up sheet. Should this method fail to produce adequate numbers of employees to perform overtime work, the Employer may ask for volunteers. In the event that either method fails to produce needed workers, the Employer may mandate overtime by inverse seniority. Employees who refuse overtime may be bypassed the next time overtime is offered.

Overtime shall be offered to all full-time employees on a shift before being offered to temporary employees on the same shift. Saturday overtime during day shift hours will be offered to second shift employees before any temporaries are assigned to work overtime.

5. Any employee covered by this Agreement working on the second (2nd) shift shall receive an hourly shift straight-time wage differential of seventy-five cents (75 cents) per hour. The wage differential for a third (3rd) shift shall be one dollar (\$1.00) per hour.

ARTICLE 15 - SENIORITY AND LAYOFFS

All rehiring and layoffs shall be done in accordance with seniority, i.e., the last employee hired shall be the first employee laid off, and the last employee laid off shall be the first employee rehired. Notice of layoff shall be made available by the Employer during the day of such layoff. Upon layoff of a shift, employees with seniority may be granted the option to bump lower seniority employees on a remaining shift. Once such option is offered and refused, there shall be no further option for a period of one (1) year.

TEMPORARY LAYOFF

In the event of a temporary reduction in time, five (5) working days or less, the layoff shall be on a departmental basis. If after five (5) days employees who currently on a layoff may be granted the option to bump lower seniority employees remaining in the Distribution center.

ARTICLE 16 - NO STRIKE PROVISION

1. The Union agrees that it will not call, authorize, or ratify a strike or stoppage during the life of this Agreement, except for the Employer's failure to submit to arbitration or to comply with the decision of an arbitrator.

Should an unauthorized strike or stoppage of work by covered employees occur, the Union obligates itself, within twenty-four (24) hours after receipt of notice thereof from the Employer, solely to endeavor in good faith to bring about the return to their work of

the covered employees who have stopped work. Upon failure of such employees to return to work within the said twenty-four (24) hours, the Employer may at its option, consider that all or any of the employees have abandoned their employment. Should the employer reemploy any such employees, it shall reemploy all of them, and shall treat all alike and shall not discriminate among them.

2. Compliance by the Union in good faith with this provision shall be deemed full compliance with the Union's obligations hereunder.

3. As an alternative to submitting the matter to arbitration, pursuant to Article 19 hereof, the Employer shall also have the option of terminating this Agreement upon failure of the Union to comply with this Article.

ARTICLE 17 - NO LOCK-OUT PROVISION

1. The Employer agrees that it will not order, authorize, or ratify a lockout during the life of this Agreement. Should the Employer cause a lockout, or should there result a lockout for any other reason, notice thereof shall be given by the Union to the Employer. Thereupon, the Employer obligates itself, within twenty-four (24) hours after receipt of such notice, solely to endeavor in good faith to have the lock-out terminated and to cause the reemployment of the employees.

2. Upon the failure of the Employer to do so within twenty-four (24) hours, the Union, upon failure to reach an agreement with the Employer, shall have the option of terminating this Agreement with respect to the Employer, or of submitting the matter to arbitration pursuant to Arbitration, Article 19 herein.

ARTICLE 18 - GRIEVANCE PROCEDURE

1. The parties recognize that the prompt adjustment of grievances is desirable, therefore should any difference arise as to the interpretation, application, performance or operation of any of the terms of this Agreement, it shall be raised within a reasonable time and settled according to the procedure set forth below.

2. Stewards will be permitted to contact Associates for purposes of Union business when such contacts are deemed necessary by the Steward. A Steward will be notified within thirty (30) minutes that an associate has a potential grievance which the Associate wishes to discuss with the Steward. Stewards will secure permission from their own Supervisors before leaving their section, and will also notify the Supervisors in the department that they are visiting before they contact the Associate. If the departure of the Steward would cause serious interference with operations the Supervisor will make arrangements for the Steward to leave his job as promptly as possible. Once released the Steward's contact with the Associate will not be interfered with.

3. For the purpose of the Article, Union business is defined to mean: Investigation of a problem concerning pay or wages, hours of employment, or any other condition of employment.

4. **Grievance Step #1**

Within 10 working days of the time the employee has knowledge or reasonably should have had knowledge of the events giving rise to the grievance, the employee may register the grievance with his shop steward. The grievance shall be taken up and discussed by the Steward, Associate, Processing Manager, and immediate Supervisor within five working days. After discussion, Management will give their position on the grievance to the Grievant and the Steward within two (2) working days. If the first step answer is not satisfactory, then within three (3) working days of receipt of the answer, the grievance will be reduced to writing and copies given to the Operations Manager and Human Resources. The Company shall pay the Associate and steward in attendance at the step 1 meeting.

5. **Grievance Step #2**

If a satisfactory resolution is not reached in Step #1, a meeting will be scheduled with the Chief Steward, Steward, Associate, and Operations Manager. The meeting will be held within three (3) working days of receipt of the written grievance. Management will give their written answer to the grievance, within three (3) working days, to the Chief Steward. The Company shall pay the Associate, Chief Steward and steward in attendance at the step 2 meeting.

Grievance Step #3

If a satisfactory resolution has not been reached in Step #2, the grievance shall be scheduled for a Step #3 meeting. The Employer shall respond in writing to the Business agent within five (5) working days from the date of said meeting to each grievance scheduled. The Company shall pay the Associate, Chief Steward and steward in attendance at the step 3 meeting.

7. The union at any time may file a grievance that is general in character which may be signed by the Chief Steward or Business Agent and shall be taken up at Step 3.

8. The indicated time limits within the grievance procedure will prevail unless there is agreement between the parties to the contrary.

9. Management's reply to a grievance at any step will be considered final, and the grievance closed, if not timely advanced to the next step. Failure by Management or the Union to act within the time limits set forth above shall result in the grievance being moved directly to the next step in the grievance procedure provided, however, that referrals to arbitration must be made within the time period set forth herein.

10. The effective date of any adjustment resulting from the settlement of any

grievance shall not exceed thirty (30) working days preceding the date of the filing of the grievance.

ARTICLE 19 – ARBITRATION

1. Any request for arbitration shall be made within thirty (30) days after the Employer's answer at Step #3 of the grievance procedure. If no request for arbitration is made by either the Union or the Employer during such thirty (30) day period, both parties shall be deemed to have waived their right to make such request and the grievance shall thereupon be closed for all purposes. Unresolved grievances must be submitted to an arbitrator designated by both parties. If the parties are unable to jointly designate an arbitrator, the arbitrator shall be selected from a panel of seven (7) arbitrators provided by the Federal Mediation and Conciliation Service (FMCS). The parties may utilize up to two (2) Arbitration panels in their selection process. The arbitrator shall not have the power to add to or subtract from, or otherwise modify any of the terms of the Agreement. The arbitrator shall render a written decision within thirty (30) days of the conclusion of the hearing, explaining the basis of his award. The decision or award of the arbitrator shall be final, binding, and conclusive upon the parties and enforceable in a court of competent jurisdiction. The cost of arbitration shall be shared equally by both parties.

2. Except as expressly provided to the contrary in this Agreement, it is the intention and agreement of the parties that the procedure established in this Agreement for the adjustment of disputes shall be the exclusive means for the determination of all disputes, complaints, or grievances specified herein, including arbitrability, expressly including all strikes, stoppages, lock-outs, and any and all claims, demands, or acts arising therefrom. As long as this Agreement has not been terminated in accordance with its terms, neither party shall institute any proceedings in a court of law or equity other than to compel arbitration, as provided in this Agreement, or to enforce an award to an arbitrator. This provision shall be a complete defense to any action instituted contrary to this Agreement.

ARTICLE 20 - CHECK OFF

1. The Employer, where legally so authorized by an individual employee in writing, agrees to deduct the membership dues, assessments, and initiation fees weekly from the wages or salary of such employee and remit the same to the Union, not less than once a month, by the fourteenth (14th) day of the following month.

2. Sums so deducted by the Employer shall be held in trust by the Employer for the benefit of the Union.

ARTICLE 21 - PENSION BENEFITS

1. For the term of this Agreement the Employer shall pay monthly to the Union a

sum of its total gross weekly payroll (before deduction for Federal or State taxes) of the employees covered by this Agreement as follows:

a. **NATIONAL PLAN OF TEXTILE WORKERS PENSION FUND**

2. The Employer shall become a participating employer of the Textile Workers Pension Fund, National Plan Sub-Fund, (hereinafter called the "Fund") effective June 1, 1999. The Employer further agrees to become a party to the Agreement and Declaration of Trust dated January 14, 1949, as amended, which established the Fund as a jointly administered Union-Management trust fund to provide benefits (in accordance with a written pension plan incorporated herein by reference) for employees of Participating Employers, which term may include the Fund, the Union or subordinate organizations. The Employer further agrees and consents to the Employer-designated Trustees of said Fund to serve as such in accordance with the aforesaid Agreement and Declaration of Trust.

3. The Employer shall contribute to the Fund, on or before the tenth of each month, an amount per employee, covered by the collective bargaining agreement, as indicated below:

effective June 1, 2002 - \$0.20

effective June 1, 2003 - \$0.25

effective June 1, 2004 - \$0.30

for each hour compensated for during all payroll weeks ending in the prior calendar month. The Employer shall be required to contribute for new employees beginning the first of the month following (30) calendar days of employment.

4. All contributions shall be payable to the Textile Workers Pension Fund and shall be remitted to the office of the Fund.

5. The Employer shall submit monthly, a list showing the names and Social Security numbers of all employees except for temporary employees who are compensated by the Employer during the period covered, the number of hours compensated for, and the resulting contributions due.

6. The Trustees may at any time have an audit made by a duly authorized representative of the payroll and wage and other relevant financial records of an Employer in connection with the said contributions and/or reports.

7. In addition to any other remedies to which the Union or the Fund may be entitled, if the Employer is in default for one or more months, he shall pay such reasonable rate of interest, retroactive to the due date, as the trustees may fix on the moneys due to the Fund from the date when the payment was due to the date when payment is made, together with all expenses of collection and legal fees.

b. RETIREMENT FUND

8. The employer shall pay monthly to the Union a sum equal to four and one half percent (4.50%) towards the Retirement Fund, a trust fund established by collective agreement for the purpose of providing pensions or annuities on retirement or death of workers.

9. In the event of disagreement between parties, the dispute shall be referred to the Impartial Chairman for final determination.

10. The aforesaid payments under (8) above shall be remitted on or before the fourteenth (14th) day of the following month. None of the payments made hereunder shall constitute or be deemed wages due to workers. All contributions required to be made under (8) above shall be allocated by the Employer each week and kept separate and apart from its general funds and held in trust for the benefit of the particular Fund. When trial period workers become regular employees, payments by the Employer to the benefit fund will be paid retroactive to the first day of employment. The Employer is not required to make payment to any benefit fund for temporary employees or employees who fail to complete the trial period.

11. No Employer shall have any legal or equitable right, title, claim or interest in or to said Fund or the administration thereof. No individual worker shall have any legal or equitable right, title, or interest in, or claim against his or any other Employer's payments toward the Fund or against the Fund, except as may be provided by the bylaws or rules and regulations of said Fund.

12. The said Retirement Fund shall be administered in accordance with its bylaws and rules and regulations by a Board of Trustees. The Board of Trustees shall be composed of Union representatives and an equal number of representatives of Employer contributors to the Fund. In the event that the Board of Trustees shall be deadlocked on any issue or matter arising in connection with the Fund, the same shall be decided by a neutral person, as set forth in the bylaws and rules and regulations of said Fund, and that decision shall be final and binding. The parties hereto hereby ratify, confirm, and approve the composition and membership of each Board of Trustees as now or hereafter constituted.

13. The Board of Trustees shall adopt and promulgate such bylaws and rules and regulations to effectuate the purpose of the Fund as it may deem necessary and desirable, including the detailed basis upon which payments from the Fund will be made, and shall have the power to modify the same from time to time. The parties hereto agree to be bound thereby, and they are hereby incorporated in and made part of this Agreement.

14. An annual audit of the Fund shall be made by accountants designated by its Board of Trustees. A statement of results of such audit shall be made available for inspection by interested persons at the principal office of the Fund and at such other places as, may be designated by its Board of Trustees

15. None of the monies paid into the Retirement Fund shall be used for any purpose other than to provide for pensions or annuities on retirement or death of workers, and to pay the operating and administrative expense thereof. The monies of said Fund shall be kept separate and apart from all other monies.

16. The Board of Trustees of said Fund are hereby authorized and empowered, in its sole discretion and upon such basis as it deems desirable, to transfer or mingle the assets of said Fund or to merge said Fund with another retirement fund or funds, as the case may be, now or hereafter existing and established by collective agreement with any unit of the Union of Needletrades, Industrial and Textile Employees or with the said International itself. In the event of such a transfer, mingling, or merger, the amounts herein above provided to be allocated toward the particular Fund shall thereafter be paid over to the Fund or Funds with which there has been such transfer, mingling, or merger.

17. The Union or Board of Trustees of the Fund, or either of them, shall be proper parties in interest to enforce collection of payments due from the Employer toward said Fund. In the event any amount due from the Employer under this Article remains unpaid for thirty (30) days after becoming due, such amount automatically bears interest thereafter at the rate of nine percent (9%) per annum and the Employer shall pay the same.

ARTICLE 22 – HEALTH & WELFARE BENEFITS

A. PLAN II W(E)

1. For the term of this Agreement, the Employer shall keep in effect its insurance Plan II W(E) to provide benefits for hospital, surgical, disability, x-ray, and other benefits, as described in the insurance Plan II W(E) Summary Plan Description, for all eligible employees who have been employed for at least ninety (90) calendar days and are covered by this Agreement. The Summary Plan description is made part of this Agreement by reference. Effective June 1, 2002, employees who elect either single coverage or family coverage under Plan II W(E) shall contribute weekly, on a pre-tax basis, the following amounts toward the coverage elected:

| | Single | Family |
|--------------|---------|---------|
| June 1, 2002 | \$12.60 | \$26.00 |
| June 1, 2003 | 13.85 | 29.00 |
| June 1, 2004 | 15.25 | 32.00 |

2. Single coverage provided by Plan II W(E) shall include only the Union member. Family coverage includes the member, spouse, child or children through the age of nineteen (19). Dependent children who are attending an accredited educational institution on a full-time basis will be covered through age twenty-three (23). Accredited educational institution shall include, in addition to college, professional and vocational schools. The aforementioned Plan II W(E) shall include coverage for hospitalization,

major medical, and coverage for emergency services provided in-hospital emergency room for both accident and sudden onset illness, and cash disability benefits.

3. Chiropractic visits are limited to forty dollars (\$40.00) per visit as a covered expense with a maximum of twelve (12) visits per contract year, unless further treatment is prescribed by an attending physician.

B. WELBORN (HMO)

1. For the life of this Agreement, the Employer shall make available as an option, Welborn (HMO) medical coverage as set forth in the HMO Schedule of Benefits. Employees must meet the same eligibility requirements applicable to Plan II W(E) and, there shall be a weekly employee contribution, on a pre-tax basis, as follows:

Plan #1

| Year #1 | | Year #2 | | Year #3 | |
|---------|--------|---------|--------|---------|--------|
| Sgl | Family | Sgl | Family | Sgl | Family |
| \$13.84 | 31.38 | 16.00 | 36.92 | 18.46 | 43.38 |

Mail Order drugs: 2X retail co-pay for 60 days supply minus 20%
 3X retail co-pay for 90 days supply minus 20%
 Drug Copay \$5 - 15-25.

Plan #2

| Year #1 | | Year #2 | | Year #3 | |
|---------|--------|---------|--------|---------|--------|
| Sgl | Family | Sgl | Family | Sgl | Family |
| \$13.60 | 25.00 | 15.10 | 28.00 | 16.60 | 31.00 |

| | | |
|-----------------|------------|-----------|
| Office visit | \$ 20.00 | |
| Specialist | \$ 20.00 | |
| Vision | \$ 15.00 | |
| Hospitalization | | |
| | Inpatient | \$ 200.00 |
| | Outpatient | \$125.00 |

Mail Order drugs: 2X retail co-pay for 60 days supply minus 20%
 3X retail co-pay for 90 days supply minus 20%

Drugs Copay \$10 - 20- 30

Plan #3

| Year #1 | | Year #2 | | Year #3 | |
|---------|--------|---------|--------|---------|--------|
| Sgl | Family | Sgl | Family | Sgl | Family |
| \$13.60 | 25.00 | 15.10 | 28.00 | 16.60 | 31.00 |

| | |
|--------------|---------|
| Office visit | \$10.00 |
| Specialist | \$10.00 |
| Vision | \$10.00 |

Hospitalization

Inpatient
Outpatient
Xrays

Employee pays 10% up to a maximum of \$1000.00 per dependant up to a Family maximum of \$2000.00

Mail Order drugs: 2X retail co-pay for 60 days supply minus 20%
3X retail co-pay for 90 days supply minus 20%

Drugs Copay \$5 - 15- 25

C. LIFE INSURANCE

1. Life Insurance in term life form will be provided, to employees after completion of one year of employment, by the Employer during the term of this Agreement, at no cost to the employee, at the rate of one times (1x) annual straight-time wages.
2. Employees with ten (10) years of service who are age 62 or older at retirement, will be eligible for company paid retiree life insurance in the amount of 50% of annual regular base rate of pay in the first year of retirement, reducing at 20% each year thereafter, with no benefits payable after the fifth year following the retirement date.

D. EYE CARE

1. All employees covered by this Agreement, and having at least six (6) months of service with the Employer shall, upon completion of six (6) months service, be allowed up to a total of one hundred and twenty five dollars (\$125.00) toward the purchase of corrective eyeglasses or eye examination by the Employer only once during the life of this Agreement.

a.) Corrective eyeglasses or eye examination must be for the employee's personal use, or for any member of the employee's immediate family. The maximum allowance per covered employee and/or immediate family member is one hundred and twenty five dollars (\$125.00) during the term of this Agreement. All eyeglass purchases or examinations must be supported by proof of purchase or examination.

2. A vision care discount program through LensCrafters will also be available to eligible employees, after ninety (90) days of employment, at a one-time per year membership fee of \$3.36 for the enrollee and his/her immediate family. This program provides special discounts at LensCrafters for eyeglass frames, lenses, and eye examinations.

E. DENTAL COVERAGE

For the life of this Agreement, employees may elect Dental Coverage if they are enrolled in Plan II W(E) or the HMO offered by the Employer and meet eligibility requirements. (Dental coverage is effective after six (6) months of employment.) Effective August 1, 1999, the dental coverage maximum yearly benefit will be one thousand dollars (\$1,000.00), and will require an employee contribution, on a pre-tax basis, of two dollars and ninety-four cents (\$2.94) for single coverage, or nine dollars and sixty-nine cents (\$9.69) for family coverage. The calendar year deductible will not apply to preventive care such as cleanings, checkups, bitewing x-rays, prophylaxis, routine x-rays, and fluoride treatments.

F. SHORT TERM DISABILITY (STD)

The STD maximum is one hundred fifty dollars (\$150.00) per week. Employees who decline coverage under Plan II W(E) or the HMO can still receive STD. Effective June 1, 2002, and for the term of this Agreement, an employee who declines coverage under Plan II W(E) or the HMO, but elects STD coverage, will be required to contribute, on a pre-tax, basis \$1.50 per week for the STD benefit. Employees covered by Plan II W(E) or the HMO will continue to be eligible for STD benefits at no additional contribution or co-payment beyond those set forth in paragraphs A 1 and B 1 above.

G. PRESCRIPTION DRUGS

1. Retirees will be covered under the pre-June 1, 1999, Employer mail-order Prescription Drug Plan which provides for a ninety (90) day prescription supply at a ten dollar (\$10.00) co-pay.

NOTE: All coverage for Health and Welfare benefits described under Article 22 are governed by Summary Plan Documents.

ARTICLE 23 - LEAVE OF ABSENCE

1. Any leave of absence to be granted an employee by the Employer for the reasons' provided and defined in the Family and Medical Leave Act but for no other matters may be taken intermittently and up to twelve (12) work weeks in a twelve (12) month period.
2. Requests for leaves of absence for valid personal matters shall not be granted for less than five (5) working days nor more than thirty (30) calendar days, except that at the discretion of the Employer it may be renewed for an additional period of thirty day. All such requests shall be in writing by the employee with approval in writing by the Employer, and such approval shall not unreasonably be denied..
3. If leave is requested due to the illness of the employee or a family member (spouse, parent, or child) the employer may require proof of necessity.
4. Employees who have been out on a Short Term Disability Leave of Absence and return for ten (10) working days or less and go out again for a same or similar condition will be considered on a continuation of the first leave.
5. An employee, who is seriously ill and cannot return to work after exhausting STD and personal leave benefits, will be allowed, subject to review and approval, which approval shall not be unreasonably withheld, an extra four (4) months without pay or benefits (except for the availability of COBRA) to return to work if able.

ARTICLE 24 - DISCHARGE/DISCIPLINE OF EMPLOYEES

1. No employee covered by this Agreement shall be discharged or disciplined except for just cause, except that summary discharge may result for acts which include but are not limited to: intoxication, gross misconduct, insubordination, possession, sale of illegal substances or alcohol or objects such as firearms or other weapons, theft, harassment, and for unreported, unexcused absences of three (3) consecutive scheduled work days. The Employer shall notify the Union, in writing, within twenty-four (24) hours of all cases of discharge of covered employees.
2. Except for provisions as set forth in Paragraph 1, no employee shall be discharged after completion of the forty (40) day probationary period without the application of disciplinary steps as set forth below:
 - a) Performance and Conduct:

| | |
|-----------------|--------------------------------|
| First offense: | Formal Coaching and Counseling |
| Second offense, | Written Warning |
| Third offense: | Second Written Warning |

Fourth offense: Final Written Warning
Fifth offense: Discharge

3. Just cause for the application of disciplinary steps shall include demonstrable cases of job errors, incompetency, or violation of rules and published regulations other than those which may result in summary discharge.
4. Should a dispute or difference arise as to whether or not the discharge was for just cause, the matter shall be submitted to arbitration as provided herein. If the arbitrator finds that the employee was discharged without just cause, he may order reinstatement, and may require the payment of back pay in such amount as, in his judgment, the circumstances warrant.
5. Effective June 1, 1999, and for the life of this Agreement, disciplinary warnings will be reduced by one step for each six (6) months of active, warning free employment.

ARTICLE 25 - SHOP STEWARD AND COMMITTEE

The Union shall have the right to certify to the Employer employees to be designated as shop stewards and such other employees to be designated as members of the shop committee.

Except for circumstance beyond the control of the Union, it shall provide the Company with forty eight (48) hours notice of the need for designated members to be released for union business.

ARTICLE 26 - RIGHT OF VISITATION

Official representatives of the Union shall be permitted free access to the establishment where its members are employed, for the purpose of observing if the conditions of this Agreement are maintained, and for any other reasonable purpose arising out of the operation of this Agreement, provided there is no interference with the business of the Employer.

ARTICLE 27 - STRIKES OF UNITE AFFILIATES

It shall not be considered a breach of this Agreement on the part of the Union or any individual Union member, if any member of the Union refuses to enter upon the premises of the Employer against whom the Union or an affiliate of the Union of Needletrades, Industrial and Textile Employees is conducting a bona fide strike, either of their own volition or by direction of the Union. The word "premises" is herein defined as limited to the area actually and immediately occupied by said Employer.

ARTICLE 28 - EXAMINATION OF RECORDS

The Union shall have the right at all reasonable times and upon reasonable notice to the Employer to investigate only such books and records of the Employer as are necessary in order to ascertain whether the provisions of this Agreement are being fully complied with. The Employer shall have the right to have its representative accompany the Union representative upon such investigation. An arbitrator shall have the right, upon his own motion, to institute any such investigation.

ARTICLE 29 - SUBSIDIARY OR AFFILIATED FIRMS OR CORPORATIONS

Subsidiary or affiliated firms or corporations of the Employer shall, for the purpose of this Agreement, be deemed bound by all of the terms of this Agreement to the extent that they are employers of workers covered hereunder. The arbitrator shall have the power to determine whether an alleged subsidiary or affiliate is, in fact, such subsidiary or affiliate.

ARTICLE 30 – NO DISCRIMINATION

There shall be no discrimination in hiring, or in terms and conditions of employment, because of race, creed, color, national origin, religion, sex, age or disability.

ARTICLE 31 - MANAGEMENT PREROGATIVES

Except as otherwise provided in this Agreement, it is understood and agreed that the Employer is entitled to all rights, privileges and prerogatives of management.

ARTICLE 32 - BEREAVEMENT LEAVE

In the event of the death of a loved one (parents, [including great grandparents, step parent and foster parent], grandparents of employee, sisters, brothers, spouse, children, grandchildren, stepchildren or in-laws of the employee), employees covered by this Agreement will receive full pay for four (4) days of mourning not including Saturday or Sunday, as well as the day of notification, if at work when notice is received.

The funeral of a departed member of the bargaining unit may be attended, without loss of pay during working hours, by up to no more than three (3) employee representatives. Designated attendees will be from different departments within the facility.

ARTICLE 33 - NO FAULT ATTENDANCE

There shall be a No Fault Attendance policy in effect under which employees may be absent as set forth below:

1. Twelve (12) days of absence between January 1st and June 30th and six (6) days of absence between July 1st and December 31st in each year of the Agreement may be taken without stating a reason or being required to present a doctor's note.

2. Included in the eighteen (18) days total shall be one day which may be taken in eight (8) one hour segments, and one absence of two (2) to three (3) days which will be considered a single absence. An employee must make application in writing for a multiple day absence before exhausting his/her last full occurrence. Failure to do so shall result in the counting of each day of absence separately rather than as one absence.

3. One of the one hour segments will be applied to any employee who is late reporting to work by up to one hour. An employee who is late by one to two hours will lose two one hour segments and so on until all eight (8) one hour segments are used up.

Thereafter, any tardiness will result in a full day being charged against the employee. The same method of applying No Fault time will be used for leaving work before the end of a scheduled shift.

4. Approved medical leaves, personal, military as well as VTO (requested by Employer), Union business, paid benefit days and appearance in court other than as a defendant in a criminal case will be excluded from the No Fault Attendance program.

5. An absence will be charged for any time out of the facility not-covered in paragraph 4 above.

6. Unused days from the January through June period may be carried over to the July through December period.

7. January 1, 2003 and each January 1 thereafter an employee shall start with a clean slate, i.e. zero (0) absences.

8. Any absence of three (3) consecutive days, without the employee calling in, shall be deemed a voluntary resignation.

9. Employment termination will occur on the 13th absence prior to July 1st and 18th absence prior to January 1st.

10. Calendar notification regarding an associate's NO FAULT ATTENDANCE will be provided solely on a quarterly basis on January 1st, March 31st, June 30th and September 30th.

NO FAULT BRIDGING - During the transition period of June 1, 2002 to January 1, 2003 each associate will be granted nine (9) occurrences with a one time carry over provision. Included in the nine (9) days total shall be one (1) day which may be taken in eight (8) hour segments. Termination shall occur on the 9th absence. For the purposes of Para. 9, 2002 one time carryover No Fault Days will not count towards the total in 2003.

ARTICLE 34 – JOB BIDDING AND POSTING

1. Notices announcing bid job openings or vacancies will be posted for not more than seven (7) working days and will state positions available, number of openings by position, and the shift(s) on which the openings exist. Sealed bid boxes will be used to receive names of employees interested in the bid and a shop steward must be present at the opening of the bid box.
2. Assignments to bid jobs will be made within the bidding procedures. The employee bidding with the most seniority shall be granted the opportunity to train in the bid job, except for obvious conditions which would impede the employee's ability to perform that job. The decision regarding the employee's ability should be agreed to by the Union. Should the seniority of two or more employees bidding on a job be the same, the bid shall be awarded by random selection, e.g., lottery.
3. An employee in training for a bid job should be given a full thirty (30) working day training period unless the Employer and Union mutually agree that, for obvious reasons, the training should be terminated. For the purpose of this process only, a training day shall consist of a minimum of four (4) hours. The Employer shall exempt trainees from transfers within or between departments during their training period except in the case of a departmental shutdown.
4. If assignment to a bid job is not made permanent. That is, an employee voluntarily does not complete the training period provided for in paragraph 3 above, the employee shall be returned to his/her former position within ten (10) working days of training. Thereafter, management will determine what positions are available in the building and place the employee. If at any time during the thirty day training period the employee is disqualified or involuntarily removed from training the employee will returned to his her former position.
5. The position of group leader will be posted when an opening occurs. However, management will select group leaders based on ability, interpersonal skills, knowledge, performance and leadership skills or potential. If two candidates are equally qualified, selection will be based on seniority. If two equally qualified candidates have the same seniority, selection will be by lottery.
6. Effective June 1, 2002, an employee thereafter who bids for one of the following positions:

Accuracy Control
Group Leader
Fork Lift Operator
Receiver
Receiving Clerk

Power Equipment Operator (Walking stackers and electric pallet trucks)

And having successfully completed a thirty (30) working day trial period shall receive a forty-cent (40 cent) per hour wage increase effective on the thirty-first (31st) day of work in the bid position. Once having been assigned the position bid for, the employee may not seek another bid position for a period of at least twelve months, unless the employer disqualifies the employee during the training period. An employee may revert at any time to general warehouse position.

7. An employee who fails to maintain the standards of the bid job may be returned, within one (1) year, to a non-bid job. Said employee shall lose the amount of increase received for the bid job.
8. An employee who is involuntarily changed to a non-bid job after one year in the bid job will keep the wage increase received for the bid job.
9. Any employee who voluntarily relinquishes his/her bid position shall lose the amount of increase received for the bid job. Once an employee voluntarily relinquishes a bid, they may not bid on that same bid for six (6) months.
10. An employee retrogressed from a bid position for any reason, other than disqualification, will be recalled to that bid position before any new bids may be awarded for that position. The recall period for an employee retrogressed from a bid position will be limited to a 12 month period.

ARTICLE 35 - HEALTH AND SAFETY

There shall be a joint Health and Safety Committee.

1. The Joint Health and Safety Committee shall include a total number of 14 bargaining unit employees with at least one Joint Health and Safety Committee member for each shift. The bargaining unit members on the committee shall be named by the union. Both chair and secretarial positions will rotate per meeting.
2. The joint committee shall be notified of accidents arising out of and in the course of employment so that they may investigate. Further, the committee may investigate worker complaints about potential hazards. Accidents will be investigated jointly by a management representative, a union member of the joint committee and a union steward.
3. If a worker believes that his or her work presents an immediate danger, a union member of the joint committee and the facility manager shall be informed so that the reported condition can be reviewed.

4. Reasonable time spent investigating safety problems will be paid for by the Employer at the employee's regular straight time hourly wage.
5. In addition to notice to the joint committee, the chief steward will be notified of all industrial accidents. (The Union will designate a person on the second shift to be notified.)
6. Employees have the right to seek medical attention for an on-the-job injury by going to the industrial nurse. The Company will provide care and treatment for all work related injuries per the Indiana Workers Compensation Law.
7. The Employer shall provide safety training of employees by permitting all employees to participate in one paid hour per year of safety training in the shop during working time.
8. Two fire drills shall be held in each year of this Agreement in which employees are to leave the building into safety areas, as recommended by the local fire department. Employees must return to work immediately upon conclusion of the fire drills. Additionally, one tornado drill will be held prior to the tornado season.

ARTICLE 36 - JURY DUTY

A covered employee who receives notice for jury duty shall immediately present a copy of such notice to management. Employees who have completed their trial period, who are required to report for jury duty or serve on a jury on any scheduled work day shall be paid the difference between the sum received for jury duty and the employee's regular daily pay. The employee must present to management a receipt from the court showing the amount received for jury service. The maximum period of jury duty pay is thirty (30) days in any calendar year.

ARTICLE 37 - MILITARY RESERVE EQUALIZATION PAY

After the completion of the trial period covered employees who are members of the National Guard, or Military Reserve, will receive their regular weekly wage, less the amount paid by the military, not to exceed two weeks, when required to participate in military training. Said employees must present a copy of their military training orders to the Employer prior to leaving for training and a copy of all military pay vouchers upon return to work.

ARTICLE 38 - TRANSFER POLICIES

Section I - DEPARTMENTAL/SHIFT TRANSFER POLICY

1. A transfer request form, in duplicate, must be filled out for each department or shift transfer request. A copy of each transfer request will be provided to the Union. Location of transfer must be designated by small department or shift. Transfers will be processed weekly.
2. Associates must have completed their trial period.
3. There must be an opening in the department or shift for which the transfer is requested.
4. The current department or shift must be able to transfer that associate without affecting production or the transfer will be delayed. However transfer shall not be unreasonably delayed.
5. When there are more requests than openings, seniority will determine the selection.
6. There shall be no trial period. Transferred associates must remain in the new department for a period of twelve (12) months and in the new shift for six (6) months, unless awarded a bid position.
7. Management will determine the number of transfers that will be allowed from each department and to each department and shift to shift.
8. Associates displaced due to permanent departmental or shift reductions will have first preference to transfer.
9. Openings created by transferred associates will be back filled on a one time basis, when and if deemed necessary by management.
10. Employees may submit no more than one transfer form, limiting them to a choice of two departments or one shift.
11. A weekly notice shall be posted listing transfers made.
12. If an employee decides to cancel his/her request, he/she must write "cancelled" across the face of his/her copy and deposit that copy in the box before it is opened. Failure to do so means that the transfer must be accepted.

Section II. - TEMPORARY TRANSFERS TO SHIPPING AND CAROUSEL

1. Any temporary openings in Shipping and Carousel will be offered to employees

who have requested transfers to Shipping and Carousel. The employee must be told it is a temporary position.

2. If an employee accepts the temporary position their name stays in the transfer box for a permanent position.
3. An employee who accepts the temporary transfer must remain in Shipping and Carousel for the duration of the work.
4. If the number of people wanting the temporary position exceeds the number of openings, jobs will be filled by seniority of those seeking them.
5. Once the temporary work is concluded there is no guarantee of returning to the same job or department the employee held before the temporary transfer to Shipping and Carousel.

ARTICLE 39 - INVALIDITY OF PART OF AGREEMENT

It is understood and agreed that, if any provision of this Agreement, or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision to other persons or circumstances, shall not be affected thereby, but shall separately and severally continue in full force and effect. With respect to any provision held invalid, the parties shall meet for the purpose of agreeing upon a substitute provision.

ARTICLE 40 - EXPIRATION AND RENEWAL


This Agreement shall be in effect from the 1st day of June 2002 to and including the 31st day of May, 2005 and shall continue from year to year thereafter, unless either party shall give written notice to the other party at least sixty (60) days prior to the expiration date of May 31, 2005, or at least sixty (60) days prior to any subsequent May 31st of any succeeding year of its desire to alter, amend, or terminate this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date heretofore set forth by their duly authorized representatives.

FOR THE EMPLOYER:

NBC MERCHANTS, INC.

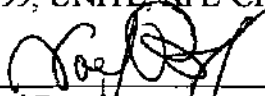
By:



Jeff Bruell,
AVP Distribution

FOR THE UNION:

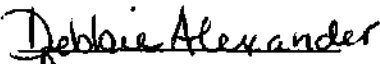



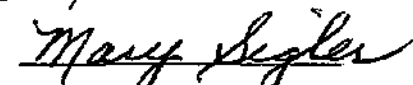

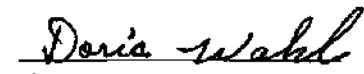
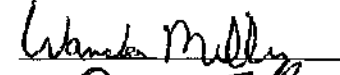
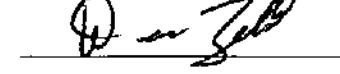
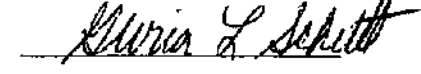
LOCAL 399, UNITE AFL-CIO

By:


Noel Beasley,
Midwest Regional Director


Pat Cronin
Central District Manager

Local 399 Bargaining Committee:

LETTER OF UNDERSTANDING

NBC MERCHANTS, INC. (the "Employer") and LOCAL 399, UNITE (the "Union"), parties to an agreement entered into on the 1st day of June 1999, mutually understand that as a result of negotiations:

1. Direct payroll deposit to a Bank, as designated by employees, will be made available to Evansville general warehouse workers who elect direct deposit; and
2. The Employer will attempt on a priority basis, to accommodate payroll deductions of state taxes for non-Indiana residents employed at the Evansville facility.
3. Direct payroll deposit to the Metropolitan Credit Union will be made available to Evansville warehouse workers who elect direct deposit.

ACCEPTED AND AGREED

By: Dated:
LOCAL 399, UNITE, AFL-CIO

| | |
|-------------------------|------------------------|
| <u>[Signature]</u> | <u>6-26-03</u> |
| <u>Nancy Smith</u> | <u>6-26-03</u> |
| <u>Debbie Alexander</u> | <u>6-26-03</u> |
| <u>Wanda Miller</u> | <u>Shirley Wilson</u> |
| <u>Mary Sigler</u> | <u>D. Jett</u> |
| <u>Doris Wahl</u> | <u>Glenn L. Schutt</u> |

By: Dated:
NBC MERCHANTS, INC.

| | |
|--------------------|----------------|
| <u>[Signature]</u> | <u>7/18/03</u> |
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SIDE LETTER OF AGREEMENT

This Side Letter of Agreement between NBC Merchants, Inc., for its Distribution Center in Evansville, Indiana (hereinafter referred to as the "Employer"), and the Midwest Regional Joint Board on behalf of itself and its affiliated Local No. 399 of the Union of Needletrades, Industrial and Textile Employees, AFL-CIO (hereinafter referred to as the "Union"), provides as follows:

Effective with the June 1, 2002, Agreement between the Employer and the Union, and for the term of said Agreement;

1. Employees will not be required to sign out for use of the restroom.

ACCEPTED AND AGREED
LOCAL 399, UNITE, AFL-CIO

By:

Date:

| | |
|-------------------------|-----------------------|
| <u>[Signature]</u> | <u>6-26-03</u> |
| <u>[Signature]</u> | <u>6-26-03</u> |
| <u>Nancy Smith</u> | <u>6/26/03</u> |
| <u>[Signature]</u> | <u>6-26-03</u> |
| <u>Debbie Alexander</u> | <u>Shirley Wilson</u> |
| <u>Mary Sigler</u> | <u>[Signature]</u> |
| <u>Doris Wahl</u> | |
| <u>Gloria Schutt</u> | |

NBC MERCHANTS, INC.

By:

Dated:

| | |
|--------------------|----------------|
| <u>[Signature]</u> | <u>7/18/03</u> |
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SIDE LETTER OF AGREEMENT

This Side Letter of Agreement between NBC Merchants, Inc., for its Distribution Center in Evansville, Indiana ("Employer"), and the Midwest Regional Joint Board on behalf of itself and its affiliated Local No. 399 of the Union of Needletrades, Industrial and Textile Employees, AFL-CIO ("Union"), provides as follows:

Effective with the June 1, 2002, Agreement between the Employer and the Union, and for the term of said Agreement;

TEMPORARY VACANCIES for Classified Positions Only (Bulk AC/Receiving/PEO/Receiving Clerk)

When it becomes necessary to fill a temporary vacancy, the following procedure will apply:

1. Upgrade on the shift by seniority.
2. Overtime will be used in conformance with overtime distribution section of this procedure.

In this procedure, upgrading on the shift by seniority means the most senior qualified employee who has not voluntarily stepped down from the classification within a period of at least twelve (12) months. If there are no employees on the shift without a voluntary step down, the junior qualified employee on the shift may be upgraded.

An employee who has voluntarily stepped down with respect to such vacancy will not be upgraded to fill a temporary vacancy unless he/she is the junior qualified employee on the shift.

OVERTIME DISTRIBUTION

Overtime shall be offered to employees by seniority in the following sequence:

1. For the purpose of this procedure this shall mean:
 - a. Within Department: Incumbents who are regularly performing the job will be given first preference for overtime.
 - b. Next, employees who are in the job as the result of filling a temporary vacancy will receive preference for overtime.
 - c. Next, the senior employee on the Temporary Vacancy List will receive preference for overtime.
 - d. Next by Area: The Big Department, if applicable.

- e. Facility Wide: All departments.
- 2. All current procedures with regard to posting, sign-ups, scheduling and notification of overtime remain in effect.
- 3. Notwithstanding language in this procedure to the contrary, all other provisions of the agreement relating to overtime shall apply.

TEMPORARY ASSIGNMENTS

Temporary assignments because of work requirements and/or temporary vacancies may be regarded as training opportunities whereby the Company may train employees who have signed up and been selected to fill temporary vacancies.

ACCEPTED AND AGREED

By: 
Local 399, UNITE, AFL-CIO

Dated 6/26/03

By: 
NBO MERCHANTS

Dated 7/18/03

SIDE LETTER OF AGREEMENT

This Side Letter of Agreement between NBC Merchants, Inc., for its Distribution Center in Evansville, Indiana ("Employer"), and the Midwest Regional Joint Board on behalf of itself and its affiliated Local No. 399 of the Union of Needletrades, Industrial and Textile Employees, AFL-CIO ("Union"), provides as follows:

Effective with the June 1, 2002, Agreement between the Employer and the Union, and for the term of said Agreement;

A signing bonus of \$125.00 will be paid to all employees on the payroll effective May 31, 2002.

ACCEPTED AND AGREED

By: *Paul P. ...*
Local 399, UNITE, AFL-CIO

Dated 6/26/07

By: *[Signature]*
NBC MERCHANTS

Dated 7/18/05

SIDE LETTER OF AGREEMENT

This Side Letter of Agreement between NBC Merchants, Inc., for its Distribution Center in Evansville, Indiana ("Employer"), and the Midwest Regional Joint Board on behalf of itself and its affiliated Local No. 399 of the Union of Needletrades, Industrial and Textile Employees, AFL-CIO ("Union"), provides as follows:

Effective with the June 1, 2002, Agreement between the Employer and the Union, and for the term of said Agreement;

TEMPORARY TRANSFERS

Effective immediately, as per our agreement, we will use seniority as the criteria to determine the employee(s) to transfer out of a department on a temporary basis.

1) Procedure

- a) If we move an employee from his/her home department to perform work that is located in another department, first we will ask for volunteers, then:
 - i) Give preference to the most senior volunteer.
 - ii) If there are no volunteers, use established procedure of assigning the most junior employee.
- b) Temporary and part-time employees will be transferred before full-time employees are transferred.

2) Exceptions

- a) If work is staged in an area that is not considered within the boundaries of a department, that work may be performed by employees who are randomly assigned. This work is considered an extension of the department.
- b) If an employee error is discovered and that work has been located to another department, we may assign the employee who made the error to repair the work. Otherwise, the temporary transfer language will apply.

3) Recall to Department

- a) Employees that volunteer to be transferred out of their permanent department will be the last called back to their department in inverse seniority order.

- b) Employees forced from their regular department will be the first called back in seniority order.

ACCEPTED AND AGREED

By: *Paul Casimir*
Local 399, UNITE, AFL-CIO

Dated 6/26/03

By: *[Signature]*
NBC MERCHANTS

Dated 7/18/03