

UNITED FOOD & COMMERCIAL WORKERS UNION, LOCAL 428

RITE AID CLERKS AGREEMENT

July 11, 2004 – July 11, 2007

THIS AGREEMENT, entered into this 11th day of July 2004, by and between **RITE AID CORPORATION**, referred to hereinafter as the "Employer", and **UNITED FOOD & COMMERCIAL WORKERS UNION, LOCAL 428**, chartered by the United Food & Commercial Workers International Union, referred to hereinafter as the "Union".

WITNESSETH

In consideration of the premises and of the respective promises, agreements and covenants of the above-mentioned parties hereto, they do hereby mutually agree as follows:

SECTION 1. RECOGNITION AND CONTRACT COVERAGE

- (a) **BARGAINING UNIT:** The Employer hereby recognizes the Union as the sole collective bargaining agency for an appropriate unit consisting of all employees working in the Employer's retail drug stores within the geographical jurisdiction of the Union covering Santa Clara County and Menlo Park, California.

It is recognized that work presently performed by members of the bargaining unit shall continue to be bargaining unit work. Furthermore, it is understood and agreed that operations and services not presently being performed or offered within a store that is covered by this Agreement shall not be considered bargaining unit work.

- (b) **DEMONSTRATING AND SUBLEASING:** It is agreed that the Employer and Union have a common interest in protecting work opportunities for all employees covered by this Agreement. It is further agreed that displaying, servicing, ordering and demonstrating of merchandise for sale can be handled at the Employer's discretion by non-bargaining unit salesmen or displaymen.

In no event shall any bargaining unit employee be laid off or reduced in hours as a result of work being performed by any salespersons or displaypersons.

Notwithstanding the foregoing, the parties hereto recognize the fact that certain present or future departments or operations on the Employer's premises are or may be operated by licensees, lessees, sublessees or concessionaires.

- c) **CLERK'S WORK:** It is agreed that the work covered by this Agreement is all work involving the handling or selling of merchandise, but excluding:
1. The work performed as provided for in Section 1(b).
 2. The work of any and all other employees expressly excluded from the provisions of this Agreement.
- (d) **LEASED DEPARTMENTS:** It is recognized by the Union that if the terms of the Employer's lease, license, contract or other arrangement obligate the lessee or other party, as the case may be, to pay the wages and observe the other terms of this Agreement, then the Union agrees that the sole and entire financial responsibility for meeting the costs of observance of this Agreement shall be upon said lessee or other party and not upon this Employer, and that it shall be and by these presents is hereby released from any and all financial liability in connection therewith.
- (e) **EXCLUSIONS:** The following employees are to be recognized as excluded from the terms and conditions of this Agreement:
1. None of the provisions of this Agreement shall apply to one (1) overall supervisory Store Manager and two (2) Assistant Managers, and said employees may be excluded from coverage under this Agreement. A fourth exclusion shall be permitted in stores with an annual sales volume in excess of 2.5 million dollars. An additional exclusion to the above shall be permitted in the twenty-four (24) hour stores.
 2. The Manager and/or Assistant Manager may or may not be a Pharmacist at the discretion of the Employer.
- (f) **OWNERS:** There shall be not more than two (2) Employers in any store or group of stores having common ownership. In partnerships, "Employer" as used in this Subsection means only bona fide partners who own an interest in the assets and in the profits of the partnership. In corporations, "Employer" as used in this Subsection means only two (2) officers of the corporation who own capital stock of the corporation. No more than two (2) shareholders of a corporation or more than two (2) bona fide partners shall be deemed or classified as an Employer within the meaning of this Agreement. Employers as thus defined may do such work as is necessary in the conduct of the business. All other persons performing work under the jurisdiction of the Union shall be members of the Union and shall be governed by the provisions of this Agreement.
- (g) **NEW OWNER:** This agreement shall be binding upon the successors and assigns of the parties hereto. In the event of a bona fide sale or transfer of any store covered by this Agreement during the period hereof, the new owner or such transferee shall be notified of

the obligation of this Agreement and be required to become a party hereto. In the event of a bona fide sale or transfer of twenty-five percent (25%) or more of the stores in Northern California within a period of three (3) months, the new owners or such transferee shall be notified of the obligation of this Agreement and be required to become a party hereto. In the event of a bona fide sale or transfer of less than twenty-five percent (25%) of the stores in Northern California within a period of three (3) months, the new owners or such transferee shall not be required to become a party hereto. The former owner shall be required to meet any and all monetary benefits that employees have accumulated under this Agreement.

- (h) **INDIVIDUAL AGREEMENTS:** The Employer agrees that no employee covered by this Agreement shall be compelled or allowed to enter into any individual contract or agreement with said Employer concerning wages, hours of work and/or working conditions that provide less benefits than the terms and provisions of this Agreement.
- (i) **UNION EMBLEM:** The Union agrees to issue Union Store Cards or Window Decals to the Employer under the rules governing Union Store Cards set forth by the United Food and Commercial Workers International Union. Such Union Store Cards and Decals are, and shall remain, the property of said United Food and Commercial Workers International Union; and the Employer agrees to surrender said Union Store Cards or Decals to an authorized representative of the Union on demand in the event of failure by the Employer to observe the terms of this Agreement or the conditions under which said Union Store Cards or Decals are issued.

SECTION 2. EMPLOYMENT AND UNION MEMBERSHIP

- (a) **UNION SHOP:** On and after thirty (30) days of employment, or the date of execution of this Agreement, whichever is later, each employee shall become and remain a member of the Union as a condition of employment; provided, however, that the Employer shall not be obligated to discharge any employee in violation of the National Labor Relations Act, as amended. Upon written notification from the Union that an employee has failed to make timely tender to the Union of initiation fees and/or periodic dues, the Employer agrees to terminate said employee on the eighth (8th) day from such notice unless the Union notifies the Employer in writing that the employee has complied with the provisions hereof.

If the Union discovers within thirty (30) days after the discharge of an employee that the discharge was in error, the Union shall so advise the Employer, provide the Employer with bona fide evidence that the termination demand was improper, and the Employer shall then reinstate the employee with full seniority on the first weekly schedule posted by the Employer after being so notified by the Union in writing.

The Union agrees to indemnify and hold the Employer harmless in any and all claims and/or causes of action which arise out of or are in any way connected with the Employer's compliance with this provision.

- (b) **NEW EMPLOYEES:** The Employer shall pay the said person so employed during the period said person is not a member of the Union at the regular wage provided for in this Agreement, and shall in all other respects require said person to work under and live up to all terms and conditions set forth in this Agreement, covering his/her employment.
- (c) **REPORTING:** The Employer shall notify the Union within fifteen (15) days, in writing, on forms supplied by the Union, as to the name, classification, rate of pay, and date of hire of all employees hired.

The Employer shall request new employees to report to the Union within forty-eight (48) hours (except Christmas Extras) from the time of employment to be advised of the terms and provisions of this Agreement and of his/her obligations hereunder, and to complete necessary applications, forms and papers for qualification under the Health and Welfare and Pension Plans provided by this Agreement, and present evidence to the Store Manager of having completed the above applications within ten (10) days.

- (d) **AGENCIES:** If the Employer obtains a new employee through a private employment agency, it shall pay the employment agency fee unless it had previously sought to obtain an employee through the Employment Development Department or through newspaper advertisement and was unable to obtain a satisfactory employee for the position from such sources.
- (e) **NONDISCRIMINATION:** The Employer shall not discriminate against any person in regard to hire, tenure of employment, or job status because of race, creed, religion, color, or national origin, nor shall age or sex, disability, under any circumstances, be a basis for rejection or termination of an otherwise qualified employee or applicant for employment.
- (f) **MANAGEMENT RIGHTS:** The Union recognizes that the Employer retains the exclusive right to operate and manage the business, to direct and control and schedule its operations and work force and to make any and all decisions affecting the business, whether or not specifically mentioned herein and whether or not heretofore exercised. All the functions, rights, powers and authority which the Employer has not specifically abridged, delegated or modified by this Agreement are recognized by the Union as being retained by the Employer and exercisable without prior notification to or consultation with the Union.

SECTION 3. DISCHARGES:

- (a) The Employer shall and hereby agrees not to discharge or discriminate against any employee for upholding Union principles which are not a violation of this Agreement, serving on a committee of the Union, or any organization affiliated therewith, and failing or refusing to purchase stocks, bonds, securities, or interest in any partnership, corporation or company.

- (b) **PROBATION:** There shall be a probationary period of sixty (60) days or 200 hours, whichever is longer, but in no event to exceed ninety (90) days, during which a new employee may be discharged without right of appeal except if such discharge is in violation of Section 2(e) or Section 3(a).
- (c) **WORK PERFORMANCE:** The Employer shall have the right to discharge any employee for just cause. Any grievance relating to discharges shall be filed and processed in accordance with Section 18 of this Agreement.
1. Employees who are discharged for incompetency or failure to perform work as required (including excessive absenteeism or excessive tardiness) shall first have had two (2) prior warnings in writing within twelve (12) months preceding the discharge for such incompetency or of related or similar failure to perform work as required, with a copy sent to the Union, and be given an opportunity to improve his/her work. Employees and Union Representatives will not be denied an opportunity to discuss warning notices with the Employer.

Employees shall be required to sign or initial such written warnings solely as an acknowledgment of the receipt thereof and such signature or initial shall not be construed as an admission of guilt or the validity of the contents thereof.
 2. Upon severance of employment of any employee, the Employer shall within seven (7) calendar days thereafter notify the Union of such resignation, layoff or discharge. If discharge is for cause, the Employer agrees to submit the reasons therefore to the Union in writing upon request.
- (d) **TERMINATION:** Regular employees who work on three (3) days per week or more shall be given three (3) working days' notice of layoff, or the equivalent pay. Employees who work on two (2) days per week shall be given two (2) working days' notice for layoff. In all cases, the day on which such notice is given shall not be counted unless the notice is given before the day's work begins. (A regular employee is a non-probationary employee.) The Employer shall notify the Union upon discharge of any employee within ninety-six (96) hours thereafter, excluding Saturday, Sunday and Holidays.
- (e) **RECORD:** Any employee who is terminated shall, upon request, be given a statement setting forth the date of hire and the number of hours worked during his/her employment.
- (f) **WAGES DUE:** If an Employer discharges an employee, or if an employee quits, after having given three (3) days' notice, the total wages earned are due and payable immediately. Termination vacation pay is due within seven (7) days of termination or resignation.

SECTION 4. SENIORITY

- (a) **DEFINITION AND APPLICATION:** Seniority as hereinafter defined shall apply to all employees after sixty (60) days from date of their employment. Seniority as used herein shall mean length of service. It is agreed that ability being reasonably equal, length of service shall determine the order in which employees' hours may be reduced or increased, or in which employees are laid off and rehired. The employee with the least length of service and ability shall be the first to suffer a reduction in hours, or be laid off, and shall have his/her hours increased, or shall be rehired in reverse order to that in which his/her hours were reduced, or he/she was laid off.

No new help shall be hired until all laid off employees have been given an opportunity to return to work. Seniority shall also apply in respect to the employee's preference concerning the scheduling of vacations.

It is agreed by the parties to establish mutually agreeable geographic seniority areas. In the event of an employee lay off, he/she may bump the least senior employee within the geographic seniority area or remain in the store where the employee was last employed prior to the lay off. There shall only be one "bump".

In the event of a reduction in hours, the affected employee may only exercise his/her seniority rights within the individual store.

- (b) When an employee is transferred into the area of one United Food & Commercial Workers Union's jurisdiction from another United Food & Commercial Workers Union's jurisdiction in California, the employee shall retain and accrue all seniority rights acquired with the Employer.-
- (c) **LISTS:** Upon written request by the Union, the Employer agrees to provide seniority lists of its employees semiannually.
- (d) **LOSS OF SENIORITY:** No employee shall break seniority unless he/she:
1. Is discharged.
 2. Quits.
 3. Is laid off for a minimum of six (6) consecutive months.
 4. Fails to return to work upon completion of a leave of absence.
 5. Fails to report for work when recalled within three (3) days after having been notified by the Employer by telegram or registered mail to so report.

- (e) **TRANSFERS:** No employee shall be required to accept a permanent transfer outside the jurisdiction of the Union nor shall he/she be penalized for failure to accept such transfer. Requests for transfers, within the Union's territorial jurisdiction, so an employee may work nearer his/her home will be given appropriate consideration, and will not be refused arbitrarily. Similarly, an employee will not be arbitrarily transferred to a store farther from his/her home.
- (f) **REQUEST FOR ADDITIONAL HOURS:** A part-time employee shall have the right to claim, within his/her own store, all part-time hours when such hours become available, up to eight (8) hours per day and forty (40) hours per week, for which he/she is available, based on seniority over other part-time employees, provided such part-time employee has the qualifications and ability to perform the duties of the position claimed.

After first having notified, in writing, the home store manager and the Union, a part-time employee shall also have the right to request additional available hours, up to forty (40) hours per week, at no more than three (3) other stores within the Union's jurisdiction. Said part-time employee shall notify, in writing, the manager of such stores of the request; and said manager shall endeavor to comply with such request on a seniority basis.

No new part-time or extra employees shall be hired until, or unless, said part-time employee has been afforded the opportunity to work such additional hours on a seniority basis as set forth above.

- (g) Where an employee is promoted to a job with a higher rate of pay and is unable to perform the duties thereof within six (6) months, such employee shall have the right to be restored to the former or an equivalent position without loss of seniority, and the right to such employment shall not be jeopardized by reason of such restoration.
- (h) The employer shall not be required to honor any request for additional available hours if the honoring of such a request would place the Employer in a position of violating the contract or having to pay overtime under Section 7.
- (i) **PART-TIME SCHEDULED HOURS:** More senior part-time employees shall not be scheduled fewer hours in a store than less senior part-time employees, who are qualified to perform the same work in the same store when availability is equal. Alleged violations of this paragraph must be grieved by the end of the first shift of the Friday following any Wednesday schedule posting or by the end of the first shift on the Monday following any Thursday or Friday schedule change or shall be forever waived. Reduction of hours of a less senior employee necessitated by scheduling of more hours to a senior employee shall not give rise to any schedule/pay grievance by a less senior employee.

SECTION 5. GENERAL PROVISIONS

- (a) **PAY PERIOD AND WAGE STATEMENT:** All employees shall be paid on a weekly or biweekly basis. The Employer shall designate a payday which will not be later than Friday

following the completion of the pay period and employees must be paid on that day. The Employer agrees to furnish each employee with a weekly or biweekly wage statement showing the name of the employee, period covered, current hourly wage rate, total amount of wages paid and all deductions made. An employee scheduled off on a payday shall be paid on his/her last scheduled working day before the payday, if checks are available.

- (b) **UNIFORMS:** Employees shall wear clothing suitable and proper in the reasonable judgment of the Employer for the type of work performed.

The Employer shall furnish all caps, uniforms, gowns, and/or aprons and pay for the laundering or cleaning of same, where the wearing of such uniforms is required by the Employer.

When drip-dry uniforms are provided by the Employer, the employees will be responsible for the maintenance of the uniforms.

The Employer will permit female employees to wear slacks or pant suits (not blue jeans) in accordance with reasonable and appropriate standards of attire for retail employees.

- (c) No salary rate herein provided for shall be considered or interpreted as meaning other than a minimum wage. No salary rate being paid to any employee, on or prior to the date of the signing of this Agreement, which is higher than the minimum herein established for the classification in which the employee works, shall be reduced by reason of the signing and execution of this Agreement.

- (d) **BONUSES AND COMMISSIONS:** The Union agrees that all bonuses and commissions paid to the employee shall not be considered as wages but are to be considered, for the purpose of this Agreement, as extra compensation over and above the minimum wage provided for in this Agreement and as such are not subject to negotiation during the term of this Agreement. The associate purchase discount is extra compensation and not subject to negotiation.

- (e) **TRAVEL TIME:** Whenever the employee is required by the Employer to change from one store to another during the same day, all time consumed by said employee, in going either to or from one store to another, shall be considered and paid for as part of his/her regular duties and shall be entitled to reimbursement for the following travel expenses:

1. Mileage allowance as determined by Company policy will be paid for the extra travel resulting from such assignment (or established bus or taxi fare if so designated by the Employer).
2. Allowance for board and lodging as determined by Company policy when required to stay away from home overnight.

3. Necessary out-of-pocket expenses such as bridge tolls and parking fees.
- (f) **TRAVEL ALLOWANCE:** Any employee using his/her automobile on the Employer's business shall be reimbursed as determined by Company policy.
 - (g) **PAYROLL DATA:** In case of a dispute over wages, the Union Representative shall, upon request, have the right to see the necessary payroll information relative to employees covered by this Agreement. The Union reserves the right to require, in such instances as it deems necessary, that wages of employees be paid through the office of the Union.
 - (h) **BOND:** Whenever the Employer requires the bonding of any employee or the carrying of any insurance for the indemnification of the Employer, the premium for the same shall be paid for by the Employer. Posting of cash bond by any employee shall not be required nor allowed, except through agreement between the Union and the Employer.
 - (i) **FLOOR COVERING:** Wood or suitable floor covering shall be provided on concrete floors in back of check stands or in places where employees are required to stand for long periods of time.
 - (j) **RETURNED CHECKS AND BREAKAGE:** No employee shall be held responsible for normal merchandise breakage or returned checks other than his/her own checks. Written instructions concerning the cashing or acceptance of checks shall be posted on or near the cash register. New employees shall be given formal notice of policy and instructions referred to above.
 - (k) **JANITORIAL RESTRICTIONS:** It shall be the policy of the Employer, with respect to janitorial work in restrooms, to have the employee who normally works in the stockroom be regularly assigned to janitorial work and do the so-called heavy cleaning or janitorial work in restrooms. Other employees are normally asked to do only light cleanup work in the restrooms on a basis of personal cleanliness.
 - (l) **JURY DUTY OR COURT APPEARANCES:** Employees required to perform jury duty or to appear in Court or the Police Department on behalf of their Employer shall receive their regular straight time pay during such jury duty or such appearances, less jury pay or witness fees received. An employee shall be eligible for jury duty pay to a maximum of ten (10) days only during the life of this Agreement.
Notwithstanding the provisions of Section 6(g), the Employer may reschedule an employee performing jury duty or making such appearances as referred to above, during store operation hours, so as to avoid or minimize payment of wages for such periods of jury duty or appearances, provided that such rescheduled hours, when combined with time spent for such services, does not exceed a total of eight (8) hours when in reasonable control of the Employer. Otherwise, the overtime rate of time and one-half (1-1/2) shall apply for all time

in excess of the combined total of eight (8) hours. The employee shall supply the Employer with verification of time spent and fees paid for jury duty services.

If an employee appears in Court or the Police Department on behalf of the Employer on his/her days off, he/she shall receive his/her basic straight time rate of pay for the time spent in making such appearance; but such time shall not be considered as part of the work week under the terms of this Agreement.

- (m) **REST PERIODS:** All employees shall receive a rest period of ten (10) minutes during every four (4) hours of work or major fraction thereof. The rest period shall be specified by the management and allowed to each employee and shall be arranged so as to be divided as equally as possible within the four (4) hour shift.
- (n) **JOB INJURY:** When an employee is injured on the job and reports for medical care and it is certified that he/she is unable to continue work, he/she shall be paid the basic straight time rate of pay for the hours not worked on the day of injury.
- (o) **CLAIM LIMIT:** No wage or other direct compensation claim, not involving interpretation of the Agreement, can require the Employer to pay such claim or any portion thereof retroactively for a period of more than six (6) months immediately prior to the date of the Employer's receipt of written notice from the Union of such claim.
- (p) **CONTRIBUTIONS:** All employee contributions to charity shall be voluntary.
- (q) **SAFETY RULES:** The Employer shall promote safe working conditions within each store and shall provide and maintain first aid supplies for the treatment of minor injuries.
- (r) **PHYSICAL EXAMINATIONS:** When required by law or requested by the Employer, the Employer shall pay charges for physical examinations of employees.
- (s) **SALES TRAINING:** When requested by the Employer, the Employer shall pay charges for sales training of employees.
- (t) **SHORTAGES:** No employee may be written up regarding register shortages, when management exercises its rights to open the register during the employee's work shift, unless the register is opened in the presence of the employee, and the employee is given the opportunity to verify all withdrawals and/or deposits, and unless he/she is given the privilege of checking the change and daily receipts upon starting and completing the work shift, and unless the employee has exclusive access to the cash register during the work shift.
- (u) **POLYGRAPHS:** The Employer shall not request nor require any applicant for employment or prospective employment, or any employee, to submit to or take a polygraph, lie detector or similar test, or examination as a condition of employment or continued employment.

- (v) **LIQUOR SALES:** No employee selling liquor will be required by supervisors to sell to customers without proper identification.

SECTION 6. HOURS AND WORK SCHEDULES

PREAMBLE: The industry recognizes the five (5) day, forty (40) hour week provisions except for layoffs and individual cutbacks due to lack of work, acts of God, or circumstances beyond the control of the Employer. Part-time jobs shall not be created for the purpose of destroying the eight (8) hour day or the forty (40) hour work week principle. This Section, however, does not impede the right of the Employer to use part-time help as needed.

- (a) **BASIC WORK WEEK:** Forty (40) hours, consisting of five (5) days of eight (8) hours each in a week, shall constitute a basic week's work. The current work week(s) shall remain. However, the Employer may, on a one-time basis, change the work week. The process of implementing the change in the work week shall not adversely impact any employee nor shall such change modify any guarantee in the Collective Bargaining Agreement. The Employer shall provide the Union at least two (2) weeks advance notice prior to making the change.
- (b) **STRAIGHT TIME WORKDAY:** Eight (8) hours worked within nine (9) consecutive hours, with one (1) uninterrupted hour off for a meal period, shall constitute a straight time day's work. The meal period shall be given not earlier than three (3) hours nor later than five (5) hours from the starting time of the employee's shift. However, by mutual agreement between the parties, less than one (1) hour may be established to meet business conditions, but in no event may less than one-half (1/2) hour be given.

Each employee shall be paid at the overtime rate for all the difference between the time he/she was sent to lunch and the commencement of his/her third hour of employment, and each employee shall be paid at the overtime rate for all the work performed in excess of five (5) consecutive hours from the commencement of his/her employment for the day without a meal period.

In accordance with state law, the Employer may schedule up to a six (6) hour shift without a lunch period. Any scheduled or extended shift that is more than five (5) hours up to and including a six (6) hour shift shall not be subject to the overtime rate and shall include two (2) unscheduled ten (10) minute breaks.

- (c) **HOLIDAY WORK WEEK:** Thirty-two (32) hours, consisting of four (4) eight (8) hour days, exclusive of the holiday, shall constitute a week's work in any week in which the holiday falls.
- (d) During the life of this Agreement, it is agreed that there shall be no restriction on employees working six (6) days of eight (8) hours each in any work week.

- (e) **FULL-TIME EMPLOYEES:** A full-time employee is one who works forty (40) or more hours per week. All full-time employees, when ordered to and do report for work, shall receive a full day's pay based on the established rate of pay for that day.
- (f) **PART-TIME EMPLOYEES:** A part-time employee is one who works less than forty (40) hours per week. When part-time employees are ordered to and do report for work, they shall receive at least four (4) hours' pay and must be paid immediately upon completion of the work for which they have been called, unless they are employed regularly on a part-time basis. The four (4) hour guarantee, hereinabove referred to, shall not apply to students where four (4) hour employment is prohibited by law; however, it is further agreed that students shall not replace non-student employees.

By mutual agreement, employees may report for and work a non-scheduled shift of a minimum of two (2) hours.

WEEKLY GUARANTEE: Excluding Store Helpers, the minimum scheduled hours will be sixteen (16) per week. The minimum weekly scheduled hours will be twenty-four (24) for those employees with two (2) or more years' seniority, unless operationally unfeasible. Unfeasible shall be defined as follows:

1. The employee is called in to cover an absence or illness of another bargaining unit employee or in an emergency.
2. The employee is unable to work the scheduled hours or declines to work the appropriate minimum scheduled hours per work week.
3. An employee working more than the appropriate minimum scheduled hours per work week declines or refuses to work additional hours when requested to do so.

(g) **WORK SCHEDULES:**

1. The Employer agrees to keep posted in each store a weekly schedule of the working hours for all employees. Such schedule shall be in ink and shall show the full or last name of each employee, employee's classification, starting time, meal time, quitting time, and days off. It is further agreed that any change in this schedule must be made, and the employee so notified, not later than Thursday noon of the week preceding the week in which the change is to become effective, emergencies excepted.

Such schedule shall be posted on the bulletin board or at a place where all employees and representatives of the Union may observe same. An employee shall be guaranteed pay for the specific days in a work week upon which he/she is scheduled to work, provided he/she is available for such work.

2. Employees, who work on the last shift during the period the store is open for business, shall be properly scheduled to serve customers and perform other miscellaneous duties in connection with the closing of the store.

- (h) **SHIFT INTERVAL:** The minimum lapse of time between the termination of the shift of an employee and the commencement of his/her next shift shall be ten (10) hours.

Except when an employee's schedule has been changed in accordance with Section 6(g) of this Agreement, any employee called in to work sooner than the ten (10) hours shall be paid time and one-half (1-1/2) the employee's straight time rate for all work performed up to the time said ten (10) hour period between shifts shall have elapsed.

- (i) **ROTATION OF SHIFTS:** Weekly shifts will be rotated so that early and late shifts, Sunday work and consecutive days off, shall be divided among employees alternately and equitably. Early and late shifts shall be scheduled and rotated on a weekly basis. Early shifts shall be defined as those shifts commencing on or prior to 10:00 A.M. Late shifts shall be defined as those shifts commencing at 12:00 noon or later.

HOLIDAY AND SUNDAY: Where the Employer is open for business on any of the holidays named herein, or on Sundays, the normal work force shall be given preference to work on said holidays or Sundays, based on seniority, and preference of shifts shall be given to senior employees, but no employee shall be required to work more than two (2) Sundays in any month; provided, however, the Employer shall be allowed to require a sufficient number of qualified employees to work on any Sunday or holiday to adequately staff the store by using inverse seniority.

- (j) **DAYS OFF:** Non-probationary employees with less than one year of seniority shall be provided two (2) consecutive days off at least once each calendar month.

All employees upon completion of one (1) year's service, shall be provided with two (2) consecutive days off, at least once each calendar month, on either a Friday-Saturday, Saturday-Sunday, Sunday-Monday. When scheduling employees as required above, the provision of Section 7(e) of this Agreement shall not apply.

- (k) **PAY FOR TIME WORKED:** Time off shall not be given to equalize time worked.

SECTION 7. OVERTIME AND PREMIUM PAY

- (a) The overtime rate of pay of one and one-half (1-1/2) times the employee's regular basic hourly rate of pay shall be paid for the following work:

1. Work in excess of eight (8) hours per day.
2. Work in excess of forty (40) hours per week.

3. Work on the sixth (6th) day in any week. This provision shall not apply when a part-time employee desires, in writing, additional work, including work on a sixth (6th) workday and the Employer accommodates said employee. If the Union becomes aware of abuse, it reserves the right to revoke the option at any location(s) after first covering the Steps in the grievance procedure in Section 18.
4. Work in excess of four (4) days, excluding the holiday, in a week in which there is a paid holiday named in Section 10. This provision shall not apply when a part-time employee desires, in writing, additional work, including work on a fifth (5th) workday and the Employer accommodates said employee.
5. Work on a full-time employee's scheduled day off unless the schedule is changed in accordance with Section 6(g) or by mutual agreement.
6. Work outside a full-time employee's normal schedule in accordance with Section 6(g).

(b) **SUNDAY PREMIUM RATE:**

1. All those former Thrifty employees hired prior to July 1, 1984, working on Sunday shall be paid One Dollar (\$1.00) per hour, in addition to their straight time hourly rate of pay. Those former Payless employees joining the bargaining unit on the date of ratification (**Monday, February 23, 1998**) who were hired before November 27, 1992 shall continue to receive their former Sunday premium rate.

(c) **NIGHT PREMIUM RATE:** All employees working between the hours of 7:00 P.M. and 7:00 A.M. shall receive twenty-five cents (\$.25) per hour in addition to their regular pay.

(d) **SEVENTH DAY WORKED:** In emergency cases when employees are required to work on the seventh (7th) day worked in a regular work week, they shall be paid at the rate of double (2 times) their straight time rate of pay.

(e) **CONSECUTIVE DAYS WORKED:** The rate for any employee who works in excess of seven (7) consecutive days without reference to the work weeks under Section 6(a) and (c), shall be one and one-half times (1-1/2) the employee's straight time hourly rate of pay (or such higher premium as may apply) until such time as the consecutive days worked are broken by a day or days off.

(f) **DISCIPLINE:** No employee shall be disciplined for refusing to work on his/her scheduled day off.

(g) **NON-PYRAMIDING:** The following are penalty rates: overtime rates, premium pay rates (night and Sunday), holiday rate. No penalty rate of any kind shall be pyramided or paid in

addition to any other penalty rates, and only the single highest penalty rate shall be paid for any given hour of work.

SECTION 8. SCHEDULE OF WAGES

SCHEDULE "C", which sets forth the job classifications, minimum rates of pay and effective dates, is incorporated herein as if set forth in full.

SECTION 9. CLASSIFICATION OF EMPLOYEES

Classification for employees shall be as follows: Journeyman Clerks, Apprentice Clerks and Store Helpers. Journeyman and Apprentice Clerks include all Non-Registered Personnel.

A Journeyman Clerk is one who has had 7800 or more hours prior industry experience.

An Apprentice Clerk is one who has had less than 7800 hours experience in the retail industry. Each store shall be entitled to one (1) Apprentice Clerk but not more than one (1) for every three (3) Journeyman Clerks. However, this position shall not apply when Journeyman Clerks are not available.

New hires will be credited with prior experience in accordance with the schedules in Schedule "C".

- (a) New hires, not previously employed by the Employer, who are entitled to prior experience credit, shall receive entry level wage rate during the first thirty (30) days of employment, and one bracket lower than their experience calls for during the next ninety (90) days of employment.
- (b) New hires previously employed by the Employer in any area of its Rite Aid Store operations shall receive full credit for prior experience with the Employer in the type of work to be performed.
- (c) Prior industry experience is defined as experience under UFCW Collective Bargaining Agreements, in the State of California, in the drug and discount industry, or general merchandise in the Food Agreement, during the ten (10) year period prior to employment under this Agreement. Full recognition shall be given for experience in the type of work to be performed under such Agreements during the most recent five (5) year period prior to the date of hire. Prior industry experience, which occurred in more than five (5) years but no more than ten (10) years prior to the date of hire, shall receive credit equal to two (2) brackets below that for which such experience calls. Only such experience stated on the employee's

application and confirmed by the Employer, or acceptable proof provided by the employee shall be credited.

- (d) **CHRISTMAS EXTRAS:** The Employer may hire additional employees as Christmas Extras from November 1st to January 15th of each year, provided that none of the usually scheduled employees are laid off who are able to perform the work being done by such Christmas Extras.

Christmas Extras shall not be subject to the following provisions of this Collective Bargaining Agreement: Sections 2, 3, 4, 5(l), 7, 10, 11, 12, 13, 14, and 15. However, if a Christmas Extra is employed on or after January 15th in any year, all of the provisions of this Collective Bargaining Agreement shall apply to him/her, except the Employer shall not be required to make any retroactive pension or health and welfare contributions on their behalf. The employer will be required to report retroactive hours worked to the Health & Welfare Trust Fund for the purpose of establishing initial eligibility.

- (e) **LIMITED CLERK:** Any employee whose earning capacity is limited because of a physical or mental handicap, or other infirmity, may be employed on suitable work at a wage agreeable to the Employer, employee and Union.
- (f) **PHARMACY CLERK:** Clerks hired on or prior to the ratification of the 1993-1997 (November 17, 1993) who are assigned to assist in clerical and pharmacy-related duties (including the running of the pharmacy register if it is in combination with clerical pharmacy duties) directly connected with the pharmacy, and under the supervision of the Pharmacist, shall receive twenty-five cents (\$.25) per hour premium over their current rate of pay when performing such duties. The regularly scheduled Pharmacist shall be consulted regarding the selection of the Pharmacy Clerk.
- (g) **PHARMACY TECHNICIANS:** Pharmacy Technicians shall be covered by and subject to all the provisions of this Agreement. Pharmacy Technicians shall also be covered by Schedule "D" attached hereto as if set forth in full.
- (h) **SHIFT SUPERVISORS:** A Shift Supervisor is defined as the person in charge of the store in the absence of a manager, or performing the job duties in stores where additional Shift Supervisors are needed.
- (i) Selection of Pharmacy Clerks, Shift Supervisors and Price Accuracy Coordinators shall be determined by giving factors such as seniority, qualifications, and intent to remain with the Employer full consideration.

No Pharmacy Clerk or Shift Supervisor shall be demoted from his/her position because of deficient performance without first having received a prior warning notice, in writing, with a copy to the Union specifying the deficiencies.

- (j) **PRICE ACCURACY COORDINATOR:** Effective the first full pay period in July 2001, clerks who are assigned the position of Price Accuracy Coordinator, by the Employer, shall receive twenty-five cents (\$.25) per hour above the minimum Clerk rates of pay. Effective the first full pay period in July 2002, Clerks who are assigned the position of Price Accuracy Coordinator, by the Employer, shall receive fifty cents (\$.50) per hour above the minimum Clerk rates of pay.

The determination of whether the Price Accuracy Coordinator position is utilized in any store at any time shall be at the sole discretion of the Employer. Nothing in this Agreement shall require the Employer to utilize this position; and the Employer may eliminate the position (and the corresponding premium pay) at any time in its sole discretion. It is understood that in stores where the Employer eliminates the Price Accuracy Coordinator position, qualified employees will be given consideration to fill open Shift Supervisor positions.

(k) **STORE HELPERS:**

1. The rate of pay for Store Helpers shall be \$.25 per hour above the applicable State/Federal minimum wage.
2. Store Helpers shall be subject to the Collective Bargaining Agreement while employed as Store Helpers, except as to duties and wages outlined in this Section. For U.F.C.W. Locals 839 and 1288, there may only be one (1) Store Helper employed on any shift.

Store Helpers will be covered by the Collective Bargaining Agreement, however, the Employer will not be required to make any Health and Welfare or Pension Contributions. One (1) Store Helper per store will not be required to pay initiation fees or dues.

3. The duties of a Store Helper shall be limited to the handling and sale of ice cream and incidental candy bars, chewing gum, and popcorn located at, or immediately adjacent to, the ice cream counter and stocking only of ice cream products situated within the self service display cases. In addition, the Store Helper may perform general cleaning of the immediate concourse of same. The Store Helper can perform any janitorial duties and face or straighten the store. Further, the Store Helper may collect shopping carts and assist customers to their cars with their purchases. These Clerks may also be required to wrap or bag. Any Store Helper assigned to other than the above duties shall be paid at the Journeyman Drug Clerk rate of pay for the entire shift during which the non-permitted work occurs.
4. Store Helpers shall wear a name tag which identifies them as such.
5. None of the other employees of a store shall have their hours reduced or be laid off by reason of the employment or continuation of employment of Store Helpers.

6. In the event a Store Helper wishes to be promoted to Regular Clerk, he/she shall make his/her request, in writing, to the Store Manager. The Store Manager may not arbitrarily refuse this request when an opening exists.
7. Regular ice cream dipping shall first be assigned to the least senior clerks in the store. Employees assigned to the job of ice cream dipper shall have the first opportunity, in accordance with seniority, to perform other clerk's work in the store. Senior clerks will be assigned to ice cream dipping only when business conditions require same.
8. In the event a Store Helper is promoted to a Drug Clerk, he/she shall be credited with all prior experience as a Store Helper not to exceed five hundred and twenty (520) hours.

SECTION 10. HOLIDAYS

- (a) Except as provided below, for store employees with six (6) or more months of service, the following days shall be observed as paid holidays:

New Year's Day	Thanksgiving Day
Memorial Day	Christmas Day
4th of July	Employee's Birthday
Labor Day	Employee's Anniversary Date of
One Personal Holiday	Employment

Christmas Day and New Year's Day shall be celebrated on December 25th and January 1st, respectively. If any of the other holidays fall on a Sunday, such holiday shall be observed on the following Monday.

The following shall apply to all employees who became covered by the terms and conditions of the agreement on, or after February 23, 1998:

- ~~A.~~ Employees working one thousand seven hundred (1,700) hours in an anniversary year shall be paid for holidays as set forth above.
- ~~B.~~ Employees working less than one thousand seven hundred (1,700) hours in an anniversary year shall be eligible for the six (6) fixed holidays as set forth above plus one (1) Personal Holiday.

- (b) **EMPLOYEE'S BIRTHDAY, ANNIVERSARY DATE OF EMPLOYMENT AND PERSONAL HOLIDAY:** Each employee shall receive pay for holiday as if worked. Any non-dated holidays which an employee is eligible, will be paid to the employee after one year if not taken. The time paid will not be considered as time worked for overtime purposes.

1. **Birthday Holiday and Anniversary Date of Employment:** Such Birthday Holiday or Anniversary Date shall be enjoyed by the employee on the actual day of his/her

Birthday or Anniversary Date or another day mutually agreeable to the employee and the Employer during the week preceding, the week of, or the week following the actual week of the employee's Birthday or Anniversary Date. Each employee shall give his/her Employer notice of the day he/she wishes to observe his/her Birthday or Anniversary Date at least two (2) weeks prior to the week in which the Birthday or Anniversary Date occurs.

If an Employee's Birthday or Anniversary Date falls on a day which is otherwise considered as a holiday, he/she shall receive an additional day off for the Birthday or Anniversary Date in addition to the holiday on which it falls.

2. **Personal Holiday:** An employee requesting a given workday date as the Personal Holiday must do so at least two (2) weeks in advance. The Employer shall not arbitrarily withhold the granting of such request. The Employer will grant such holiday time off with pay to the senior requesting employee(s). Personal Holiday dates, once granted for the year, shall not be changed.

Personal Holidays are expected to be scheduled and taken. In cases where an employee has scheduled his/her Personal Holiday, the Employer may only cancel such holiday in case of a bona fide emergency. If canceled, the employee shall receive holiday pay in accordance with the provisions of paragraph 10(g).

3. The Employer agrees that no employee will be denied a Birthday, Anniversary or Personal Holiday to which he/she would otherwise be entitled as a result of the employee's failure to request such a holiday in advance. Rather, employees who fail to request the Birthday, Anniversary or Personal Holiday in advance shall be entitled to another mutually agreeable day off with pay within thirty (30) days of the request. The Employer will make every effort to inform employees of their entitlement to the above named holidays.
- (c) **HOLIDAY WEEK:** No deduction shall be made in the weekly pay of any employee by reason of any of the paid holidays specified in this Section, provided that the employee has reported for work on his/her scheduled working day immediately preceding and his/her scheduled working day immediately following the holiday, except when permission to be absent has been granted by the Employer or when the absence is due to a bona fide illness or injury of the employee. It is understood that in order to qualify for holiday pay, an employee must work at least one (1) workday during the week in which the holiday falls.
- (d) Any employee who is required to work on any of the above holidays shall be paid at the rate set forth in this Section and shall not suffer a reduction in the total number of days or hours currently worked in a normal week.

- (e) In the event that a holiday falls on an employee's regularly scheduled day off, the employee shall be granted an additional day off with full pay, provided he/she has otherwise qualified for holiday pay.
- (f) Any employee normally scheduled to work five (5) days who is temporarily rescheduled to work on a holiday shall be permitted to work his/her normal number of working days.
- (g) **HOLIDAY PREMIUM RATE:** In the event that an employee shall be obligated to work on any of the holidays designated in this Agreement, he/she shall be paid at the rate of one and one-half (1-1/2) times his/her straight time rate of pay for all hours worked on the holiday, in addition to their holiday pay to which they are entitled when not working on the holiday.

Probationary employees and store employees with less than six (6) months of service shall receive time and one-half (1-1/2) for all hours worked on holidays named in Section 10(a).

- (h) **PART-TIME EMPLOYEES:** Holiday pay for the employees who work less than forty (40) hours shall be based on twenty percent (20%) of the employee's average hours worked per week in the six (6) weeks immediately preceding the holiday or the number of weeks worked if less than six (6), except that in computing pay for the New Year's Holiday, the same period of time used in computing pay for the Christmas Holiday shall be used. For those part-time employees who work less than forty (40) hours per week and are eligible for the Employee's Birthday, Anniversary Date of Employment and Personal Holiday, the amount of holiday pay they receive shall be based on twenty (20%) of the employee's average hours worked per week in the fifty-two (52) weeks from anniversary date to anniversary date.
- (i) Employees (other than Christmas Extras) who are laid off the day before a holiday will receive pay for that holiday.
- (j) **HOLIDAY EVE:** All former Thrifty employees hired prior to February 23, 1998 who work after 7:00 PM on Christmas Eve shall be paid time and one-half (1-1/2) their straight time hourly rate for all hours worked after 7:00 PM.
- (k) **GOOD FRIDAY:** No employee will be refused time off between the hours of 12:00 Noon and 3:00 P.M. on Good Friday for the purpose of attending religious services.

SECTION 11. VACATIONS

- (a) Except as provided below, all employees who have been in the service of the Employer for one (1) year shall receive one (1) week's vacation with pay. Such employees who have been in the service of the Employer for two (2) years or more shall receive two (2) weeks' vacation annually with pay. Such employees who have been in the service of the Employer for five (5) years or more shall receive three (3) weeks' vacation annually with pay. Such employees who have been in the service of the Employer for fifteen (15) years or more shall receive four

(4) weeks' vacation annually with pay. Such employees who have been in the service of the Employer for twenty (20) years or more shall receive five (5) weeks' vacation annually with pay.

A. The following shall be applicable to all employees who became covered by this Agreement on, or after February 23, 1998 provided they are working less than one thousand seven hundred (1,700) hours but at least nine hundred fifty (950) hours in an anniversary year:

<u>Weeks of Vacation</u>	<u>Years of Employment</u>
1	1
2	2
3	8
4	18

B. Those part-time former Payless employees hired prior to February 1, 1997 shall continue to be grandfathered under the former Thrifty-Payless vacation schedule.

CONTINUITY: All loss from employment because of reasonable absence from work through sickness or other emergencies, or temporary layoff, not exceeding thirty (30) calendar days, shall be considered as time worked for the purpose of determining the length of employment.

Absence from work due to illness, accident, leave of absence or sick leave shall not be considered as part of a vacation.

(b) **COMPUTING VACATION PAY:** Employees shall receive vacation pay in accordance with the following computation:

Full-time employees absent from work up to seven (7) weeks or two hundred eighty (280) straight time hours within the period of fifty-two (52) consecutive weeks, immediately preceding the employee's anniversary date, due to sickness, injury or temporary layoff, or other bona fide emergencies, shall be considered as time worked for the purpose of determining eligibility for full vacation pay. In the event that an employee is absent from work in excess of seven (7) weeks, as set forth above, whatever vacation pay the employee is entitled to shall be prorated according to the ratio that the straight time hours actually worked bear to 2,080 hours. Hours worked shall include paid holidays, paid vacations and paid jury duty. The payment of vacation pay shall be based on the straight time hourly rate of pay at the time the employee takes the vacation.

Part-time employees shall be entitled to vacation pay on each anniversary date of their employment, prorated on the basis of the average straight time hours worked during the preceding year, according to the vacation formula set forth in this Section.

Said vacation pay shall be based on the straight time hourly rate in effect at the time the employee takes the vacation.

- (c) **TERMINATION VACATION PAY:** Any employee who resigns or who is released, regardless of reason, shall be paid any vacation pay earned but not taken at the time of his/her removal from the payroll. After the first six (6) months of employment, such employee is entitled to a prorated vacation allowance for the period since his/her last anniversary date of his/her date of hire, whichever is more recent, computed in accordance with this Section.

Any employee discharged for proven or admitted dishonesty shall forfeit his/her vacation pay. The Union may invoke the grievance procedure when the Employer is not equitable in its application of this forfeiture.

- (d) It is agreed that if a holiday or holidays named under Section 10 of this Agreement falls within the vacation week of an employee, one (1) additional day shall be added to the vacation period with full pay for each holiday therein.
- (e) **PERIOD:** Vacation periods shall be granted between February 1 and November 1 of each year, or at other times if mutually agreeable to the Employer and employees affected. The vacation schedule will be agreed upon prior to February 1st, but in all cases, at least thirty (30) days' notice of the date of vacation shall be given each employee.
- (f) **VACATION SENIORITY:** The Employer shall compile a list of employees entitled to a vacation, such list to be in the order of the employee's seniority, and it shall be circulated among the employees in order, for the purpose of choosing vacation time. Insofar as possible and practicable, preference of vacation time shall be given in accordance with seniority. Each employee shall be entitled to his/her vacation pay prior to leaving for his/her paid vacation. If the employee is scheduled by the Store Manager to take time off prior to his/her anniversary date, then that time and the additional amount will be paid at the time of the anniversary date.
- (g) **TRANSFERS OR NEW STORES:** Employers selling or transferring a store shall comply with the terms of this Agreement by paying pro rata vacation at the time of such sale or transfer. An employer who takes over or purchases a store, who is or becomes signatory to this Agreement, shall assume the obligations of full vacation seniority of each employee in the store whom it retains in the application of such vacation pay as may become due the employee under the terms of this Agreement. Employees transferred from a store outside the jurisdictional area covered by this Agreement to another store of the same Employer within the area covered by this Agreement, shall retain their length of service seniority status for the purposes of vacation benefits specified in this Agreement.

SECTION 12. LEAVES OF ABSENCE

- (a) **UNION BUSINESS:** Employees shall be allowed time off without pay for the purpose of attending Agreement negotiations, Adjustment or Arbitration Board hearings, or for other bona fide Union business, such as attendance at Stewards meetings. In all such instances, the Employer shall be notified not less than two (2) weeks in advance of such absence, and the number of employees requesting such absences shall be so limited by the Union that it will not interfere unreasonably with the operation of the Employer's business. The Company will allow one day off per year with pay for attendance at a Stewards meeting, provided that this provision shall be limited to one Steward per every two (2) stores in the bargaining unit.
- (b) **OTHER LEAVES:** An employee shall be granted a leave of absence for any reasonable cause without loss of seniority. Approval of such leave shall not be arbitrarily withheld by the Employer. Leaves so granted need not exceed:
1. After six (6) months of employment, thirty (30) days for personal reasons;
 2. After six (6) months of employment, six (6) months for illness or injury;
 3. After sixty (60) days of employment, fifteen (15) months for industrial injury;
 4. An employee in good standing with the Employer, whose acceptance of employment with the Union takes him from his employment with the Employer, shall, upon written request to the Employer by the Union, receive a leave of absence for the period of his service with the Union, of not less than thirty (30) days nor more than six (6) months. A Union's request for such a leave of absence, and for the return of an employee to work at the conclusion of such a leave, shall each be served upon the involved Employer, in writing, a minimum of two (2) calendar weeks immediately preceding the date of the proposed commencement of the requested leave and the proposed return to work respectively. Not more than one employee shall be given such leave of absence during the term of this Agreement, nor shall such a leave of absence be granted the employee, who, at the time of his request for such leave of absence, is on a leave of absence from the Employer for any other reason. Upon his return, he shall be re-employed at work similar to that in which he was engaged immediately prior to this leave of absence. During the period of the authorized leave of absence, the Union shall be obligated to make Trust Fund contributions on behalf of the involved employee. An employee granted a Union business leave shall not engage in any Union activity involving his or her Employer.
 5. Extensions of the above leaves shall not be withheld arbitrarily by the Employer.
- (c) At the end of any period of such leave of absence, an employee shall be restored to employment with the Employer, with full seniority, to a position comparable to the one held immediately prior to such leave of absence. In restoring the employee to employment with

full seniority, no employee who has actually worked a longer period of time for the Employer than the absentee has worked shall be replaced, except as otherwise provided for in Subsection (g) hereof.

- (d) **PREGNANCY:** The Employer agrees to grant leaves of absence for pregnancy in accordance with Federal and State statutes.
- (e) **FUNERAL AND BEREAVEMENT LEAVE:** If a death occurs in the immediate family of an employee, the employee shall be entitled to three (3) consecutive days of funeral leave. If scheduled during this period the employee shall be entitled to all hours scheduled and lost during this seventy-two (72) hour period up to a maximum of twenty-four (24) hours' pay at his/her straight time rate of pay. Immediate family is defined as employee's spouse, child, mother, father, sister, brother, mother-in-law, father-in-law, grandparents, grandchildren, brother-in-law and sister-in-law.

The employee shall be entitled to two (2) days of paid funeral and bereavement leave if the death of a step parent or step child occurs.

- (f) It is agreed that in the event the Employer has a policy for leaves of absence which is more favorable to the employee than contained herein, said policy shall continue.
- (g) **MILITARY SERVICE:** The Employer agrees to comply with current Federal Laws relating to the discharged servicemen and women, including, but not limited to, their reemployment rights.
- (h) **AMERICANS DISABILITY ACT AND FAMILY MEDICAL LEAVE ACT:** The parties agree to comply with all State and Federal Regulations.

SECTION 13. HEALTH & WELFARE, DENTAL AND SICK LEAVE

A.1 EMPLOYER ACCEPTANCE: The Employer agrees to accept and be bound fully by the terms of that certain Declaration of Trust dated September 4, 1987, providing for the UFCW Northern California and Drug Employers Health and Welfare Trust Fund as the same may be applicable to the Welfare Plan therein provided for, and any amendments thereto. The Employer hereby acknowledges receipt of a copy of said Declaration of Trust.

A.2 CONTRIBUTIONS:

The parties agree to the following contribution schedule:

Effective with October 2004 hours payable in November 2004 the employer agrees to increase contributions for Platinum hours up to \$3.48 per hour and contributions for Gold hours up to \$2.61 per hour.

Effective with July 2005 hours payable in August 2005 the employer agrees to increase contributions for Platinum hours up to \$3.70 per hour and contributions for Gold hours up to \$2.775 per hour. It is further agreed that if no increase is implemented in July 2005 the contribution rate can increase at anytime during this contribution year, based on Board action, so long as the rate does not increase beyond the amount specified above and there shall be no retroactivity to the contribution rates.

Effective with July 2006 hours payable in August 2006 the employer agrees to increase contributions for Platinum hours up to \$3.93 per hour and contributions for Gold hours up to \$2.945 per hour. It is further agreed that if no increase is implemented in July 2006, the contribution rate can increase at anytime during this contribution year, based on Board action, so long as the rate does not increase beyond the amount specified above and there shall be no retroactivity to the contribution rates.

Such contributions shall be made on the same basis as under the previous collective bargaining agreement except as modified above.

The parties are directed to instruct the Board of Trustees to develop, implement and maintain a schedule of benefits and plan design, including a prudent operating reserve that can be supported by the applicable hourly contribution rate(s).

A.3 RETIREE BENEFITS:

A.3.1 ELIGIBILITY: All retired employees who earned their pension credits in the area of the Collective Bargaining Agreements and who draw benefits from the Northern California Food Industry Pension Fund or the Northern California Pharmacists, Clerks, and Drug Employers Pension Fund or the Retail Clerks Specialty Stores Pension Fund and their surviving spouses and dependent

children are eligible and entitled to such health and welfare benefits as the Trustees of the Valley Clerks and Drug Employers Health and Welfare Trust Fund may determine.

A.3.2 BENEFITS NOT VESTED: The collective bargaining parties recognize that retiree health and welfare benefits are not vested benefits. Pursuant to this Agreement, the Employer's sole and only obligation is to contribute, during the term of this Agreement, the specific contributions required under this Agreement. Despite the adoption of a plan of benefits that currently may be available to Plan participants, the Employer's liability for any and all health and

welfare benefits, including retiree health and welfare benefits, shall be limited to the contribution specified in and for the period of this Agreement. The parties authorize and direct the Trustees of the Health and Welfare Plan to take the necessary action to assure compliance with the terms of this paragraph.

- A.4 LIQUIDATED DAMAGES:** The parties recognize and acknowledge that the regular and prompt payment of Employer contributions to the Fund is essential to the maintenance of the Health and Welfare Plan, and inasmuch as beneficiaries under the Plan are entitled to benefits for the period of time that they may have worked while covered by the Plan, even though contributions have not been paid on their behalf by their Employer, that it would be extremely difficult, if not impractical, to fix the actual expense and damages to the Fund and to the Plan which would result from the failure of an individual Employer to pay such monthly contributions in full within the time provided; therefore, the amount of damage to the Fund and the Health and Welfare Plan resulting from any such failure shall be presumed to be the sum of twenty dollars (\$20.00) per delinquency, or ten percent (10%) of the amount of the contribution or contributions due, whichever is the greater, not to exceed the sum of one hundred dollars (\$100.00) per delinquency, which amount shall become due and payable to the Fund as liquidated damages and not as a penalty, upon the day immediately following the date upon which the contributions become delinquent, and shall be in addition to said delinquent contribution or contributions.
- A.5 NATIONAL HEALTH INSURANCE LEGISLATION:** In the event of passage of National or State Health Care legislation, the parties agree to open up the contract for the purpose of renegotiating the Health and Welfare benefits and Employer contribution amounts.
- A.6 WORKERS' COMPENSATION-MEDICAL BENEFITS:** It is agreed by the parties that, if mutually agreeable, this Agreement may be opened during its term for the purpose of integrating medical benefits under Workers' Compensation into the Health and Welfare Trust Plan.

SECTION 14. PENSION

Pension benefits and contributions shall be in accordance with SCHEDULE "A" of this Agreement which is incorporated herein as if set forth in full.

SECTION 15. STORE MEETINGS

- (a) STORE MEETINGS/COMPANY MEETINGS:** No store and/or Company meetings shall be held as to conflict with the regular meetings of the Union, and upon three (3) days' notice to the Employer of a special meeting, the Employer agrees to hold no store meetings in conflict therewith. Employees shall not be required to attend store meetings on their

scheduled days off. Actual time spent at store meetings shall be considered as time worked and paid for in accordance with this Agreement, but shall not constitute hours worked with respect to overtime or any other premium pay and report-in pay provisions. Should the Employer have more than one (1) store meeting per quarter all time spent at the store meetings in excess of the one (1) per quarter shall be considered as time worked and paid for in accordance with this Agreement, including all premiums, overtime and report-in pay.

- (b) **Company Meetings:** Attendance at Company meetings (as distinguished from Store meetings) shall not be required, but shall be completely voluntary on the part of the employee.

SECTION 16. VISITS TO STORES

- (a) It is agreed by both parties hereto that the Union Representatives, or any other person designated by the Union for such purpose, shall have the right and shall be allowed by the Employer to visit any and all stores for the purpose of observing working conditions, making inquiries from employees concerning working conditions, complaints of members of the Union, and/or any violations of this Agreement. The Union agrees there will be no unnecessary visits or interference with the proper performance of the work of employees covered by this Agreement.
- (b) The Employer shall provide a bulletin board conveniently located for the posting of notices of official business of the Union.

SECTION 17. STRIKE OR LOCKOUT

- (a) Refusal of any employee covered by the terms of this Agreement to pass through any picket line which has been sanctioned by the Central Labor Council of proper jurisdiction shall not constitute a violation of this Agreement.
- (b) The Union agrees not to engage in any strikes or stoppage of work during the term of this Agreement, and the Employer agrees not to engage in any lockout during the term of this Agreement.

SECTION 18. GRIEVANCES, ADJUSTMENT AND ARBITRATION

- (a) In the event a dispute arises concerning the application or interpretation of the provisions of this Agreement between the Employer and the Union, the nature of the dispute shall be submitted to the Union or the Employer, respectively, in writing, within ten (10) days of knowledge of the occurrence. Grievances relating to discharges shall be filed, in writing,

within ten (10) days after receipt by the Union of notice from the Employer, in writing, of said discharge. Thereafter the Union and the Employer shall each designate two (2) representatives to meet as a Board of Adjustment to settle the controversy within ten (10) days. After the Board of Adjustment meeting, either party has twenty (20) days in which to give written notice to the other party of their desire to arbitrate said issue. The time limits may be extended, in writing, by mutual agreement of the parties.

- (b) **ARBITRATION:** Upon receipt of said demand for arbitration, the parties shall, within seven (7) days after receipt of said demand, confer and select an arbitrator from a list of seven (7) persons previously mutually agreed upon by the parties as being acceptable to resolve disputes under this Agreement. As for the selection of the arbitrator for a specific dispute, the parties shall select said individual by alternately striking names from the list until the last name remains. Either party may move to modify the panel after one (1) year.

The decision of the Board of Adjustment or of the arbitrator shall be final and binding upon the employee, the Union and the Employer involved, and they expressly agree to be bound by the decision. The arbitrator shall have no power to add to, subtract, change or modify any provisions of this Agreement, but shall be authorized only to interpret the existing provisions of the Agreement as they apply to the specific facts of the issue in dispute.

- (c) With the exception of arbitrations involving suspension and/or discharge, the expenses of the arbitration shall be borne equally by the Employer and the Union. All jointly incurred expenses (i.e. transcripts, reporter's cost, arbitrator's fees, room rental) of arbitrations involving suspension and/or discharge shall be borne by the loser. Unless the grievance which has been submitted to the arbitration is totally sustained or denied, it shall be deemed split and the jointly incurred expenses shall be borne equally between the Employer and the Union.

(d) **MEDIATION:**

1. Within fifteen (15) calendar days following the Board of Adjustment, either party may request that the dispute be submitted to mediation. Mediation shall be voluntary by both the Employer and the Union and the objections to mediation must be made in writing within seven (7) calendar days following receipt of the above request.
2. The adjustment and arbitration provisions shall be stayed for not more than eighty (80) days pending mediation.
3. Mediation shall take place on the first Tuesday after the first Monday of every odd-numbered month (January, March, etc.). Subsequent days for mediation will be scheduled, if necessary.

4. Mediation shall continue for a trial period of not less than six (6) months. Following this six (6) month period, and upon thirty (30) days written notice, either party may cancel this mediation provision.
5. The following two (2) individuals will be scheduled to mediate the disputes on a rotating basis:
 - a. _____
 - b. _____

In September of each year, the parties will meet and mutually agree upon a new list of mediators which may include either or both of the individuals currently on the panel.

6. The procedures set forth in 18(e) of this Agreement shall be the rules for the parties and the mediator.
7. All cost of the mediator shall be borne equally by the Employer and the Union.
8. If the parties agree to be bound by the mediator's recommendation, the decision shall be codified and signed by the Employer and the Union.
9. Any matter not resolved pursuant to this provision may be submitted to arbitration within fifteen (15) days following the mediation. Failure to adhere to this fifteen (15) day time limit will waive any right to arbitration.

(e) **CLARIFICATION OF MEDIATION PROCEDURE:** The mediation procedure is entirely informal in nature. The relevant facts should be elicited in a narrative fashion, to the extent possible, rather than through examination and cross-examination of witnesses. The rules of evidence will not apply and no record of the proceedings will be made. All persons involved in the events giving rise to the grievance should be encouraged to participate fully in the proceedings, both by stating their views and by asking questions of the other participants at the mediation hearing.

The primary effort of the mediator should be to assist the parties in settling the grievance in a mutually satisfactory fashion. In attempting to achieve a settlement, the mediator is free to use all of the techniques customarily associated with mediation, including private conferences with only one party. If settlement is not possible, the mediator should provide the parties with an immediate opinion, based on the Collective Bargaining Agreement, as to how the grievance would be decided if it went to arbitration. That opinion would not be final and binding, but would be advisory. It would be delivered orally and would be accompanied by a statement of the reasons for the mediator's opinion. The advisory opinion could be used as the basis for further settlement discussion or for withdrawal or granting of the grievance. If the

grievance is not settled, granted or withdrawn, the parties are free to arbitrate. If they do, the mediator could not serve as arbitrator, and nothing said or done by the parties or the mediator during mediation could be used against a party during arbitration.

Neither attorneys nor court reporters or any other type of note-taker shall be allowed to be present at the proceedings.

Disciplinary cases (suspensions and/or terminations) shall be heard by the mediator first.

SECTION 19. SEPARABILITY CLAUSE

The provisions of this Agreement are deemed to be separable to the extent that if and when a court of last resort adjudges any provisions of this Agreement in its application between the Union and the undersigned Employer to be in conflict with any law, such decisions shall not affect the validity of the remaining provisions of this Agreement, but such remaining provisions shall continue in full force and effect; provided, further, that in the event any provision or provisions are so declared to be in conflict with a law, both parties shall meet immediately for the purpose of renegotiation and agreement on provision or provisions so invalidated.

SECTION 20. ENTIRE AGREEMENT

Unless otherwise provided for in writing between the parties, this Agreement constitutes the sole and entire existing agreement between the parties and supersedes all prior agreements, commitments and practices, whether oral or written, between the Employer and the Union, or the Employer and any of the covered employees, except as incorporated herein in writing, and expresses all contractual obligations of any restrictions imposed on the Employer and the Union. Section headings are descriptive only and shall not be used to add to, detract from, or interpret in any manner the meaning of any provision of this Agreement.

SECTION 21. TERM OF AGREEMENT

- (a)** The term of this Agreement shall be from July 11, 2004 to and including July 11, 2007 and shall be considered as renewed from year to year thereafter unless either party hereto gives written notice to the other of its desire to have the same modified or terminated. Such notice shall be given at least sixty (60) days prior to the expiration date of this Agreement, during which period negotiations for a new Agreement shall be conducted.
- (b)** If after opening, as provided herein, the parties fail to reach an agreement within the period so provided, or during the period of any mutually agreed extension of the existing Agreement, then the parties shall be free to exercise their right to strike or lockout.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first hereinabove written.

**FOR THE EMPLOYER:
RITE AID CORPORATION**

**FOR THE UNION:
UNITED FOOD & COMMERCIAL
WORKERS UNION - LOCAL 428**

Brad Sapp, Director of Labor Relations

Ronald J. Lind, President

Date: _____

Date: _____

SCHEDULE "A"

PENSION PLAN

PREAMBLE: Effective January 1, 1988, the Northern California Registered Pharmacists Pension Fund ("Registered Pharmacists Plan") was merged into the Northern California Pharmacists, Clerks and Drug Employers Pension Fund ("Drug Plan"). For purposes of this Appendix B, where the term "Pension Plan" is used, it shall refer to the Drug Plan after January 1, 1988, and both the Drug Plan and the Registered Pharmacists Plan prior to that date.

B.1 EMPLOYER ACCEPTANCE:

- B.1.1 ACCEPTANCE OF TRUST AGREEMENT:** The Employer agrees to accept and be bound fully by the terms of the Pension Plan's Trust Agreement as the same may be applicable to the benefits hereinafter specifically provided, and any amendments thereto. The Employer specifically acknowledges that it is aware of the requirements of Article III of the Trust Agreement which sets forth the consequences of delinquencies and the Employer specifically agrees to be bound by any expedited dispute resolution procedure adopted by the Trustees pursuant to the provisions of the Trust Agreement.
- B.1.2 ACCEPTANCE OF PLAN:** The Employer also agrees to accept and be bound fully by the Pension Plan and its rules and regulations established from time to time by the Trustees under said Trust Agreement.
- B.1.3 TRUSTEES RIGHT TO AMEND:** The Employer and the Union, on behalf of all employees, hereby specifically recognize and acknowledge the right of the Plan's Trustees to amend the Pension Plan, the Pension Plan's Trust Agreement, and the Pension Plan's current rules and regulations, including the provisions on eligibility for benefits.

B.2 EMPLOYER CONTRIBUTIONS:

- B.2.1 SUSPENSION OF CONTRIBUTIONS:** The Employer will be provided a two (2) year suspension of actual payment of required contributions to the Northern California Pharmacists, Clerks and Drug Employers Pension Fund beginning with the effective date of this Agreement. In the third (3rd) year of this Agreement, the Employer will be provided a suspension of actual payment of required contributions unless the Fund's actuary determines that the Fund will have a minimum funding requirement under federal law (including ERISA and the Internal Revenue Code). In this instance, the Employer will contribute an amount equal to the minimum funding amount required by federal law as determined by the Fund's actuary, but so long as permitted by federal law, no more than the following current contractual rates:

Clerks covered by this Agreement -- \$0.555 per hour
Pharmacists covered by this Agreement -- \$0.939 per hour

- B.2.2 PAID HOURS:** Contributions shall be made on all straight-time hours worked plus hours paid as worked such as, but not limited to, vacations, holidays, jury duty, bereavement leave, unfunded sick leave, termination vacation pay, and severance pay that are compensated but not worked. Contributions shall be paid on all hours worked or paid as worked by all employees covered by the collective bargaining agreement, whether full or part-time provided that the maximum number of hours per week per employee for which contributions are required is forty (40).

B.3 PROMPT PAYMENT:

B.3.1 DUE DATE: All contributions shall be based on contributory hours worked or paid as worked in a particular month and shall be payable on or before the twentieth (20th) day of each month for contributory hours worked or paid as worked during the preceding calendar month.

B.3.2 LIQUIDATED DAMAGES: Because of the difficulty of determining the actual expense and damage to the Pension Plan's Trust resulting when a monthly payment is delinquent, liquidated damages shall be assessed in an amount specified in the Pension Plan's Trust Agreement. Both the delinquent contributions and the liquidated damages shall bear interest at the rate specified in the Trust Agreement. Both the liquidated damages and interest provisions of the Trust Agreement may be amended by the Trustees from time to time. In addition, the Employer shall pay to the Pension Plan's Trust all other reasonable expenses incurred in connection with the delinquency which the Trust may lawfully collect, including, without limitation, attorneys' fees and any collection agency fees.

B.3.3 CUMULATIVE REMEDIES: The rights and remedies of the Pension Plan against a delinquent Employer are not exclusive, but are cumulative, and nothing in this Appendix shall in any way limit anyone's right to enforce the collection of contributions by any legal means.

B.4 AUDITS: The Employer recognizes that the Pension Plan has the right to audit the Employer's records to ascertain if it is making or did make the proper contributions to the Trust. Costs of such audit will be paid as provided in the Pension Plan's Trust Agreement.

B.5 RESOLUTION OF DIFFERENCES: Differences between the Employer and the Unions as to the interpretation or application of the provisions of the Pension Plan or Trust Agreement relating to employee benefits or eligibility shall not be subject to the grievance and arbitration procedure established in the Collective Bargaining Agreement. All such differences shall be resolved in the manner specified in the Trust Agreement, including any arbitration procedures either set forth or authorized therein from time to time.

B.6 ADEQUACY OF FUNDS:

B.6.1 TRUSTEES RIGHT TO MODIFY BENEFITS: The Employer and Union recognize that the benefits established by the Pension Plan have been adopted by the Trustees based on the best information available to them as to the cost of benefits and the contributions which they anticipate receiving under applicable Collective Bargaining Agreements. Subject to any overriding Federal Law, the

Trustees have the right to modify benefits at any time if such action becomes necessary to maintain the financial soundness of the Plan.

B.6.2 BENEFIT MODIFICATIONS: Trustees shall modify the Plan to remove the thirty (30) year cap on years of benefit service, only for active employees on February 19, 1998.

B.6.3 NEWLY ORGANIZED STORES: Employees working in newly organized stores begin participating in the Pension Plan August 1, 1999. Such employees who already are participants begin earning benefit credit August 1, 1999. Such employees will continue to participate in the existing Employer Pension Plan(s) until July 31, 1999.

B.6.4 Instruct the Trustees to institute the following benefit modifications:

- (a) Effective with retirements on or after August 1, 2001, increase benefit levels to one thousand dollars (\$1,000.00) for thirty (30) years service at normal retirement age.
- (b) Effective with retirements on or after August 1, 2001, institute an unreduced retirement when age plus service equals eighty-five (85) years (so called "Golden 85"). For those Clerks retiring under the "Rule of Golden 85", they will receive retiree Health and Welfare provided they meet all other requirement.
- (3) Effective with retirements on or after August 1, 2001, increase the Joint and Survivor Pension by increasing factor to ninety percent (90%) for non-disabled retirements. Still adjust for spouses more than ten (10) years younger or older.
- (4) Instruct the Trust Fund to develop reciprocity agreements with all other UFCW California-trusted plans.
- (5) Provide for a thirteenth (13th) check for retirees each year of the Collective Bargaining Agreement. The parties agree the rules for eligibility to receive the thirteenth (13th) check will be the same as the Food Pension Plan. This provision is only applicable during the term of this Agreement.

B.7 SAVINGS PLAN: The Employer will provide a Savings Plan under IRC 401(K), provided at least 25% of those employees in the collective bargaining unit participate. The Plan will not have any Employer matching contributions.

B.8 WITHDRAWAL LIABILITY

- B.8.1 AMENDMENT NUMBER SIX:** The Employer acknowledges the adoption of Amendment Number Six to the Northern California Pharmacists, Clerks and Drug Employees Pension Trust Agreement dealing with employer withdrawal, and containing special rules based on deemed contributions for allocation and payment of withdrawal liability. The Employer agrees to be bound to the terms of that Trust Agreement applicable to withdrawal liability, specifically including the determination of the amount of annual payment required.
- B.8.2 OBLIGATION TO CONTRIBUTE:** The Employer agrees that for purposes of ERISA §§ 4212(a) and 4219(c), under this Agreement and all collective bargaining agreements with the Union, the Employer's "obligation to contribute" is the obligation to contribute at the rates and hours required in the agreements even if the actual payment of such contributions is suspended for some period of time.
- B.8.3. CONTRACTUAL REQUIREMENT:** Even if some arbitrator or court holds that payments required under ERISA § 4219(c) cannot be based on "deemed contributions", the Employer agrees that as a matter of contract the Fund can enforce its withdrawal liability rules, including those that are based on deemed contributions rather than contributions actually paid.

SCHEDULE "C"

SCHEDULE OF WAGES

The following minimum wages shall be maintained by the Employer during the period of the Agreement:

1. Wages:

Clerks:

Hours	*following ratification	7/05	*7/06
0-1040	at least \$7.25	at least \$7.25	at least \$7.25
1041-1560	plus \$.20	plus \$.20	plus \$.20
1561-2080	plus \$.20	plus \$.20	plus \$.20
	at least \$7.65	at least \$7.65	at least \$7.65

2081-2600	plus \$.20	plus \$.20	plus \$.20
2601-3120	plus \$.30	plus \$.30	plus \$.30
	at least \$8.20	at least \$8.20	at least \$8.20
3121-3640	plus \$.30	plus \$.30	plus \$.30
3641-4160	plus \$.40	plus \$.40	plus \$.40
	at least \$8.90	at least \$8.90	at least \$8.90
4161-4680	plus \$.40	plus \$.40	plus \$.40
4681-6240	plus \$.50	plus \$.50	plus \$.50
6241-7800	plus \$.50	plus \$.50	plus \$.50
After 7800 hours (Journey person)	plus \$.50 at least \$11.335	plus \$.50 at least \$11.335	plus \$.50 at least \$11.585

* The effective dates shall be the first full pay period following ratification and the first full pay period in July 2006.

Effective the first full pay period in December 2004, Journey persons who are actively employed on the date of payment shall receive a lump sum bonus of twenty cents (\$0.20) for each straight time hour for which the employee was compensated for during the 52 week period from November 2003 through October 2004.

Effective the first full pay period in July 2005, Journey persons who are actively employed on the date of payment shall receive a lump sum bonus of twenty cents (\$0.20) for each straight time hour for which the employee was compensated for during the 52 week period from May 2004 through April 2005.

Effective the first full pay period in July 2006, overscale Journey persons who are actively employed on the date of payment shall receive a lump sum bonus of twenty-five cents (\$0.25) for each straight time hour for which the employee was compensated for during the 52 week period from May 2005 through April 2006. Those Journey persons who are between \$11.335 and \$11.585 will be increased to \$11.585 per hour and receive a lump sum bonus calculated in the same manner as above so that the increase and bonus added together equal twenty-five cents (\$0.25) per straight time hour.

Shift Supervisors:

Hours	*following ratification	7/05	*7/06
0-1040	at least \$8.50	at least \$8.50	at least \$8.50
1041-2080	plus \$.40	plus \$.40	plus \$.40
	at least \$8.90	at least \$8.90	at least \$8.90
2081-3120	plus \$.40	plus \$.40	plus \$.40
	at least \$9.30	at least \$9.30	at least \$9.30
3121-4160	plus \$.40	plus \$.40	plus \$.40
	at least \$9.70	at least \$9.70	at least \$9.70
4161-5200	plus \$.40	plus \$.40	plus \$.40
	at least \$10.10	at least \$10.10	at least \$10.10
5201-6240	plus \$.50	plus \$.50	plus \$.50
	at least \$10.60	at least \$10.60	at least \$10.60
6241-7800	plus \$.50	plus \$.50	plus \$.50

	at least \$11.10	at least \$11.10	at least \$11.10
After 7800 hours	plus \$.50	plus \$.50	plus \$.50
(Journey person)	at least \$11.835	at least \$11.835	at least \$12.085

*The effective dates shall be the first full pay period following ratification and the first full pay period in July 2006.

Effective the first full pay period in December 2004, Journey persons who are actively employed on the date of payment shall receive a lump sum bonus of twenty-five cents (\$0.25) for each straight time hour for which the employee was compensated for during the 52 week period from November 2003 through October 2004.

Effective the first full pay period in July 2005, Journey persons who are actively employed on the date of payment shall receive a lump sum bonus of twenty-five cents (\$0.25) for each straight time hour for which the employee was compensated for during the 52 week period from May 2004 through April 2005.

Effective the first full pay period in July 2006, overscale Journey persons who are actively employed on the date of payment shall receive a lump sum bonus of twenty-five cents (\$0.25) for each straight time hour for which the employee was compensated during the 52 week period from May 2005 through April 2006. Those Journey persons who are between \$11.835 and \$12.085 will be increased to \$12.085 per hour and receive a lump sum bonus calculated in the same manner as above so that the increase and bonus added together equal twenty-five cents (\$0.25) per straight time hour.

SCHEDULE "D"

PHARMACY TECHNICIAN

- D.1.** This classification will be established on the effective date of this agreement, or when State Regulations become effective, whichever is later.
- D.2.** Employees considered for this classification must have met any of the following requirements:
 - a. Have obtained at least an Associate of Arts degree in a field of study directly related to the duties performed by a Pharmacy Technician.
 - b. Have successfully completed a training course specified by the Board.
 - c. Are eligible to take the Board's Pharmacist licensure examination.

- d. Have at least one year's experience, to include a minimum of 1,500 hours, performing the tasks specified in the regulation while employed or utilized as a pharmacy technician to assist in the preparation of prescriptions for an inpatient of a hospital, for an inmate of a correctional facility, or experience deemed equivalent by the Board, including, but not limited to, experience received while employed as a technician in another state or as a technician by the Federal Government.
- e. A person shall be deemed to have "equivalent experience", within the meaning of subdivision (d), if he or she has at least 1,500 hours of experience performing the duties specified in the Regulation in a pharmacy in the last three years.

D.3 Upon successful completion of the Employer's selection criteria, full consideration will be given to seniority in the selection of employees for the position of Pharmacy Technician. Employees who are promoted to a Pharmacy Technician position shall be subject to the probationary period in this Agreement. Should that employee fail to perform as required during such probationary period that employee shall be returned to his/her former position.

D.4 The Employer believes that the safety of its customers and the public is the fundamental guiding concern behind the establishment of this classification.

D.5 Because of safety and quality control factors, the Pharmacy Technicians will be subject to the immediate and personal supervision of a Registered Pharmacist. Immediate and personal supervision in the case of a Pharmacy Technician requires that a Pharmacist verify and document any function performed by a Pharmacy Technician in connection with all activities surrounding the dispensing of a prescription. It is understood and agreed that Pharmacists, as trained professionals, have the ultimate responsibility for dispensing prescriptions.

If any of the above become a conflict with the Regulation, the parties agree to renegotiate those sections.

D.6 Pharmacy Technician's Wage Rates

Pharmacy Technicians:

Hours	*following ratification	*7/05	*7/06
0-1040	\$12.50	\$12.80	\$13.10
1041-2080	\$13.00	\$13.30	\$13.60
2081 +	\$14.80	\$15.10	\$15.40

Any employee whose current salary is in between steps shall, when promoted, be raised to the next progression level and then follow the progression schedule as outlined.

SIDE LETTERS OF AGREEMENT

MANAGEMENT TRAINEES: It is hereby agreed to, by and between the parties, that with respect to employees hired and designated as Management Trainees, the following will apply:

The probationary period for newly hired Management Trainees shall be ninety (90) days.

CASH HANDLING: This sets forth the understanding reached between the parties in the most recent negotiations concerning disciplinary action relating to "Cash Handling". The parties agree that:

For the purpose of clarification, the parties agree that in determining whether or not employees shall be terminated for cash handling, the Company shall take into consideration the number of counseling, frequency and or size of cash errors, seniority and any other factor that may be deemed relevant.

JURY DUTY: It is hereby agreed to, by and between the parties, that with respect to Section 5(1) of the Agreement which limits the paid jury duty benefit to a maximum of ten (10) days, the following will apply:

If an employee's jury duty exceeds the ten (10) day maximum, the Company and the employee will endeavor to have the employee relieved of jury duty; however, if the employee is not relieved of jury duty, he/she shall be paid jury duty benefits as provided for in the parties' 1981-1984 Agreement.

CHILD CARE: The Employer and the Union agree to discuss a dependent care voucher program when the Employer has developed payroll system capability to administer such a program through payroll deductions. The purpose of the discussion will be the discussion of procedure for deductions, reimbursement procedures and eligibility requirements.

POLICY ON EMPLOYEE PAY WHEN CHECK DOES NOT ARRIVE ON PAY DAY: The following details the Company policy concerning payment to any employee who's regular pay check is not available on the employee's normally scheduled pay day.

Said employee is to be given a "cash advance" by his/her Store Manager up to the approximate net amount of the check due. At the time the check is received in the store the "cash advance" will either be withheld from the employee's check or the employee shall cash the check and repay the advance.

INITIATION FEES/DUES CHECKOFF/POLITICAL CHECKOFF: The Employer and the Union may establish a monthly payroll deduction system for the collection of regular initiation fees, regular dues, and political contributions only, for employees with thirty-one (31) days of service who authorize, in writing, the deductions of regular initiation fees, regular dues, and political contributions. This provision will not be applicable until the Employer and the UFCW Locals can establish a mutually agreeable automated system. The UFCW Locals shall not require an initiation of more than \$180.00 payable over a period of twelve (12) consecutive months. The Employer shall not be responsible for the payment of such amounts if not deducted from the pay of employees. The Union agrees to indemnify and save the Employer harmless against any and all claims, demands, suits, or other forms of liability that shall arise out of, or by reason of any action taken or not taken by the Employer under this checkoff provision.

EMPLOYEE'S RIGHTS UNDER SECTION 7 OF THE N.L.R.B.:

The parties agree to establish the following procedure for the purpose of ensuring an orderly environment for the exercise by Rite Aid's employees in its Northern California retail drug stores of their rights under Section 7 of the National Labor Relations Act and to avoid picketing and/or other economic action directed at Rite Aid in the event the Local Unions decide to conduct an organizing campaign at any retail drug store at which the Local Unions do not have representation rights. This procedure shall be applicable to employees performing bargaining unit work as described in the UFCW Retail Drug Agreement but shall not be applicable to pharmacists and employees performing bargaining unit work as described in the UFCW Retail Pharmacist Agreement in Northern

California. For the purpose of this Agreement, Northern California shall consist of the geographic jurisdiction of the signatory Local Unions.

The parties mutually recognize that national labor law guarantees employees the right to form or select any labor organization to act as the employees' exclusive bargaining representative for the purpose of collective bargaining with the Employer.

Rite Aid, its supervisors and its managers, will take a neutral approach to unionization of the employees noted above in its retail drug stores by the UFCW in Northern California. Rite Aid, its supervisors and its managers will not take action nor make any statement that will directly or indirectly state or imply any opposition by Rite Aid to the selection by such retail drug store employees of one of the Local Unions as the collective bargaining agent.

Within ten (10) days following receipt of written notice of intent to organize certain employees in any Rite Aid retail drug store in Northern California, Rite Aid will furnish the Local Union with a complete list of such employees, including job classifications and departments. Within two (2) weeks thereafter, Rite Aid will furnish a second list of such employees to the Local Union, including the addresses and phone numbers of all employees. Thereafter, Rite Aid will provide updated lists as requested but no more frequently than quarterly. Upon reasonable notice to the Store Manager, the Local Unions shall be given access to non-work areas of the store for the purpose of communicating with the employees during their non-working hours. Access shall be on dates at times mutually agreed upon by the Store Manager and the UFCW Local.

The Local Union may request recognition as the exclusive collective bargaining agent for the employees in the applicable Rite Aid retail drug store in Northern California. A disinterested, neutral party mutually satisfactory to Rite Aid and the Local Union will be selected to conduct a confidential review of the employees' authorization cards and membership information submitted by the Local Union in support of its claim to represent a majority of the employees in the unit if either the Local Union or Rite Aid so requests. If a majority of the employees within the unit are members of the Local Union or designate it as their exclusive collective bargaining representative as confirmed by the disinterested neutral party if so requested. Rite Aid will recognize the Local Union as such representative of the employees. Such recognition will become effective on the first day of the first payroll period the month following the demand for recognition and Rite Aid will extend to such employees the Retail Drug Collective Bargaining Agreement between the Local Unions and Rite Aid together with any amendments agreed to by the parties. The seniority date that shall be applicable to such employees for the purposes of the seniority provisions of the collective bargaining agreements will be their date of hire with Rite Aid or their predecessor employer, whichever is earlier. Rite Aid will not file a petition with the National Labor Relations Board for any election in connection with any demands for recognition provided for in this Agreement.

Without limiting the no strike or lockout provision of the Retail Drug Collective Bargaining Agreement, the Local Unions will not engage in picketing, handbilling or other economic activity, at any retail drug store bargaining unit covered by this Neutrality Agreement, provided that if Rite Aid fails to comply with any term of this Agreement or recognizes any other Union as the exclusive collective bargaining representative of employees in the unit, or any part thereof, traditionally represented by the Local Unions, this subparagraph at the Local Unions' option may be terminated, but only after ten (10) days written notice to Rite Aid.

The parties agree that any disputes over compliance with or the application of this section of the Agreement, including claims of Union violation, shall immediately be submitted to arbitration pursuant to the procedures set forth in the Grievance, Adjustment and Arbitration Section of the applicable Collective Bargaining Agreement. The arbitrator shall have the authority to order the noncompliant party to comply with this section and to order such other remedies deemed necessary to effectuate the intent of this section.

**SIDE LETTER OF AGREEMENT
BETWEEN
UFCW LOCALS 101 373, 428, 839, 870, 1179, 1288
AND
RITE AID CORPORATION
REGARDING
TEN-HOUR DAYS**

It is agreed to by the parties that on a trial basis, full-time employees may be scheduled on a four (4) day, ten (10) hour schedule by mutual agreement between the employee and Employer, with notification to the Union. For the purpose of this new scheduling procedure, the following sections of the Collective Bargaining Agreement will be interpreted as follows:

- 6.a The straight-time workday shall be ten (10) hours worked within eleven (11) consecutive hours. The lunch period will be given no sooner than four (4) hours, nor later than six (6) hours, from the starting time of the shift.
- 6.b Overtime will be for lunch time prior to four (4) or later than six (6) hours into the shift.

- 7.a.1 Work in excess of ten (10) hours per day.
- 7.a.2 Work in excess of forty (40) hours in any one week.
- 7.a.3 Work on the sixth (6th) day in any week.
- 7.a.4 Work in excess of 3 days, in a holiday week, excluding the holiday.
- 10 Holiday pay will be paid out based on the ten (10) hour schedule.
- 12.e Funeral leave will be paid based on the ten (10) hour schedule.
- 13 Sick leave will be paid based on the ten (10) hour schedule.

This trial period may be canceled by either party with thirty (30) calendar days notice.