

In the event a pharmacist may be transferred for sexual harassment or inappropriate fraternization, the Pharmacy District Manager will notify the Union. In the event a pharmacist who is notified of a non-disciplinary transfer is unwilling to be transferred, the Pharmacy District Manager will notify the Union office immediately. A meeting shall be held between the Pharmacy District Manager or Associate Relations Manager and the Chief Union Steward or alternate steward to resolve the matter within two (2) working days after the notification of transfer.

If, after the meeting, but no more than two (2) working days after the Union has been notified, the Company's decision is to transfer the pharmacist and the pharmacist is not willing to transfer, the pharmacist involved may resort to the grievance procedure. In the interim, the pharmacist involved may be temporarily assigned to the new location until the grievance is resolved.

Family medical leave or any leave less than eighteen (18) weeks shall not result in loss of store position.

Semi-annually, the Company will distribute a list of upcoming new store locations and will provide a return form for requests to transfer. Such completed forms returned to the Pharmacy District Managers will be logged and updated semi-annually.

ARTICLE 8 UNION - MANAGEMENT RELATIONS

Section 8.1: Union Security

(A) It shall be a condition of employment that all full-time employees of the Employer covered by this agreement who are members of the Union in good standing on the execution date of this agreement shall remain members in good standing and those who are not members on the execution date of this agreement shall on the thirty-first (31st) day following the execution date of this agreement become and remain members in good standing in the Union. It shall also be a condition of employment that all full-time employees covered by this agreement and hired on or after its execution date shall, on the thirty-first (31st) day following the beginning of such employment become and remain members in good standing in the Union. The Employer may secure new employees from any source whatsoever. During the first ninety (90) days of employment, a new employee shall be on trial basis and may be discharged at the discretion of the Employer.

(B) The language in section (A) above is void in jurisdictions where prohibited by law.

(C) The Union agrees to admit to and retain in membership all employees who have served a trial period of ninety (90) days and proven satisfactory to the Employer as prospective permanent employees without discrimination so long as such employees tender the initiation fees and periodic dues uniformly required for membership and maintain their membership in good standing with the Union. In the event that an employee fails to tender the initiation fee or periodic dues uniformly required as a condition of acquiring or retaining membership or if such employee fails to maintain membership in good standing, the Union shall notify the Employer in writing and the Union member will be given not less than two

(2) weeks time in which to re-establish his membership in good standing before the Employer shall be called upon to release him.

Regular part-time employees, as defined in Section 2.6(2) shall become members of the Union in good standing, effective and during the payroll quarter following a payroll quarter in which the minimum required hours of work for union membership, per week, were averaged. Membership may cease during a payroll quarter, following a payroll quarter in which the minimum required hours of work for union membership, per week, were not averaged.

Section 8.2: Union Dues Checkoff

The Employer agrees to deduct the uniform dues and initiation fees from the paychecks of those covered employees whose individual written unrevoked authorizations are on file with the Employer and to transmit the amounts so deducted to the Union. Said deduction authorizations shall be in such form as to conform with Section 302(c) of the Labor Management Relations Act of 1974 as amended.

Section 8.3: D.R.I.V.E. Authorization and Deduction

In addition to the terms and conditions contained in the above referenced collective bargaining agreement between the Employer and the Union, the Employer and the Union hereby further agree that:

The Employer agrees to deduct from the paycheck of all employees who submit authorization cards and are covered by this agreement voluntary contributions to D.R.I.V.E. D.R.I.V.E. shall notify the Employer of the amounts designated by each contribution employee that are to be deducted from his paycheck on a weekly basis for all weeks worked. The phrase "weeks worked" excludes any week other than a week in which the employee earned a wage. The Employer shall transmit to: D.R.I.V.E., International Brotherhood of Teamsters, 25 Louisiana Avenue, N.W., Washington, DC 20001-2130. Send on a monthly basis one check the total amount deducted along with the name of each employee on whose behalf a deduction is made, the employee's social security number and the amount deducted from the employee's paycheck. No such authorization shall be recognized if in violation of state and federal law. No deductions shall be made which is prohibited by applicable law.

Section 8.4: Indemnification

The Union agrees to defend, protect, indemnify, and save the Employer harmless against any claim, demand, suit, or liability that shall arise out or by reason of any action taken by the Employer in reliance upon a request made by the Union to discharge an employee for failure to maintain his membership in good standing pursuant to Section 8.1 or upon employee payroll deduction authorization cards submitted by the Union to the Employer under Section 8.2.

Section 8.5: Initiation Fee -- Local 727

Local 727 confirms its commitment to Osco Drug, Inc., that for the duration of our new collective bargaining agreement, it will not raise its initiation fee above the present level of one hundred fifty (\$150) for pharmacists as determined by the union.

It is understood that the Employer's sole interest in this matter is the prevention of any impairment in its ability to hire new pharmacists.

This provision is not intended to be in derogation of any rights secured to the members of Local 727 by the Labor-Management Reporting and Disclosure Act of 1959, or any other applicable federal statutes.

Section 8.6: Union

The Union, for and on behalf of itself and its members, agrees that its members shall perform the work assigned to them from time to time by the Employer and shall work for the best interest of the Employer in every way just and lawful, giving honest and diligent service to the patrons of the Employer and to each other.

Section 8.7: Union Stewards and Business Representatives

The Union business representatives shall be admitted to the Employer's store premises during the hours employees are working for the purpose of ascertaining whether or not this agreement is being observed. Such activity shall be conducted in such a manner as not to interfere with the orderly operation of the Employer's business, it being further agreed that lengthy discussions between employees and representatives of the Union, or among themselves, concerning disputes shall not take place during working hours.

In case of disputes as to wages, the Employer agrees to show an authorized representative of the Union bona fide copies of the employee's wage records.

Union Stewards, upon request made through Local 727 headquarters to Osco Drug, Inc. management headquarters, shall be granted a leave of absence without pay to attend scheduled union business, provided that such a request is made in sufficient time in advance of the expected time of absence and further provided that such leave can reasonably be accommodated by Osco Drug, Inc. The duration of such leave to be determined at the time of said request for such leave.

Section 8.8: Communication Committee

A mutually acceptable committee shall be established in order to foster improved communication between representatives of the Employer and pharmacists. Said committee shall not discuss contractual or grievance matters. Quarterly meetings with up to 3 Union and Employer representatives shall be held on mutually agreeable dates.

Section 8.9: Display of Union Shop I.D.

The Employer agrees to display a union shop identification card of reasonable size next to the pharmacy licenses.

Pharmacy Signs - The Employer agrees to post in each pharmacy with a cash register a sign which shall state: Prescriptions and related items may be checked out at the pharmacy.

Section 8.10: Reserved Rights

Except as expressly and specifically abridged, limited, or modified by this contract or any agreement that may hereinafter be made, the Employer and the Union retain all the rights, power, and authority exercised or had by them prior to the entering into of this collective bargaining agreement.

It is further understood the management rights expressly retained herein by the Employer shall include, but not be limited to: the right to plan, determine, direct, and control store operations and hours; the right to study and introduce new methods, facilities, and products; the right to direct and control the work force, including the determination of its size and composition, the scheduling and assignment of work; the right to hire, assign, demote, promote, and transfer (provided, however, that scheduling, assignments, and transfers shall not be arbitrary, capricious, or coercive); to layoff or reduce the hours of work because of lack of work; to discipline, suspend, or discharge for just cause; to establish rules and regulations governing the operations of the store, a violation of which shall be among the causes for discharge; the right to subcontract all or part of the functions presently performed by the Employer; the right to terminate part of all of the present business activity conducted by the Employer; the right to terminate operations conducted by a lessee; the right to add additional business activities on the premises; the right to sell the assets of the business or to assign the leasehold interests of the Employer, shall all remain vested in the Employer except as expressly modified by this agreement, provided, however, that these rights shall be exercised with due regard for the rights of the employees and provided further that they will not be used for the purpose of discrimination against any employee, provided further, that no bargaining unit employee shall lose employment due to the use of paraprofessional personnel.

It is further understood that the preamble or recognition clause is not a modification of these rights nor the fact that an agreement has been entered into shall in any way be construed as a modification of the foregoing rights.

Whenever a final decision is made concerning the exercise of any significant reserved management right affecting all bargaining unit pharmacies, the Employer agrees to notify the Union when such final decision has been made as promptly as possible, but there shall be no obligation on the part of the Employer to collectively bargain about such final decisions and the Union and the employees covered by this agreement herein expressly waive any such right.

Section 8.11: Severance Allowance

Every regular full-time registered pharmacist who is permanently displaced from his employment by reason of subcontracting, sale of assets, or the closing of a pharmacy or other reasons, shall be compensated for such displacement providing he has been actively employed by his Employer for a period of at least three (3) years.

An eligible employee's compensation for such displacement shall be on the basis of one half (1/2) week's salary at the rate in effect at the time of such displacement, for each full year or major portion thereof of this active employment commencing with the fourth (4th) year following his most recent date of hire. Payment under this formula shall be limited to a maximum of ten (10) week's severance pay.

No severance pay will be paid to an otherwise eligible employee if:

- A. He is offered other employment by the Employer.
- B. Is voluntarily or involuntarily separated from his employment prior to the date he would otherwise be displaced for one of the reasons stated above; or
- C. Secures employment elsewhere prior to his scheduled date of displacement.

Section 8.12: Discipline

During an employee's probationary period, that is, during the first ninety (90) days of employment, an employee may be discharged for any reason at the sole discretion of the Employer.

The Employer shall notify the Union, by regular or electronic mail, of any suspension or employee termination as soon as is practicable to the imposition of such discipline.

Layoffs for lack of work are not considered disciplinary penalties but shall be handled in accordance with the seniority provisions of this contract.

After an employee has completed his probationary period and been approved for permanent employment, such employee shall not be suspended, discharged, or otherwise disciplined without just cause, just cause to include but not limited to the following: poor performance on the job, insubordination, dishonesty, or other misconduct in connection with work, such as falsification of a record such as a time or employment record, sabotage, incivility to customers, vandalism, stealing, etc.; persistent or serious infraction of reasonable rules promulgated by management relating to the health, safety, and sanitation of employees or the operation of the store, such as using or being under the influence of alcoholic liquors or narcotics or hallucinogens while on duty, smoking in prohibited areas, violations of state or federal laws concerning pharmacies, deliberate or habitual absenteeism, tardiness, repeated wage assignments attachments and garnishments; and engaging in a strike, work stoppage, slow-down or picketing in violation of this contract.

Section 8.13: Picket Lines

Employees may refuse to cross a lawful primary picket line involving Osco Drug, Inc.