

COMPANY INITIAL LANGUAGE PROPOSAL
(April, 12, 2016)

The Company reserves the right to change, add-to, and/or amend the proposals contained herein, as well as make additional proposals in the future. The Company will make its economic proposals at a later time during these negotiations.

CONTRACT BETWEEN AMERICAN DRUG STORES, INC.
d/b/a OSCO DRUG
OSCO PHARMACY EMPLOYEES
AND
TEAMSTERS LOCAL 727

Term: ~~May 5, 2013~~ May 8, 2016 thru ~~May 7, 2016~~ May 4, 2019

ARTICLES OF AGREEMENT

THIS AGREEMENT is entered into between AMERICAN DRUG STORES, INC., d/b/a OSCO DRUG, a corporation hereinafter called the "Employer", Auto Livery Chauffeurs, Embalmers, Funeral Directors, Apprentices, Ambulance Drivers and Helpers, Taxicab Drivers, Miscellaneous Garage Employees, Car Washers, Greasers, Polishers and Wash Rack Attendants, Motion Picture, Theatrical, Exposition, Convention and Trade Show Employees, and Pharmacists, Bus Drivers, Parking Lot Attendants, and Hikers, Hotel Industry and Racetrack Industry Employees, Newspaper Magazine, Periodical Salesmen, Drivers, Division Men, District Pagors, Checkers, Vendors, and Handlers, and Electronic Media Workers in Chicago and Vicinity, Illinois, Local 727, hereinafter called the "Union."

ARTICLE 1
RECOGNITION

The Employer recognizes the Union as the sole collective bargaining agent for all registered pharmacists, head pharmacists, graduate non-registered pharmacists, regularly employed part-time graduate and registered pharmacists, and student pharmacy apprentices in the retail drug stores operated by Osco Drug, Inc.'s Chicago Division located in the following counties and cities in and around Chicago, Illinois:

Cook, Du Page, Lake and McHenry Counties

excluding, however, all drug managers, assistant drug managers, manager trainees, all supervisors and guards as defined in the Act and all other employees.

It is recognized that the Employer's managers, assistant managers, and management trainees who are registered pharmacists, may from time to time perform a limited amount of bargaining unit work; however, it is understood that the intent of the Employer is that such work will not be conducted to the extent of substantially depriving members of the bargaining unit of work.

ARTICLE 2
GENERAL

Section 2.1: Notices

All notices required under this contract shall be deemed to be properly served if delivered in writing personally or sent by certified or registered mail to the general office of the Union at 1300 W. Higgins, Suite 111, Park Ridge, IL 60068, or the Employer at 150 Pierce Road, Suite 200, Itasca, IL 60143 and ~~3030 Cullerton Drive, Franklin Park, IL 60134~~, or to an employee at his home or residence address, or to any subsequent address which the Union, the Employer, or the employee may designate in writing for such purpose. Date of service of a notice served by mail shall be the date on which such notice is postmarked by a post office of the United States Post Office Department.

Section 2.2: Partial Invalidity

Nothing contained in this agreement is intended to violate any state or federal law, rule or regulation made pursuant thereto. If any part of this agreement is construed by a court or board of competent jurisdiction to be in such violation, then that part shall be null and void, but the remainder of the contract shall continue in full force. The parties will immediately begin negotiations to replace the void part with a valid provision.

Section 2.3: Marginal Headings

The captions of the several articles and sections of this contract are for convenience only and in no way limit, enlarge, define, or otherwise affect the scope or intent of the contract or any provisions thereof.

Section 2.4: Effective Date

Unless the context of the contract indicates otherwise, new provisions of the contract shall become effective the fourth (4th) Sunday following ratification.

Section 2.5: Amendments

This agreement is subject to amendment, alteration, or addition only by a subsequent written agreement between and executed by the Employer and the Union. The waiver of any breach, term, or condition of this agreement by either party shall not constitute a precedent in the future enforcement of all its terms and conditions.

Section 2.6: Definitions

1. **Regular Full-Time Employee** - An employee who has completed his probationary period and is regularly scheduled to work the full workweek.
2. **Regular Part-Time Employee** - ~~An employee who is employed to work on a regular basis, less than the full workweek, and who averages not less than fifteen (15) hours per week during a payroll quarter.~~

~~Beginning May 4, 2014, a regular part time employee shall be defined as an employee who is employed to work on a regular basis, less than the full workweek, and who averages not less than thirteen (13) hours per week during a payroll quarter.~~

~~Beginning May 3, 2015, a A regular part time employee shall be defined as an employee who is employed to work on a regular basis, less than the full work week, and who averages more than ten (10) hours per week during a payroll quarter.~~

3. ~~Irregular Part-Time Employee - An employee who is employed to work on a regular basis, less than the full workweek, and who averages less than fifteen (15) hours per week during a payroll quarter.~~

~~Beginning May 4, 2014, an irregular part time employee shall be defined as an employee who is employed to work on a regular basis, less than the full workweek, and who averages less than thirteen (13) hours per week during a payroll quarter.~~

~~Beginning May 3, 2015, a An irregular part time employee shall be defined as an employee who is employed to work on a regular basis, less than the full work week, and who averages ten (10) hours or less per week during a payroll quarter.~~

~~Beginning on November 1, 2017, an irregular part time employee shall be defined as an employee who is employed to work on a regular basis, less than a full work week, and who averages fifteen (15) hours or less per week.~~

4. Graduate Non-Registered Pharmacists - An employee who is not registered as a pharmacist but who is either a graduate of a college of pharmacy which is accredited by the American Council of Pharmacy Education or a graduate of a non-accredited college of pharmacy who has successfully passed an equivalency evaluation by the appropriate pharmacy board.
5. Part-Time Pharmacy Student - Any person enrolled in a pharmacy school and working part-time hours on a regular basis in the pharmacy while attending school regularly or working during his normal school vacation period.
6. Seasonal or Temporary Employee - An employee who is hired for temporary work or during peak seasons for a period of time not expected to exceed thirty (30) consecutive days. Such an employee may work either full time or part time. If such an employee works beyond this period, he shall be reclassified as a regular employee and his seniority shall date back to his last date of employment if he averages fifteen (15) hours or more per week during the next payroll quarter.

Section 2.7: Entire Agreement

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, and expresses all obligations of and restrictions imposed on the Employer and the Union.

Section 2.8: Waiver

The parties acknowledge that during the negotiations that resulted in this agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this agreement. Therefore, the Employer and the Union, for the life of this agreement, each voluntarily and unqualifiedly waives the right and each agrees that the other shall not be obligated to bargain collectively with respect to any subject or matter not specifically referred to or covered in this agreement even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time they negotiated or signed this agreement.

Section 2.9: Equal Rights

The Employer and the Union reaffirm their mutual intent and current practice of opposing and refraining from discrimination against any employee for reason of sex, race, religion, color, national origin, age, or union activity in accordance with the requirements of Title VII of the Civil Rights Act of 1964, as amended, the Labor-Management Relations Act of 1947 as amended and the Age Discrimination in Employment Act of 1967.

Section 2.10: Standards

Work Standards

It is the mutual belief of the parties that when a pharmacist is performing up to reasonable work standards as established by the Employer, such a pharmacist's professional responsibilities include the evaluation of whether the rate at which he processes prescriptions is consistent with good professional judgment and ethics.

Pharmacists' Work Assignments or Tasks

The parties agree that the profession of pharmacy requires that the registered pharmacist devote his time and attention to the duties involving his special training and expertise; namely, receiving, filling and refilling prescriptions, consulting with physicians, patients, maintaining records, ordering prescriptions, and other pharmaceutical items involving professional competence.

Accordingly, a registered pharmacist will not be required to perform tasks or assignments outside of his prescription department unless necessary to the operation of the store, and then only to the extent that these other tasks or assignments do not substantially interrupt or interfere with duties involving his special training and expertise.

In no event shall a pharmacist be required to do any work demeaning to his professional status, namely mopping floors, cleaning toilets, washing windows, or performing "bus boy" services in the lunchrooms.

Pharmacy Standards

A registered pharmacist shall assure, to the extent of his authority, that the prescription department is operating in compliance with applicable law, professional ethics, and valid Employer rules.

ARTICLE 3 WORK HOURS AND OTHER CONDITIONS OF EMPLOYMENT

Section 3.1: Workday and Workweek

The basic contractual workweek shall consist of forty (40) hours to be worked within five (5) days of a Sunday through Saturday workweek, to be administered in accordance with the Fair Labor Standards Act and regulations applicable to exempt employees. Pharmacists hired after June 15, 2010, and placed within the float pool may volunteer for a basic workweek that consists of thirty-two (32) hours to be worked within five (5) days of a Sunday through Saturday workweek, until such time they are assigned to a store as a staff pharmacist, at which time they shall have a forty (40) hour basic workweek. No employee hired, licensed, or promoted to full-time before May 4, 2013 shall be required to work more than nine (9) hours in any one (1) day except to cover for emergencies and vacations. Pharmacists may, however, volunteer to work up to twelve (12) hours in a workday, not more than one day in a work week.

In the event the Company elects in specific stores ~~(not to exceed fifty (50) unionized stores over the term of this contract or fifteen percent (15%) of its entire complement of unionized stores per year, whichever is greater)~~ to change the operational hours of a pharmacy to eighty (80) hours or fewer, the nine (9) hours limitation in the above paragraph shall be modified to twelve (12) hours in any one day, not to exceed one (1) twelve (12) hour shift in any calendar week. Staff pharmacist positions within these pharmacies will be filled in the following order:

- 1) by volunteers within the specific store;
- 2) Any pharmacist declining the twelve (12) hour shift as described in paragraph one (1) above may request to be transferred to any open position, including the nearest Staff Pharmacist position from which a volunteer was secured to fill the twelve hour shift. If, for operational necessity, the Company does not place the pharmacist in that location, the Company will work with the pharmacist, in a good faith attempt to locate a mutually acceptable location;
- 2) by volunteers from other stores;
- 3) new pharmacists as referenced in the following paragraph; and
- 4) assignment based on inverse seniority.

Pharmacists hired, newly licensed as a pharmacist, or promoted to full-time status by the Company after May 4, 2013 shall have a basic workweek that consists of at least thirty-two (32) hours to be worked within five (5) days of a Sunday through Saturday workweek; they may also be required to work up to one (1) twelve (12) hour shift per week.

If an employee who is scheduled to work up to twelve (12) hours is absent from working that shift, the Company may require an undistributed pharmacist to work up to twelve (12) hours until such time a replacement volunteer is found. Undistributed pharmacists assigned to work a twelve (12) hour shift who cannot work the twelve hour shift because of a documented medical or other serious reason may submit a request for alternate assignment for that shift. The Company, shall consider such request if provided documented medical or other legitimate serious reasons by the pharmacist.

In any event, pharmacists shall not be required to work more than twelve (12) hours in a workday.

An employee who is required to perform extra work shall be compensated as follows:

- For each quarter day or portion thereof, five percent (5%) of the basic weekly salary;
- For each half day or portion thereof, ten percent (10%) of the basic weekly salary;
- For each three quarter day or portion thereof, fifteen percent (15%) of the basic weekly salary;
- For each full day or portion thereof, twenty percent (20%) of the basic weekly salary, whichever is greater.

An employee who is required to work beyond forty-four (44) hours in a workweek shall be compensated as stated above, with an additional \$6/hour premium for such work; overnight pharmacists shall receive the \$6/hr premium for working beyond eighty-eight (88) hours in a two (2) week period.

Section 3.2: Work Schedule – No Split Shift

A work schedule showing the days and hours to be worked by full-time and regularly scheduled part-time employees shall be posted not later than 4:00 p.m. Friday of the week preceding the week in which the schedule is to be effective; provided further that employees who are required to work on Sunday shall be so notified by not later than 4:00 p.m. the preceding Thursday. Posted schedules may be changed when emergencies make changes necessary or by agreement with the employees involved provided that indiscriminate changes shall not be made. The Employer agrees to a no-split-shift schedule within a particular store. In instances when a pharmacist is assigned to more than one location on a particular day, "travel time" between locations will be considered as compensable. The Employer further agrees that in stores where there is one (1) full-time registered pharmacist assigned, no more than forty (40) hours of paraprofessional work will be used before assigning a second full-time registered pharmacist.

Section 3.3: Meal and Rest Periods; Laundry

Each employee shall be given each day one (1) uninterrupted fifteen (15) minute paid rest period, including travel time to the break or rest area for each four (4) hours of work scheduled. No employee shall be required to work more than five (5) continuous hours without an unpaid lunch or dinner period which shall be not less than one-half (1/2) hour and not more than one (1) hour, as agreed upon with the employees. Lunch, dinner, and rest periods shall be taken as scheduled by the general manager or head pharmacist. These periods may be posted by the pharmacist.

Any uniform deemed necessary by the Employer shall be furnished by the Employer. If the furnished uniform is not of a drip-dry or wash-and-wear variety, it shall be laundered by the Employer.

Section 3.4: Overtime Pay

All part-time employees shall be paid one and one-half (1-1/2) times their regular hourly rates for all hours worked over forty (40) hours in a week.

Section 3.5: Scheduling of Regular Part-Time Employees

An effort will be made to schedule part-time employees a minimum of seventeen (17) hours per week in the store in which they work. However, this shall not apply to an employee called in to replace another employee or to an employee whose available hours are beyond the Employer's control or to an employee called in to work when fewer than seventeen (17) available hours remain in the week. The Employer agrees that where appropriate it will attempt to schedule part-time pharmacists around the full-time pharmacists.

It is also understood and agreed that if additional part-time hours become available at the pharmacist's home store, and the part-time pharmacist is available to work the additional hours, the most senior part-time pharmacist in that store may request those hours prior to assigning those hours to someone not based in that location unless those hours are assigned to a full time pharmacist. This provision shall not be considered a guarantee of hours or assignments.

The Company intends to introduce a program currently entitled Staffing Angel to address emergency staffing replacements. ~~Within the next sixty (60) days from date of ratification, the Company agrees to meet with the Union to discuss the effectiveness of the Staffing Angel program.~~

ARTICLE 4 COMPENSATION

Section 4.1: Guaranteed Minimum Weekly Salaries -- Full-Time Pharmacists

During the term of this agreement, the Employer agrees to pay not less than the guaranteed minimum weekly salaries set out in Appendix A, attached hereto; provided however, that the guarantee shall not apply to an employee who is absent for personal reasons for an entire

workweek or to an employee from whose salary FLSA permitted deductions are made, provided said deductions are not inconsistent with the provisions of this agreement. Such salaries are the consideration for the employee's performing service during a basic workweek as defined in Section 3.1.

Section 4.2: Extra Work -- Full-Time Pharmacists

Each regular full-time employee who has worked a basic workweek as defined in Section 3.1 who reports for work on a sixth (6th) or seventh (7th) day of a workweek shall be guaranteed a minimum of one-half (1/2) day of work. The compensation for all such work and for time worked in excess of the basic workweek within workweeks as set forth in Section 3.1 shall be a bonus amount computed as follows: for each quarter day or portion thereof, five percent (5%) of the basic weekly salary (applies only to time in excess of the basic workweek within a workweek); or for each half day or portion thereof, ten percent (10%) of the basic weekly salary; or for each three-quarter day or portion thereof, fifteen percent (15%) of the basic weekly salary; or for each full day or portion thereof, twenty percent (20%) of the weekly salary, whichever is greater.

There shall be no mandatory overtime in excess of the maximum workday or standard workweek except for vacation coverage and emergencies. Moreover, when mandatory overtime in these situations would pose an undue hardship, the Employer may, at its option, assign management personnel who are registered pharmacists to perform such work.

Section 4.3: Hourly Wages -- Part-Time Pharmacists

During the term of this agreement, the Employer agrees to pay not less than the minimum hourly rates set out in Appendix A attached hereto.

ARTICLE 5
VACATIONS, HOLIDAYS, ABSENCE LEAVES

Section 5.1: Length of Vacation

Each regular employee covered by this contract who meets the qualifications shall be entitled to a vacation with pay in accordance with the following schedule:

Number of Completed
Years of Continuous Service

Number of Weeks of
Vacation With Pay

All Regular Full-Time Employees

1 - 4 Years Inclusive	2 Weeks
5 - 9 Years Inclusive	3 Weeks
10 - 19 Years Inclusive	4 Weeks
20 Or More Years	5 Weeks

As used above, continuous service means uninterrupted, complete years of service since the last employment date.

Section 5.2: Vacation Qualifications

1. First Vacation

Regular Full-Time Employees hired in the preceding year may take their first vacation in the current year ahead of their service anniversary date subject to their refunding all vacation payments in the event they do not complete a full anniversary year of employment.

2. Second and Succeeding Vacations

Regular Full-Time Employees – Once an employee has qualified for his first vacation, he shall thereafter qualify for all succeeding vacations as of January 1 of the current year for a vacation based on his length of service to be completed during the current year subject to the adjustments set out in Section 5.5 in the event the employee does not complete his anniversary year of service.

3. Extended Absences

A week's vacation pay for a regular full-time pharmacist shall be prorated (on the basis of a standard full-time workweek) if a full-time pharmacist works less than 1,600 hours in the preceding payroll year. Paid absence for vacation, funeral, and jury duty shall not be considered absences for purpose of this section. This section is not intended to pro-rate vacation for those full-time pharmacists who worked less than 1,600 hours solely because they were hired in the prior year.

Section 5.3: Vacation Pay -- Regular Full-Time Employees

A week's vacation pay for a regular full-time pharmacist shall be in the amount of his basic weekly salary in effect at the time the vacation is taken.

Section 5.4: Vacation Administration

1. Vacation Schedules

All vacations shall be subject to the necessary scheduling of replacements by the Employer which may limit the number of employees who may be on vacation at any one time. The Employer will endeavor to provide a seniority list that includes vacation allotments to the employees at least thirty (30) days prior to vacation selection. The Employer reserves the exclusive right to establish and to change cluster groups.

- A. Round 1 - Employees shall submit their first three (3) choices for their first two (2) weeks of vacation within the time period required by the Employer. Vacations shall be approved by seniority within the cluster with full-time associates having preference over part-time associates.

- B. Round 2 – Following the first round of vacation selections, the Company shall publish the list of remaining available vacation weeks available to employees. Employees will submit three (3) choices for each of their remaining weeks of vacation within the time period required by the Employer. Vacations shall be approved by seniority within the cluster, with full-time associates having preference over part-time associates.
- C. Pharmacists shall be allowed to swap up to two (2) vacation weeks with other pharmacists with approval of their Pharmacy District Manager.

2. Calendar Weeks

All vacations shall be for calendar weeks, except in unusual cases, and then only where the individual's application is approved by the Employer as consistent with efficient operation of the store.

3. Holidays Within Vacations

Whenever a holiday recognized under this contract falls within an employee's vacation period, the employee shall receive an extra day's pay or subsequent day off at the Employer's option.

Section 5.5: Adjustment of Vacation Pay in the Event of Layoff or Separation from Service

Any full-time employee who is laid off or who leaves service prior to his first service anniversary shall forfeit all vacation pay with respect to that year of service and shall refund any vacation pay with respect to such year.

Any full-time employee who is laid off or who leaves service after his service anniversary, unless he was discharged for gross misconduct in connection with his work (namely stealing, malicious vandalism, or other serious misconduct), shall be entitled to vacation pay at the rate of one-twelfth (1/12th) of the vacation pay to which he was entitled at his last anniversary date for each full month of service completed since his last anniversary date plus any earned vacation not taken.

If a full-time employee is laid off or is separated from service and is entitled to vacation pay as set out above, he shall be paid such vacation pay within two (2) weeks following the layoff or separation from service.

If a full-time employee has received his vacation with pay and is laid off or separated from service prior to his anniversary date, he shall refund the difference, if any, between the vacation pay received and the vacation pay to which he was entitled under the above schedule within two (2) weeks following the date of the layoff or separation from service.

Employees who resign their employment without giving two (2) weeks prior notice shall forfeit any and all vacation adjustments to which they would otherwise be eligible under this section.

Section 5.6: Regular Part-Time Employees – Vacation and Pay

A regular part-time employee who works 780 hours or more in the preceding payroll year shall be entitled to vacation pay in the amount of 1/52 of his prior payroll year's earnings paid as of January 1 of the current year. Computations of eligibility and payment shall be made by April 1 of the current year and shall be based on continuous service as of January 1. For those hired on or after October 10, 1999, the vacation will be paid pursuant to the following part-time schedule:

<u>Number of Completed Years of Continuous Service</u>	<u>Number of Weeks of Vacation with Pay</u>
1 year	1 week
2 - 4 years	2 weeks
5 - 14 years	3 weeks
15 - 24 years	4 weeks
25 or more years	5 weeks

For those part-time employees eligible for vacation under this section who were hired before October 10, 1999, the vacation schedule under Section 5.1 shall continue to apply.

Section 5.7: Holidays Recognized

1. The following holidays shall be recognized holidays under this agreement:

New Year's Day	Fourth of July	Thanksgiving
Memorial Day	Labor Day	Christmas

No regular full-time pharmacist shall be required to work on Thanksgiving, Christmas or New Year's Day, unless otherwise volunteered and except that full-time pharmacists hired after October 16, 1996 with less than five (5) years of continuous service may be required to work New Year's Day up to eight (8) hours, not to exceed 5:00 p.m.

No more than one (1) regularly assigned full-time pharmacist, per pharmacy, shall be required to work up to four (4) hours or past 2:00 p.m. on Memorial Day, Fourth of July or Labor Day unless otherwise volunteered, and except that full-time pharmacists hired after October 16, 1996 with less than five (5) years of continuous service may be required to work up to eight (8) hours, not to exceed 5:00 p.m. on such holidays.

Nothing herein shall limit holiday work by part-time pharmacists.

Regular full-time pharmacists hired or promoted on or after May 8, 2016 may be required to work without limitation on any of the holidays recognized above under this Section 5.7(1).

No pharmacist shall be required to work past 6:00 p.m. on Christmas Eve or New Year's Eve, provided that such pharmacist will continue working until the customers at the pharmacy are served.

2. Holiday Qualifications and Holiday Pay

(A) A Regular Full-Time Employee who does not work on a holiday will nevertheless receive holiday pay in an amount equal to twenty percent (20%) of his regular weekly salary for said holiday provided he works his scheduled workday before and after the holiday. Where a holiday falls on an employee's regular day off, he shall receive at the Employer's option either another day off during the holiday week or holiday pay in an amount equal to twenty percent (20%) of the regular weekly salary. An employee who works on a holiday shall receive, in addition to his regular weekly salary, compensation for such extra work in accordance with a bonus amount as follows:

- For each quarter day or portion thereof, five percent (5%) of the basic weekly salary;
- For each half day or portion thereof, ten percent (10%) of the basic weekly salary;
- For each three quarter day or portion thereof, fifteen percent (15%) of the basic weekly salary;
- For each full day or portion thereof, twenty percent (20%) of the basic weekly salary, whichever is greater.

(B) Part-Time Employees (a) To qualify for holiday pay, a part-time employee must work both the regularly scheduled workdays before and after the holiday and the holiday itself if scheduled. (b) In addition to meeting the preceding requirements, a part-time employee must also have worked:

1. An average of fifteen (15) hours per week in the payroll quarter preceding a National Holiday, and
2. An average of fifteen (15) hours per week in the accounting period preceding the accounting period in which the holiday falls.

Regular part-time employees who qualify shall receive holiday pay in the amount of twenty percent (20%) of their average weekly straight-time hours worked during the accounting period preceding the accounting period in which the holiday falls.

Section 5.8: Jury Pay

When any regular full-time employee who is covered by this agreement is summoned for jury service, he shall be excused from work for the days in which he reports for jury service and/or serves. He shall receive, for each week in which he otherwise would have worked,

the difference between his basic salary for that week and the payment he receives for jury service, if any. Any employee summoned for jury service shall promptly notify the Employer of the receipt by him of such jury summons; in any event, no payment shall be made to any summoned employee under this section for any workweek in which he has not worked unless he has given such information to the Employer not later than the next regularly scheduled workday after receipt of such jury summons. Before any payment shall be made to any employee hereunder, he shall present to the Employer proof of his summons for service, and of the time served and the amount of pay received therefor, if he shall have served as juror. The provisions of this section shall apply only when an employee is summoned for jury duty and shall not apply if an employee volunteers to serve as a juror. When an employee is released for a day or part of a day during any period of jury service, he shall report to his store for work.

Section 5.9: Funeral Leave

The Employer agrees to pay regular full-time employees for necessary absences from scheduled work on account of a death in the immediate family up to and including a maximum of three (3) scheduled workdays, provided the employee attends the funeral. For purposes of full-time employees, the term "immediate family" shall mean spouse, parent, stepparent, child, grandparents, brother, sister, sister-in-law, brother-in-law, father-in-law, mother-in-law, son-in-law, and daughter-in-law or any relative residing with the employee or with whom the employee is residing.

Section 5.10: Personal Day Off – Employee's Birthday

All regular full-time employees with one (1) continuous year of service shall be given an additional day off with pay each year in celebration of their birthday. The day off shall be as mutually agreed upon by the Employer and the employee. Such full-time employees shall receive one-fifth (1/5th) of their basic weekly salary for such day off.

Section 5.11: Personal Day Off – Employee's Employment Anniversary

All regular full-time employees with one (1) continuous year of service shall receive an additional day off in celebration of their employment anniversary. This day off shall be taken on the employee's actual anniversary date or during the week in which the anniversary occurs or as mutually agreed between the Employer and the employee. Each full-time employee shall receive one-fifth (1/5th) of his basic weekly salary for such day off.

Section 5.12: Personal Day Off - Full-Time With 3 Years

All regular full-time employees with three (3) continuous years of service and part-time employees with one (1) or more continuous years of service shall receive an additional day off each calendar year effective January 1, 2000. This day off shall be taken as mutually agreed between the Employer and the employee. Each eligible full-time employee shall receive one-fifth (1/5th) of his basic weekly salary for such day off.

Section 5.13: Leaves of Absence – General

Regular full-time employees with one (1) or more years of continuous service may apply for unpaid leaves of absence. Leaves of absence not otherwise provided for in this agreement or by law shall be determined at the sole discretion of the Employer. All requests for leaves must be in writing and approved in writing through the personnel office.

The Employer shall provide military leaves of absence as provided by law.

Employees granted unpaid leaves hereunder shall not be eligible for any contract benefits during the period of such leaves, except as earned prior to the leave taking effect.

Section 5:14 Pregnancy Leaves

Pregnancy leaves of absence shall be granted in accordance with applicable laws.

Section 5.15: Family Medical Leave Act & Americans With Disabilities Act

The Employer and the Union agree to cooperate in enabling the Employer to meet its obligations under the federal Americans With Disabilities Act (ADA) and the Family Medical Leave Act (FMLA). Unless specifically required in this agreement, the Employer shall have no contractual obligations under the ADA or the FMLA beyond the minimum statutory requirements.

ARTICLE 6 OTHER BENEFITS

Section 6.1: Various Employer Benefits

The Employer shall offer a profit sharing or pension plan, health care plan, employee discount plan, and stock purchase plan to eligible full-time and part-time employees on the same basis (except in regard to optical coverage) as said plans may be offered to store management and other hourly paid store employees, respectively. The Employer retains the right to amend, modify, or terminate said plans. In the event of any material amendment, modification, or termination, the Employer shall notify the Union of said amendment, modification, or termination.

Section 6.2: Optical Plan

The Employer agrees to offer the Employer's Optical Program, at the same employee contribution rates as it is offered to store management personnel, to each full-time Pharmacy employee.

ARTICLE 7
SENIORITY

Section 7.1: Seniority and Other Definitions

Seniority means the rights secured by a regular full-time employee by length of continuous employment service as provided herein. Seniority starts from the last day when the employee is hired by the Employer, except that new regular full-time employees shall not acquire any seniority rights until they have completed a probationary period of ninety (90) days.

An employee's seniority shall be broken if he: (1) quits; (2) retires; (3) is discharged; (4) fails to report after a layoff within seven (7) calendar days after the Employer sends, to the last known address, a written notification to return to work; or (5) has been out of employment by the Employer for a period of twelve (12) months.

When two (2) or more employees are hired on the same day, the Employer shall determine their relative seniority. The Employer agrees to submit to the Union, on a monthly basis, a list of all newly hired employees. The Employer agrees to submit to the Union a seniority list each six (6) months during the term of the union contract.

It is agreed that pharmacy students and pharmacy interns may rotate in and out of the bargaining unit without interruption of their seniority status, provided they are enrolled in an accredited pharmacy program to become a registered pharmacist. However, the employee must return to work for the Employer within a one-year period in order for bridging of seniority to apply.

Section 7.2: Layoffs and Recalls after Layoffs – Regular Full-Time Employees

When the employee's qualifications, such as skill, efficiency, physical and mental fitness, the ability to organize, direct, and supervise the work of others are relatively equal, seniority shall control the order of layoffs and recalls after layoffs of full-time employees within the following job classifications:

Registered Pharmacists
Non-Registered Graduate Pharmacists

The Employer shall determine the relative qualifications of employees, but when the qualifications of employees for the particular job or jobs are relatively equal, this seniority principle requires that:

- A. The employee with the lowest seniority in the job classification in the bargaining unit shall be the first laid off.
- B. An employee may, in lieu of accepting a layoff, opt to take the job of the least senior employee in the bargaining unit; provided, however, that in the event a vacancy occurs in the district from which the employee was laid off, he shall have preference for such vacancy over a new employee or less senior employee.

- C. Qualified laid-off employees shall be recalled in the order of their seniority in the bargaining unit.

Section 7.3: Selection of Employees for Full-Time Employment

The Employer will welcome applications for full-time employment from part-time employees with six (6) months or more continuous service. When a full-time pharmacist is needed, the Employer will endeavor to fill said position by selecting from all applicants, the applicant whose qualifications, ability, and availability for work are the greatest; ~~provided, however, that when qualifications are equal, preference shall be given to part-time applicants within the collective bargaining unit on the basis of their length of service.~~ The determination of the relative qualifications of all applicants is expressly reserved to the Employer.

Section 7.4: Pharmacy Student Apprentices

In response to Local 727's request, the Employer will agree to annually review its payroll roster each January to identify and provide an opportunity for each senior pharmacy student to discuss employment opportunities with the Employer and to make application for employment as an R.Ph. upon graduation prior to the regularly scheduled recruiting season. It is further agreed that such applicants for employment will be notified of acceptance or rejection by the Employer on or before April 1 provided the applicant has given the Employer ample opportunity to review his or her application and work history prior to April 1.

Section 7.5: Promotion to Supervision

If an employee is promoted from a job within the bargaining unit to a supervisory position with the Employer he shall continue to accumulate seniority while working the supervisory position for a period of one (1) year, and if demoted to the collective bargaining unit within said one (1) year period, he shall commence work with the seniority rank he had at the time of his promotion plus the seniority accumulated while he was working the supervisory position.

Section 7.6: Seniority of Employees on Leaves of Absence

The seniority rights of an employee who, either by voluntary action or draft entered the Armed Forces of the United State, shall continue as though he had not been absent, and he shall have the right to be reinstated to his employment provided by law and regulation thereunder.

An employee who requests and is granted a personal leave of absence by the Employer shall have his seniority rights and provisions maintained for the duration of such leave of absence, provided the employee does not hold any other employment while on such personal leave.

Section 7.7: Transfer of Pharmacists

All new full-time staff positions and all full-time staff vacancies in existing positions in the Chicago Division B (Teamster members in Lake, Cook, DuPage and McHenry counties) will be filled after consideration of a pharmacist's written request for work at the applicable location. To be considered, the written request must be received by the Pharmacy District Manager at least four (4) weeks in advance of filling the full-time staff opening. Selection will be based ~~solely on seniority, except when justified by the special needs of the employer (i.e., bilingual), and relative skill-set (i.e., bilingual) and performance as determined by the Employer.~~ performance as determined by the Employer. Provided however:

- (a) Candidate pharmacist meets expectations on performance ratings in last 12 months;
- (b) no discipline in the last nine (9) months;
- (c) has not rejected a requested transfer during the last nine (9) months.

Bids will not be considered from pharmacists who have been assigned to their current location for less than the twelve (12) months preceding filling the opening, except when justified by the business necessity. Pharmacists may be transferred only for operational necessity. Pharmacists will not be transferred for disciplinary reasons, except for sexual harassment or inappropriate fraternization cases.

A pharmacist who is denied a transfer may request, in writing, a meeting with the Pharmacy District Manager to discuss the reasons(s) for any such denial.

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.

ARTICLE 9 NO STRIKE/NO LOCKOUT

During the term of this agreement, there shall be no strikes, stoppage, diminution, or suspension of work of any kind whatsoever on the part of the Union or the covered employees, nor shall there be any lockout on the part of the Employer unless employees avail themselves of the right granted in Section 8.11 of this Labor Agreement. Arbitrations are expressly granted the power to immediately enjoin violations of this section. Violators of this section shall be subject to immediate discharge and such discharges shall not be subject to arbitration.

ARTICLE 10
GRIEVANCE AND ARBITRATION

Section 10.1: Grievances

A. Grievances Defined

A grievance is hereby defined as any dispute involving the interpretation or application of the provisions of this contract.

B. Procedure

A grievance may be initiated by any individual employee, by the Union, or by the Employer. Once initiated, the following steps shall be taken to settle such grievance:

Step 1:

By conference between the aggrieved employee and the Store Director or Pharmacy District Manager.

Step 2:

By conference between a Union representative and Associate Relations Manager or other representative designated by the Vice President, Operations.

Any grievance initiated or carried to Step 2 shall be reduced to writing. Grievances involving only one (1) store shall be introduced only at Step 1, while grievances involving more than one (1) store may be introduced at Steps 1 and 2. All grievances shall be investigated and answered promptly.

C. Time Limits on Grievances

Any grievance involving a claim of improper discharge or other discipline must be presented within fourteen (14) calendar days after discharge. All other grievances other than wage claims must be made within thirty (30) calendar days after the cause giving rise to the grievance becomes evident. Wage claims involving the proper application of wage rates or related to time worked shall not be valid and collectible for a period earlier than thirty (30) calendar days prior to the date of filing the claims.

Where a grievance is not resolved at Step 1 as described in Section 10.1(B) above, either the Union or Employer may proceed to Step 2 by providing written notice of intent to proceed to Step 2 to the other party within fourteen (14) calendar days of denial of the grievance.

Section 10.2: Arbitration

A. Either the Union or the Employer may, within thirty (30) calendar days after failure to adjust the grievance in accordance with Step 2 of the grievance procedure, serve

upon the other party a written demand for arbitration stating the issue to be arbitrated. The parties shall endeavor to select an impartial arbitrator. However, if the parties fail to agree upon an arbitrator who is willing and able to serve within fifteen (15) calendar days after served of the demand for arbitration, either party may, within fourteen (14) calendar days thereafter, request the Federal Mediation and Conciliation Service to submit a list of not less than five (5) disinterested persons who are qualified and willing to act as impartial arbitrators. Failure to demand arbitration within 30 days of a Step 2 meeting, or failure to jointly select an arbitrator upon Union demand within 60 days of a Step 2 meeting, or failure to initially file a grievance within the time limits set forth in Section 10.1(c) shall bar arbitration. Failure to select an arbitrator by the Employer after a Union demand as provided above shall not bar arbitration. Upon receipt of this list, an authorized representative of the Union and of the Employer shall flip a coin to determine who shall have first choice to strike a name. The party winning the toss shall then strike one name each until only one name remains. The person whose name remains shall be the selected arbitrator.

- B. The Arbitrator shall commence hearings as quickly as possible after his selection and shall render his award in writing together with his written findings and conclusions as quickly as reasonably possible after the hearing. The award shall be final and binding upon the parties to this agreement and upon the complaining employee or employees, if any.

The arbitrator shall have no power to add to, subtract from, modify, or amend any provision of this agreement, nor to substitute his discretion for the discretion of the Union or the Employer, change existing wage rates, or arbitrate proposals for the amendment or renewal of the agreement.

The arbitrator's fees and expenses, the cost of any hearing room, and the cost of a shorthand reporter and of the original transcript shall be borne equally by the parties. All other costs and expenses shall be borne by the party incurring them.

- C. For the purpose of entertaining a written request from either of the parties for rehearing to correct any material error or omission or commission, ambiguity or question of application allegedly evident in the opinion or award, the arbitrator shall, for a period of seven (7) calendar days next following the date of his award, retain jurisdiction of the matter submitted to arbitration by the parties hereto and until the expiration of the period of time stated in this provision for rehearing the award shall not be deemed to have been issued. If, however, no request for rehearing is duly filed within this seven (7) day period, this award shall be deemed to be issued effective as of its date. A written request for rehearing shall detail the specific ground relied upon for alleging a material error, or ambiguity, and a copy thereof shall be mailed by certified mail to the other party or parties. If the written request is postmarked no later than the seventh (7th) day next following the date of this award, it shall extend the jurisdiction of the arbitrator for a period of seven (7) days next following the date of the written request. Within those seven (7) days, the arbitrator, having re-examined the matter, shall, in writing, either reject the request for a rehearing or set a date for the requested rehearing. If the request for rehearing is

denied, the award shall thereupon be deemed to be issued effective that date and the jurisdiction of the arbitrator shall accordingly cease. If the request for rehearing is granted, the jurisdiction of the arbitrator shall continue until issuance of a final amended award incorporating or rejecting the substance of the allegations contained in the request.

- D. The participation by the parties in an arbitration proceeding under this agreement shall not be deemed a waiver of or prejudicial to the right of either party to contest the arbitrability of the grievance or the jurisdiction and authority of the arbitrator in proceedings to set aside the award of, in other appropriate proceedings, in any state or federal court of competent jurisdiction; provided such judicial proceedings are instituted within thirty (30) days of the date of the arbitrator's award.

ARTICLE 11 HEAD PHARMACISTS

The Employer may designate staff pharmacists as head pharmacists. Head pharmacists shall be bargaining unit members and shall perform bargaining unit work, primarily filling prescriptions.

Application to the head pharmacist program shall be voluntary. Selection of volunteers shall be in the sole discretion of the Employer. If a Head Pharmacist gives the Company notice of his intent to resign from the responsibilities of Head Pharmacist, the Company will attempt to secure a replacement Head Pharmacist within thirty (30) days of receipt of the notice.

Head Pharmacists shall perform those duties as may be assigned by the Employer. Such duties may include: budget responsibilities; work flow supervision; directing the pharmacy staff; monitoring product sources, generic utilization, marketing promotions, competitor pricing, inventory control, pharmacy reports; administration of company programs/policies; training; recommending personnel related action; communication to the pharmacy staff; and other duties. Head Pharmacists shall not be responsible for the decision to hire, discharge or otherwise discipline other pharmacists. Work schedules of full-time staff pharmacists, including Head Pharmacists, shall be rotated in an equitable manner in regard to starting and ending times and weekend work, provided the needs of the business are met.

The Employer shall have the right to develop, modify or terminate an incentive pay plan for head pharmacists during the term of the Agreement.

A Head Pharmacist with an evaluation of satisfactory or above, employed more than twelve (12) months as a head pharmacist, and who chooses to be a staff pharmacist shall have preference over pharmacists who are not regularly assigned to a pharmacy as a staff pharmacist (i.e. undistributed pharmacists) with the Company for an available staff pharmacist vacancy. Nothing herein shall limit the Employer's right to demote or transfer pharmacist as provided in Section 7.7 of this labor agreement. The Employer within its sole discretion may modify (except as specifically limited herein this section) or terminate the head pharmacist program during the term of this Agreement. However, the Employer shall notify the Union or Communication Committee of any major change or termination of the head pharmacist program.

Employees hired or promoted into the position of Head Pharmacist on or after May 8, 2016 will not be members of the bargaining unit specified by Article 1 and will not be subject to the terms and conditions of this Agreement.

ARTICLE 12
TERM

Section 12.1: Initial Term

This agreement shall become effective on ~~May 2, 2010, and shall expire at 11:59 p.m. on May 7, 2016.~~ May 8, 2016 ~~May 7, 2016~~ and shall expire at 11:59 p.m. on May 4, 2019.

Section 12.2: Renewal Term

If either party wishes to modify this agreement at its expiration, it shall serve notice in writing of such request upon the other party not less than sixty (60) days prior to the expiration date. In the absence of the service of such notice, this contract shall automatically renew itself for a period of one (1) year and from year to year thereafter, it being further agreed that the contract expiration date shall be the second Sunday in June of each succeeding year.

TEAMSTERS LOCAL 727

AMERICAN DRUG STORES, INC.
d/b/a OSCO DRUG

By _____

By _____

By _____

By _____

By _____

Date _____

By _____

By _____

APPENDIX A
COMPENSATION

Section A.1.: Guaranteed Minimum Weekly Salary – Full-Time Employees

Effective:	5/5/2013 <u>5/9/2016</u>	5/1/2014 <u>5/7/2017</u>	5/3/2015 <u>5/6/2018</u>
Full-Time Registered Pharmacist (weekly salary)	\$2,476 <u>\$ TBD</u>	\$2,538 <u>\$ TBD</u>	\$2,602 <u>\$ TBD</u>

Section A.2: Hourly Rates

Part-Time Registered Pharmacist	\$61.90 <u>\$ TBD</u>	\$63.45 <u>\$ TBD</u>	\$65.05 <u>\$ TBD</u>
Effective:	5/5/2013 <u>5/9/2016</u>	5/1/2014 <u>5/7/2017</u>	5/3/2015 <u>5/6/2018</u>
Graduate Non-Registered Pharmacist	\$28.20 <u>\$ TBD</u>	\$28.20 <u>\$ TBD</u>	\$28.20 <u>\$ TBD</u>

- * These wage rates do not include the applicable premiums for pharmacists regularly working the 10:00 p.m. to 8:00 a.m. work shift, as set forth in Appendix C, Section 1, or for midnight pharmacy operations, as set forth in Appendix D, Section 1. These rates also do not reflect the optional work week, which may be chosen by certain full-time pharmacists, as defined in Appendix C, Section 2(c).

APPENDIX B

WAGE STRUCTURE FOR PHARMACY STUDENT APPRENTICES

Effective:	<u>5/5/2013</u> <u>5/9/2016</u>	<u>5/1/2014</u> <u>5/7/2017</u>	<u>5/3/2015</u> <u>5/6/2018</u>
Pharmacy Students			
<u>Pharmacy School Year</u>			
3rd year	<u>\$13.00 TBD</u>	<u>\$13.00 TBD</u>	<u>\$13.00 TBD</u>
4th year	<u>\$14.50 TBD</u>	<u>\$14.50 TBD</u>	<u>\$14.50 TBD</u>
5th year	<u>\$16.50 TBD</u>	<u>\$16.50 TBD</u>	<u>\$16.50 TBD</u>
6th year	<u>\$18.00 TBD</u>	<u>\$18.00 TBD</u>	<u>\$18.00 TBD</u>

NOTE:

The above structure is designed to provide a minimum wage rate for pharmacy student apprentices and to allow individual store management to recognize experience, effort, and ability demonstrated by individual pharmacy student apprentices.

Pharmacy students who are initially and solely employed in order to gain pharmacy school credits need not be paid any compensation during their school intern program period provided Employer activities are related to pharmacy school extern program. Such students who are retained after completion of a pharmacy school extern program in connection with school credits shall be paid in accordance with the above stated minimum rates of pay.

APPENDIX C

TWENTY-FOUR (24) HOUR PHARMACY OPERATIONS

The Employer shall possess the right to operate twenty-four (24) hour pharmacies anywhere in the Greater Metropolitan Chicagoland Area, when a major competitor operates any twenty-four (24) hour pharmacies. The following provisions shall apply to twenty-four (24) hour pharmacies:

1. Premium Pay: Pharmacists shall receive ~~Two Dollars and Fifty Cents (\$2.50)~~ TBD per hour for all hours worked from 10:00 p.m. to 8:00 a.m.

2. A. Work Shift: The regular work shift for twenty-four (24) hour pharmacies between 10:00 p.m. and 8:00 a.m. may be ten (10) hours per workday. The nine (9) hour normal workday limitation of Section 3.1 of the Master Labor Agreement shall not apply to said work shift, however, the twelve (12) hour maximum workday limitation of Section 3.1 shall continue in full force and effect.

B. It is understood and agreed that no pharmacist who is regularly scheduled for a 10-hour day in accordance with Paragraph 2(A) should lose any compensation when taking a holiday or personal day.

C. Workweek: Full-time pharmacists who work the regular work shift for twenty-four (24) hour pharmacies between 10:00 p.m. and 8:00 a.m. may choose to work a basic work week of forty (40) hours or an optional work week of thirty-five (35) to forty (40) hours and shall be paid proportionally for such a workweek, as long as such workweek is mutually agreed upon between the pharmacist and the Employer.

3. Selection of Pharmacists for 10:00 p.m. to 8:00 a.m. Shift Work

A. 10:00 p.m. to 8:00 a.m. shift work shall initially be offered to existing pharmacists in an affected store on a seniority basis.

B. If the initial offering does not produce an adequate staff of pharmacists between the hours of 10:00 p.m. and 8:00 a.m., the Employer shall consider written requests for such shift work from all pharmacists in the bargaining unit on a seniority basis. Such requests shall indicate location/area preference and be addressed to the regional personnel manager of the Employer.

C. If an adequate number of pharmacists do not volunteer for such work between the hours of 10:00 p.m. and 8:00 a.m., new pharmacists shall be hired for said hours of work.

4. Replacement Coverage for 10:00 p.m. to 8:00 a.m. Shift Work: When the Employer is notified of an unscheduled, projected absence of a 10:00 p.m. to 8:00 a.m. pharmacist, the Employer shall use its best efforts to find a late-shift replacement pharmacists to relieve a pharmacist whose shift is scheduled to end at 10:00 p.m.

The Employer shall also have available a list of replacement pharmacists for use by non-late shift pharmacists when a 10:00 p.m. to 8:00 a.m. pharmacist is unexpectedly absent from the start of a 10:00 p.m. work shift.

Absences of regular 10:00 p.m. to 8:00 a.m. pharmacists shall first be covered by available undistributed, full-time pharmacists and thereafter by regularly assigned volunteer full-time or part-time pharmacists. Such replacements shall not be required to work with less than twenty-four (24) hours between the start of work shifts. For example, a replacement pharmacist who works from 10:00 p.m. Tuesday to 8:00 a.m. Wednesday shall not be required to work until 10:00 p.m. Wednesday at the earliest.

In instances when a replacement cannot be obtained, the non-late shift pharmacist may be required to continue working past his or her regularly scheduled end of shift but shall not be required to work more than a total workday of twelve (12) hours as provided in Section 3.1 of the Master Labor Agreement.

5. Other Shift Transfers

- A. Any pharmacist who volunteers to work the 10:00 p.m. to 8:00 a.m. shift shall be required to work said shift for a minimum of three (3) months unless the Employer ceases said shift in the involved pharmacist's store.
- B. If a 10:00 p.m. to 8:00 a.m. pharmacist desires to work other hours on a regular basis, said pharmacist shall notify the Employer's regional personnel manager of his or her store/area preference, in writing, and will be offered the next such available pharmacy position in the bargaining unit on the basis of his or her seniority, provided said pharmacist has not received any type of disciplinary warning or suspension within the prior six (6) months of employment.

6. Effect on Pharmacists of Discontinued Twenty-Four (24) Hour Operations

If the Employer should discontinue a twenty-four (24) hour operation, full-time pharmacists working the 10:00 p.m. to 8:00 a.m. schedule may exercise their seniority to obtain a regular full-time position by bumping the least senior pharmacist(s) in the bargaining unit provided the 10:00 p.m. to 8:00 a.m. pharmacist seniority is greater.

APPENDIX D

MIDNIGHT PHARMACY OPERATIONS

If a major competitor of the Employer operates any midnight (12:00 a.m.) pharmacies anywhere in the Greater Metropolitan Chicagoland Area, the Employer shall possess the right to operate midnight pharmacies anywhere in the Greater Metropolitan Chicagoland area. The following provisions shall apply to midnight pharmacies:

1. **Premium Pay:** Pharmacists shall receive ~~Two Dollars and Fifty Cents (\$2.50)~~ **TBD** per hour for all hours worked from 10:00 p.m. to 12:00 a.m.
2. **Scheduling:** The Employer shall use its best effort to provide part-time pharmacist assistance in order to assist regular full-time pharmacists with work shifts ending at midnight. Shifts ending at midnight shall be distributed equitably amongst involved full-time pharmacists when appropriate.

Direct line: ~~630/048-6275~~

Facsimile: ~~630/048-6050~~

~~May 17, 2013~~

~~Mr. John Celi
IBT Local No. 727
1300 W. Higgins Rd
Suite 114
Park Ridge, IL 60068~~

~~RE: Memorandum of Understanding Regarding Walgreens Top Rates~~

~~Dear John:~~

~~In conjunction with the most recent collective bargaining negotiations, the parties agree to this Letter of Understanding for the term of the collective bargaining negotiations, May 5, 2013 to May 7, 2016.~~

~~In the event the Walgreens collective bargaining agreement provides a top wage rate which is more than the top wage rates provided in the 2013-2016 Osee Drug (Chicago/land) collective bargaining agreement, the employer shall adjust the top rate up to the Walgreens top rate, not to exceed a 2.75% increase from Osee's prior year's rate, on the Sunday following the effective date of Walgreens increase in its collective bargaining agreement. Nothing herein shall apply to calendar year 2016.~~

~~If this memorandum is correct, please sign and date all four (4) copies of this letter and return two (2) for my file.~~

~~Very truly yours,~~

~~Stacey J. Brown~~

~~Enclosure~~

~~TEAMSTERS LOCAL 727~~

~~By _____~~

~~Date _____~~

LETTER OF UNDERSTANDING

BONUS UNIT Full-time weekly salary should always equal the standard workweek. Any extra time worked is paid in bonus units.

Before bonus units can be paid, the full-time pharmacist must have worked the scheduled workweek. Then and only then, may the bonus units be calculated. If extra work occurs on more than one day in a scheduled workweek, bonus units are calculated for each daily occurrence and totaled for the week, if the pharmacist has had each day separately approved and has actually worked those days.

Calculation of pharmacy pay units should be made as follows (provided the pharmacist works at least 30 minutes):

- 1/4 day or less = 5% of basic work week salary
- 1/2 day or less = 10% of the basic weekly salary
- 3/4 day or less = 15% of the basic weekly salary
- 1 day or less = 20% of the basic weekly salary

Each pharmacy pay unit shall be equal to 5% of the pharmacist's applicable weekly salary or a company established dollar value, whichever is greater.

Please Note: Management may require approval of extra work before a pharmacist performs such work. If mutually agreed upon by a supervising manager and pharmacist, time off with pay in lieu of pharmacy pay units may be agreed upon in an amount equal to the pharmacy pay unit compensation within the applicable scheduling period.

LETTER OF UNDERSTANDING

Our pharmacists are entitled to take uninterrupted rest/meal breaks. In order to maintain a fair and reasonable work environment and in recognition of the important contributions of each member of our team, it is imperative that this policy be applied equitably and consistently to all pharmacists.

That said, pharmacists are entitled to one fifteen (15) minute meal/rest break for every four(4) continuous hours worked.

(i) The pharmacist will remain on the premises to enable the prescription area to remain open. The premises is defined by remaining within the confines of the building.

(ii) If two (2) pharmacists are on duty, meal/rest breaks should be taken during overlap in order to keep the pharmacy open and provide services to our customers.

(iii) When no pharmacist is in the pharmacy, but the supervising pharmacist remains in the building, the pharmacy technician(s) or pharmacy technician(s)-in-training may perform pharmacy functions as outlined below at the discretion of the pharmacist, provided no prescription product leaves the pharmacy until the pharmacist returns and authorizes the release.

(A) Prescription preparation – retrieving the product from stock, counting, pouring, reconstituting, placing the product in prescription container, and affixing the label.

(B) Prescription input – making computer entries for new or refill prescriptions, provided the pharmacist meets DUR obligations.

(C) Prescription refill authorizations – contacting the practitioner's office and obtaining refill authorizations for any prescription provided there are no changes in the prescription order.

(iv) The pharmacist may not combine their fifteen (15) minute meal/rest break unless overlap allows them to do so.

(v) The break shall remain uninterrupted except in the event that the absence of the pharmacist may cause a negative impact on the health, safety, and welfare of the patient. Examples of a negative impact include, but are not limited to, (a) an emergency prescription is called in from a physician that cannot be called in later; (b) the filling of an emergency prescription; (c) the patient warrants counseling that cannot wait.

(vi) If the pharmacist is scheduled to take an unpaid lunch break, the above referenced expectations still apply.

Union

Date

Employer

Date

LETTER OF UNDERSTANDING

During the term of this agreement, the Union agrees to limit increases in Union dues under Section 8.2 of the collective bargaining agreement to no more than five percent (5%) per year.

Union

Date

Employer

Date