

***AGREEMENT***

*between*

***PEPSI-COLA GENERAL BOTTLERS OF IOWA, INC.  
dba PEPSIAMERICAS***

*and*

***UNITED FOOD & COMMERCIAL WORKERS  
INTERNATIONAL UNION, AFL-CIO, DISTRICT LOCAL  
#431***

***EFFECTIVE DATES:***  
*February 6, 2005 to February 6, 2010*

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## **AGREEMENT**

**February 6, 2005 to February 6, 2010**

This Agreement, made and entered into by and between Pepsi-Cola General Bottlers of Iowa, Inc. dba PepsiAmericas, hereinafter referred to as the "Employer" or the "Company," its successors and assigns, and United Food and Commercial Workers International Union, AFL-CIO, District Local #431, hereinafter designated as the "Union."

### **ARTICLE I** **PURPOSE**

Whereas, it is the intent and purpose of this Agreement to promote and improve industrial relations between the Employer and its employees; aid toward the economical and profitable operation of the plant; make reasonable provisions for the safety and health of the employees; accomplish and maintain the highest efficiency and quality of work performance; provide methods for a prompt and peaceful adjustment of grievances; ensure against any interruption of work; strengthen good will, mutual respect and cooperation; and set forth the agreement covering rates of pay, hours of work and other conditions of employment to be observed between the parties to this Agreement.

### **ARTICLE II** **RECOGNITION**

The Employer recognizes the Union as the sole and exclusive bargaining agent with respect to wages, hours and other conditions of employment for route salesmen, food service delivery salesmen, full service delivery drivers, Iowa Vending Driver Salesmen, redemption route drivers, express drivers, merchandisers, swingmen (relief drivers), vending maintenance, vending helper, special events, lift truck operators, general laborers, relief trainers, pre-sell driver/merchandisers, tel-sell drivers, and fleet mechanics at the Company's Waterloo, Iowa place of business, excluding, however, all office clerical, administrative and professional employees, watchmen, checkers, guards, all supervisory employees with authority to hire, or discharge, or discipline or change status of an employee or effectively recommend such action.

### **ARTICLE III** **CONFLICT WITH LAW**

If any Article or Section of this Agreement shall be held invalid by operation of law or by any tribunal of competent jurisdiction or if compliance with or enforcement of any Article or Section should be restrained by such tribunal pending a final determination as to its validity, the remainder of this Agreement and the application of such Article or Section to persons or circumstances other than those as to which it has been held invalid or as to which

compliance with or enforcement of has been restrained shall not be affected thereby. In either of the events set forth above, the parties affected thereby shall enter into immediate collective bargaining negotiations upon request for the purpose of arriving at a mutually satisfactory replacement for such Article or Section during the period of invalidity or restraint.

There shall be no discrimination on the basis of race, color, religion, sex, national origin, handicap, age, union membership or union activities, as provided in various laws. The use of masculine gender pronouns in this Agreement is only for simplicity. All masculine gender pronouns should be read to include female gender pronouns.

#### **ARTICLE IV** **MANAGEMENT**

None of the provisions of this Article shall be applied in a manner inconsistent with any of the other provisions of this Agreement or for the purpose of discrimination against any member of the Union. The management of the business and the direction of working forces are vested exclusively in the Company, including but not limited to the rights to hire, discipline or discharge for cause, to promote or demote, to layoff, transfer, establish reasonable rules covering employee conduct and determine the hourly and daily schedules of employment. The Company shall be the judge of all matters pertaining to the conduct of its business, including but not limited to the products to be produced, schedules of production, the assignment of work, the extent other facilities will be used, and the disposition of its products. The Company shall have the absolute right as to all or any part of work performed by the bargaining unit to discontinue operations and to transfer operations to any new or existing plant. Subcontracting shall be permitted in accordance with industry and past practice.

#### **ARTICLE V** **NO STRIKE - NO LOCKOUT**

1. The parties agree that during the term of this Agreement there shall be no lockouts, picketing, strikes, sympathy strikes, slowdowns, curtailment of work, interference with production or stoppages of work at the Company in its Waterloo, Iowa operations for any cause whatsoever, and regardless of whether the subject of the controversy is referable to the grievance procedure of this Contract. Any employee who ceases work to engage in any of the above unauthorized activities may be discharged or otherwise penalized by the Company. Disciplinary action taken by the Company in such case will not be subject to review under the grievance procedure provided in the Agreement, except solely as to the question of whether the employee did or did not participate in the unauthorized activity. It is further agreed that any perishable merchandise that is in the process of being manufactured

at the time the unauthorized activity was called will be finished to avoid loss or damage of such merchandise.

2. It shall not be a violation of this Agreement for an employee to refuse to cross a primary picket line of a struck company that is not a party to this Agreement, or a parent, subsidiary and/or affiliate of a party to this Agreement.

## **ARTICLE VI** **DISCHARGE**

All new employees shall be considered probationary employees for the first ninety (90) calendar days of their employment. If a new employee is absent for any reason for more than one consecutive work week, all time missed beyond that consecutive work week will be added to the ninety (90) calendar day probationary period. The Company reserves the right to reject any new employee at any time within the applicable probation period if, in its sole discretion, the Company finds the person an undesirable employee for any reason.

The parties accept the principle of progressive discipline. The penalty in each case shall depend upon the seriousness of the offense. The Employer shall have the right to establish reasonable rules of conduct.

Warning Notices: Any warning notice shall be void and of no force or effect after a twelve (12) month period free of any further disciplinary action. The above time periods will be based on months of active employment and will not include time in which the employee is on a leave of absence, worker's compensation or any other inactive status.

## **ARTICLE VII** **SENIORITY**

Seniority is defined as length of continuous service with the Company beginning with the employee's most recent date of hire.

Part-time employees shall be defined as those who do not work regularly the full scheduled hours of the department. Seasonal employees shall be defined as those working no earlier than April 1 and no later than September 30. If a part-time employee becomes a full-time employee, his seniority shall be that of the date employed as a full-time worker. Part-time and seasonal employees shall not accumulate seniority. Seasonal and part-time employees shall be given an opportunity to qualify as regular employees if available when needed and will be placed at the bottom of the seniority list if they meet all qualifications required of new applicants and shall receive full continuous service credits from the date of their regular full time employment.

When a new or permanent job classification or vacancy is created, the vacant job shall be posted on the bulletin board for a period of two (2) working days. A job bid by an employee shall be made in writing within that period of time. Assignment to a vacant job classification shall be on the basis of seniority and ability to perform the job. Such assignment shall be made as soon as an adequate replacement can be made. To be eligible to bid to a vacant job an employee must have a minimum of nine (9) months seniority with the Company.

There shall be no more than one (1) successful bid per nine (9) month period by any one employee. Where there is a reasonable doubt as to the question of an employee's qualifications, the Employer may institute a trial period of up to thirty (30) work days. An employee may be disqualified by himself any time during the first ten (10) work days of the trial period or by the Employer during the thirty (30) work day trial period, and in that event will be returned to his previous position without prejudice to his seniority.

Employees on vacation or other approved absence and interested in bidding on posted jobs shall leave necessary contact information with a shop steward. Such employee, prior to going on leave, may submit a bid to the steward who may then bid on behalf of the employee should the requested job be posted during his absence.

Where the filling of a vacancy or new position through the bidding procedure causes another vacancy, the resulting vacancy shall be filled through the bidding procedure, but thereafter the Company may fill any other resulting vacancy.

Seniority shall be separate between departments for all purposes. The departments are Sales, Warehouse, Fleet, Service and Full-Line Vending.

In the event there are no bidders for a posted vacancy within a department, the Company shall consider qualified employees from other departments before a new employee is hired. The Company has the sole right and responsibility to measure the employee against the following considerations: (a) has the physical qualifications to do the work; (b) has experience related to the job; (c) is bondable; (d) has an acceptable driving record; (e) performs in the manner qualified by the Company; (f) cooperates with supervisors and observes Company rules and regulations; (g) protects the property and interest of the Company; (h) reports for work promptly and regularly; (i) maintains harmonious relations with co-workers and Company's customers; (j) has a positive attitude towards advancement and the assumption of additional responsibility. If an employee from another department is selected for the position, he shall serve a trial period of up to thirty (30) work days. An employee may be disqualified by himself any time during the first ten (10) work days of the trial period or by the Employer during the thirty (30) work day trial period, and in that event shall be returned to his previous position without prejudice to his seniority. If an employee from another department is not selected for the position, he may request an explanation as to why he was not awarded the position.

In all cases where employees are laid off due to the reduction of work forces, probationary, seasonal, temporary and part-time employees in the department in which the layoff occurs shall be laid off before any regular employees. In the event it is necessary to decrease the working forces further, the regular employee with the least seniority shall be laid off in the department in which the layoff occurs provided the employees retained possess the qualifications to perform the available work. On a job recall, the last employee laid off will be the first recalled and in subsequent order. A failure to report for work within twenty-four (24) hours of receipt of verbal or written recall notification subjects the employee to loss of seniority. A registered letter to the employee at his address appearing in the Company records returned "addressee unknown" or "no forwarding address" shall be considered a refusal to return. Except in the case of verifiable emergencies, when the employee's required to return to work, it will be extended to forty-eight (48) hours from the date of recall.

An employee's seniority and employment relationship with the Company shall be terminated when an employee:

- a. Quits;
- b. Is discharged for cause;
- c. Retires;
- d. Fails to report within twenty-four (24) hours of a recall;
- e. Is laid off or otherwise off work for any reason in excess of one (1) year, the length of his seniority, or until he reaches maximum medical improvement (MMI), whichever is least;
- f. Fails to return to work on schedule following a vacation or authorized leave of absence without acceptable excuse; or
- g. Is absent from work for a period of two (2) working days without notifying the Company without acceptable excuse.

To toll the time period referenced in paragraph e above, an employee must return to a regular full-time position and must remain in a regular full-time position for twenty (20) work days following his return. If an employee fails to meet either of those criteria, the time period will continue to run from the original date the employee was off work.

**ARTICLE VIII**  
**HOURS OF WORK AND OVERTIME**

This Article is intended to define the normal hours of work and to provide the basis for the calculation and payment of overtime. It shall not be construed as a guarantee of working schedules or the amount of work performed in any work day or work week by any employees, individually or collectively.

A. The normal work week shall consist of eight (8) hours per day and forty (40) hours per week. The work week shall consist of any five (5) days out of seven (7), Sunday through Saturday. The Employer shall have the right through the term of this Agreement to further amend the work week to consist of four (4), ten (10) hour straight time days in all hourly classifications. In such event, for employees working a four (4), ten (10) hour schedule, two (2) of the scheduled days off shall be consecutive. All hours actually worked in excess of ten (10) hours per day or forty (40) hours per week will be paid for at the rate of time and one-half (1½). Payment for sick pay, funeral leave and jury duty shall be based on ten (10) hours for employees working a four (4) day, ten (10) hour work week. Work on the first and second off day will be paid at time and one-half (1½) provided the employee worked all other scheduled days that workweek. Work on the third off day will be paid at double (2x) time provided the employee worked all other days that workweek.

B. Daily and weekly work schedules shall be made at the sole discretion of the Company, and such schedules may be changed by the Company to suit varying business conditions. Changes deemed necessary by the Company will be known to the affected employees at least one (1) week in advance, where possible. The Company shall have the right to establish work schedules and starting times for each job classification. Employees must notify the Company no later than their established start time if they are unable to come to work.

C. Employees in the special events department, vending department and maintenance department may, at Company option, be placed on a regular work week differing from that provided for above.

D. All time worked in excess of forty (40) hours in any work week or in excess of eight (8) hours in any work day shall be paid at time and one-half (1 ½) except as provided in Paragraphs A and E of this Article.

E. Except as provided in Paragraph A, all work performed on an employee's first off day shall be paid at time and one-half (1½) provided the employee worked all other scheduled days that workweek. Holiday pay will be counted as a day worked when determining overtime on the first and second off day worked. All work performed on the employee's second off day shall be paid at double (2x) time provided the employee worked all other days that workweek.

F. All employees are expected to perform a reasonable amount of overtime. The Company does recognize that it may be inconvenient for individual employees to work overtime and it will give due consideration to each request for relief from overtime chores.

G. There shall be no split shift for other than normal lunch hours.

H. Overtime shall be distributed as equally as possible within each department consistent with qualifications and availability of the employee. The sole remedy for inequitable distribution shall be priority for future overtime.

I. There shall be no duplication of overtime. Overtime shall be payable at the highest rate application.

J. All full time employees, except employees who are on-call, who report to work when ordered to report to work will be guaranteed four (4) hours of pay unless the employees are prevented from performing the work that they normally perform because the Company closes the plant or any part thereof as a result of fire, storm, flood, strike, riot, civil commotion, utility failure or similar emergencies, Acts of God, or for any other condition beyond the control of the Company. Employees who are on-call will be paid only for hours worked. Any pay for time not physically worked shall not be counted as time worked for purposes of computing overtime.

K. It is understood in the event a swingman is not running a route, he shall be compensated at the swingman rate of pay while acting as a swingman.

It is also understood in the event a swingman does warehouse work or completes his day in the warehouse, he shall be compensated at time and one-half (1½) the swingman rate of pay for warehouse work performed after eight (8) hours per day.

## **ARTICLE IX** **COMPENSATION**

Pay day shall be Friday of each week. In the event one of the approved holidays falls on Friday, employees shall be paid the day immediately preceding the holiday. Pay day for the second shift shall be the previous Thursday night.

**ARTICLE X**  
**HOLIDAYS**

A. The following days shall be considered holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, the Employee's Birthday, and a Floating Holiday. The Birthday Holiday may be scheduled within a week before or after the actual date, and shall be scheduled with at least two (2) weeks advance notice.

B. An employee must successfully complete his probationary period to be eligible for holiday pay.

C. An employee must work the last scheduled work day before and the first scheduled work day after the holiday unless proof of sickness or excusable absence of one (1) week or less is established to qualify for holiday pay.

D. Hourly employees working eight (8) hour schedules are eligible for holiday pay at the rate of eight (8) hours of straight time pay. Hourly employees working ten (10) hour schedules are eligible for holiday pay at the rate of ten (10) hours of straight time pay if the holiday falls on a regularly scheduled work day. If the holiday falls on a regularly scheduled day off, the holiday shall be paid at the rate of eight (8) hours of straight time pay.

E. Part-time employees shall be eligible for holiday pay pro-rated according to their schedule.

F. Commission-paid employees shall be paid for all recognized holidays, funeral leave, jury pay and sick pay based on one-fifth (1/5<sup>th</sup>) of their respective weekly average income as established in Article XI, Paragraph B, Vacation Pay. For commission-paid employees without W-2 earnings in the prior calendar year (as described in Article XI, Paragraph B), that are entitled to pay for any of the items noted in the first sentence of this paragraph, their pay shall be based on one-fifth (1/5<sup>th</sup>) of the present year's average weekly earnings. In order to avoid undue administrative burden and to insure accurate calculation, it is agreed that once such a commission-paid employee has had twelve (12) weeks during which the employee received regular earnings, the computation of present year's average weekly earnings for purposes of this section will, for the remainder of the calendar year, be based upon dividing the first twelve (12) weeks of regular earnings, less prizes, bonuses and awards, by twelve (12).

**ARTICLE XI**  
**VACATIONS**

A. Each full-time employee who on his employment anniversary date has continuous service of one (1) year but less than two (2) years shall be eligible for one (1)

week vacation with pay. Each full-time employee who on his employment anniversary date has continuous service of two (2) years but less than eight (8) years shall be eligible for two (2) weeks vacation with pay. Each full-time employee who on his employment anniversary date has continuous service of eight (8) years shall be eligible for three (3) weeks vacation with pay. Each full-time employee who on his employment anniversary date has continuous service of thirteen (13) years shall be eligible for four (4) weeks vacation with pay.

B. Vacation pay shall be computed as 1/52 of the employee's prior year's W-2 (less prizes, bonuses and awards) divided by fifty-two (52) weeks less the number of weeks the employee had no regular earnings.

C. The vacation season shall be from January 1 through December 31. Vacations shall be limited to such numbers and job classifications as not to interfere with the normal conduct of the business. Vacation roster shall be posted in January of each calendar year. Employees will post vacations with assistance of their respective department manager. Choice of week(s) will be made until February 28th (or 29th in leap year) and seniority will determine in competition for time period if necessary. As of March 1st, choice of week(s) will be a first-come, first-serve basis. If a paid holiday falls within an employee's vacation week, he shall be paid Holiday Pay for that day, in addition to his regular vacation pay. Vacation payroll check shall be issued on the last normal pay day before going on vacation.

D. Effective as of February, 1984, employees defined as part-time employees with at least two (2) years of continuous service shall be eligible for a maximum of one (1) week's paid vacation. Part-time employees shall be paid vacation pay on a pro-rata basis.

E. Part-time employees who have become full-time employees shall have their seniority date re-established as their most recent date of hire as part-time employees for purposes of determining the amount of vacation to which said employee is entitled.

F. There shall be no carryover of unused vacation from year to year.

G. Employees shall not receive accrued vacation upon separation from employment with the Company.

## **ARTICLE XII** **FUNERAL LEAVE**

In the event a death in the immediate family of an employee requires his/her absence from work for the employee to attend the funeral, that employee will be granted up to a maximum of three (3) working days off with pay. Pay will be at the rate of eight (8) hours straight time pay. The employee shall give notice to the Employer of his need for this absence and the Employer may require proof of death and relationship to the employee. Immediate family as used in this Section means only the father, mother, sister, brother,

spouse, children, mother-in-law, father-in-law, brother-in-law, grandparent or sister-in-law of the employee.

In addition to the above, such employee will be entitled to three (3) days leave with eight (8) hours straight time pay for such scheduled work days in the event of the death of the employee's step-father or step-mother. It is understood that funeral pay will only be paid for one set of step-parents or one set of natural parents, but not both.

### **ARTICLE XIII** **JURY LEAVE**

When any full-time employee who is covered by this Agreement is summoned for jury service, he shall be excused from work for the day on which he reports for service and/or serves. He shall receive for each such day on which he so reports and/or serves and on which he otherwise would have worked, up to twenty (20) working days, the difference between eight (8) times his regular hourly rate of pay and the payment he receives for jury service, if any, provided however, that no payment shall be made under the provisions of this Article to any employee summoned for jury service unless he shall have advised the Employer of receipt by him of such jury summons not later than the next regularly scheduled work day after receipt of said 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 therefore, if he shall have served as juror. The provisions of this Article shall apply only when an employee is summoned for jury duty. In the event an employee has four (4) hours or less, he shall not be required to report to work. Combined jury service and working shall not exceed eight (8) hours for that day, unless otherwise agreed upon.

### **ARTICLE XIV** **UNIFORMS**

A. The Employee shall each pay two dollars (\$2.00) per week of the cost of uniform rentals and the Employer will bear the remainder of the rental expense.

B. If an employee resigns or is terminated within a six (6) month period of a uniform purchase, the employee will be required to reimburse the Employer one-half (1/2) of the total cost of the uniform purchase. The amount owed to the Employer will be deducted in total from the employee's last payroll check. When an employee resigns or is terminated, the employee must return his uniform to the Employer.

C. Uniforms are to be worn only during working hours except that they may be worn going to and from work and by mutual consent otherwise. Employees wearing uniforms in alcoholic drinking establishments before or after working hours are subject to

disciplinary action by the Employer. Employees are expected to maintain a reasonably clean uniform appearance on a daily basis.

**ARTICLE XV**  
**SICK LEAVE**

All new employees must complete their probationary period, as defined in Article VI, to be eligible for sick pay benefits. Sick pay benefits are accumulated at the rate of one-half (½) day per month, beginning after the employee successfully completes his probationary period. The basis for pay shall be at the straight time hourly rate. Sick pay shall only be paid for actual accumulated hours or days the employee has earned. There shall be a maximum limit on the accumulation of sixty (60) days. For employees hired after February 1, 1996, there shall be a maximum limit on the accumulation of twenty (20) days. An employee who resigns or is terminated shall forfeit all right to accumulated sick pay or any part thereof. The Employer has the option to require a physician's certificate from the employee before releasing sick pay. For employees who had accumulated sixty (60) days of sick leave as of July 1, 1979, there shall be no maximum limit on accumulation.

Once an employee has accumulated sixty-six (66) sick days, he/she will be compensated at three (3) days his regular rate of pay. The employee's accumulated sick days will then immediately revert to (60) days.

**ARTICLE XVI**  
**LUNCH/REST PERIODS**

Hourly paid employees shall be allotted two (2) paid rest periods per day, not to exceed fifteen (15) minutes each. In line with operational requirements, one (1) rest period will be taken during the first half of the employee's shift and the second rest period will be taken during the second half of the employee's shift. There shall be a thirty (30) minute unpaid lunch period at approximately midpoint of the shift. Where it can be foreseen that two (2) or more hours of overtime will be worked, a fifteen (15) minute rest period shall be scheduled at the end of the regular shift.

**ARTICLE XVII**  
**PERSONAL DAY - FULL-TIME EMPLOYEES**

After one (1) year of employment an employee may use one (1) of his accumulated sick days as a personal day each calendar year. The day is to be scheduled by mutual agreement with the department supervisor at least one (1) week (seven (7) days) in advance. The Company shall consider requests less than seven (7) days in advance based on unforeseen circumstances. Only one (1) employee per department may use a personal day at

a time. This day is not to be used in conjunction with vacation by adding on a day before or after a scheduled vacation week. This is an employee option and not a requirement and in no way disturbs his/her accumulated sick days if not used.

**ARTICLE XVIII**  
**BULLETIN BOARD**

The Employer shall provide a bulletin board in the work area for posting of official business of the Union. Nothing shall be posted in an inflammatory nature or likely to cause embarrassment to the Employer or its representatives.

**ARTICLE XIX**  
**LEAVE OF ABSENCE**

An employee may be granted personal leave of absence without pay at the Company's sole discretion upon written application. The determination shall be based on the nature of the request in each instance and extensions, if needed, may be granted at the option of the Company. If the employee requests a leave of absence under the Family and Medical Leave Act of 1993, and/or if the Act otherwise would apply and the Company elects to treat the leave of absence as a qualified leave under the Act, the provisions of the Act will apply.

Leaves of absence will not be arbitrarily withheld; however, no leave of absence will be granted for the purpose of allowing the employee to take another job temporarily or to try out new work.

**ARTICLE XX**  
**GRIEVANCE PROCEDURE**

- A. Grievances shall be handled in accordance with this Article.
- B. A probationary, seasonal and/or temporary employee may be discharged at any time with or without cause and shall not be subject to the grievance procedure.
- C. All grievances shall be in writing in quadruplicate on forms provided by the Company. The employee shall state clearly and concisely all facts which are the basis for the grievance and if he claims that any Articles of this Agreement are involved, he shall specify such Articles. The grievance shall be dated and signed by the aggrieved employee(s).
- D. Any grievance which the Company may have against the Union shall be reduced to writing and submitted to the shop chairman, who will promptly arrange a meeting

at Step 2 of the grievance procedure. If the matter is not satisfactorily settled at this meeting, or within five (5) days thereafter, the grievance may be processed through Step 3 of the grievance procedure.

E. Grievances shall be handled under the following procedure:

**Step 1:** Within three (3) days after the occurrence being grieved could reasonably have been known it shall be presented to the affected supervisor by the steward with or without the employee.

**Step 2:** Any grievance not settled in Step 1 shall be submitted in writing to the Company within five (5) days after the occurrence could reasonably have been known and shall be settled by direct negotiations between the Region Manager or his designated representative, the steward, the business representative of the Union, and the employee involved. The Company shall respond in writing within five (5) days of receipt of the written grievance.

**Step 3:** If such grievance is not satisfactorily settled between the Region Manager or his designated representative, the steward and the business representative of the Union and the employee involved, either party to this Agreement may notify the other within ten (10) days after termination of such discussion of their desire to arbitrate the grievance. In the event of such notice, either party may request the Federal Mediation and Conciliation Service in Washington, D.C. to submit a list of seven (7) arbitrators. The cost, if any, of such list shall be shared equally between the parties. Either party shall have the right to request a second or subsequent panel from the Federal Mediation and Conciliation Service, but the parties collectively may request no more than three (3) panels. Within seven (7) days after receipt of such panel(s) of arbitrators, the parties shall alternately strike names until one (1) name remains, who shall be the neutral arbitrator. The first strike shall be determined by lot.

F. The Arbitrator's award will be final and binding on the Union and its members, the employee(s) involved and the Company. The Arbitrator shall have jurisdiction only over questions of the interpretation or application of the Agreement.

G. If the Arbitrator shall award back wages covering the period of the employee's separation from the payroll of the Employer, the amount so awarded shall be less any unemployment compensation received or compensation which the employee would have earned had he not been suspended or discharged.

H. Any grievance not carried to the next step within the prescribed time limits or such extensions which have been agreed to, shall be automatically closed upon the basis of the last disposition. Failure to answer within the time limits shall be grounds to proceed to

the next step. In computing time limits, Saturday, Sunday and contractual holidays shall be excluded and, for this purpose only, a work day shall end at 5:00 p.m.

**ARTICLE XXI**  
**MILITARY**

In all matters relating to the return and reinstatement from military service, the Company shall comply with all relevant provisions of the Veterans Re-Employment Rights Act.

**ARTICLE XXII**  
**GENERAL**

1. The Company, the Union and the employees agree to comply with all applicable State and Federal regulations, including the Occupational Safety and Health Act of 1970, as amended, in regard to safe and healthful working conditions in the plant. Certain protective devices and other equipment necessary to protect employees from accidents and health hazards shall be provided by the Company. Employees must provide their own protective shoes where required. For employees who purchase and wear protective shoes, the Employer shall reimburse the cost of the steel toe up to a maximum of twenty percent (20%) of the cost of the protective shoes less tax.

2. The Company may deduct from the pay of an employee any money and/or merchandise shortages for which the employee is responsible. Upon request of an employee, the Company shall provide the employee with an itemized list of such deductions.

3. Supervisory personnel may perform any of the duties necessary for respective job completion, provided that no regular employee is laid off because of a reduction of forces or hours. However, the Fleet and General Maintenance Supervisor shall be free to perform any and all work assigned to that department without restriction.

4. The Employer shall have the right from time to time to allot to, change, extend or split up the territory of a commission-paid employee. In the event of such a route readjustment, the affected employee shall be guaranteed that his or her average weekly earnings of the four (4) week period immediately prior to the adjustment shall not decrease during the eight (8) week period immediately following such route adjustment. Such guarantee shall not apply where the employee requests an adjustment in his route or where the number of routes is reduced or the employee is unable to perform adequately the duties of the high volume route and/or if the route is eliminated. An account is not "cut" or split up from a route and no guarantee shall be paid if the account is closes and/or if the nature of the account significantly changes (i.e., the account is converted from a regular store to a SuperCenter). Settlement shall be made at the end of eight (8) week period based on the aggregate earnings for that period. This section applies only to Driver Salesmen under a traditional route sales system. Moreover this section does not apply to non-route-based

distribution systems (e.g., pre-sell, tel-sell, express). The provisions of this section shall not apply to a route elimination, a non-route-based distribution system and/or the implementation of a new distribution system pursuant to Section 7 of this Article.

5. Commission-paid employees shall be paid commissions for all beverages sold and delivered on his route, with the exception of the first fill for a new vending machine installation and special events delivered by special events personnel. In no event shall any commission paid employee be paid commission on full merchandise or empty containers that he refused to deliver or pick up. This section applies only to Driver Salesmen and Full Service Drivers under a traditional route sales system. Moreover this section does not apply to non-route-based distribution systems (e.g., pre-sell, tel-sell, express). The provisions of this section shall not apply to a route elimination, a non-route-based distribution system and/or the implementation of a new distribution system pursuant to Section 7 of this Article.

6. If an employee is temporarily assigned to a higher paying job for a full eight (8) hour shift, he shall be paid at the higher rate for that shift; however, if an employee is temporarily assigned to a lower paying job, he shall be paid at his regular rate. The Company will not transfer any employee from such higher paid job for the purpose of defeating eligibility for higher pay under this Section. This section shall not apply to the relief trainer classification.

7. It is understood and agreed that should the Company decide to change its method of distribution to what is referred to as advance sell, tell sell, pre-sell or some other version thereof, that those Sections of the Agreement applicable to such change including those related to wage and fringe benefits shall be reopened for negotiation only as they apply to those employees specifically affected by the change. Such right to change the method of distribution shall include, but not be limited to, restructuring or eliminating any and all routes to provide for, among other things, the ability to implement a dynamic routing system (i.e., accounts assigned on a non-route-based distribution system may be serviced by any employee at the employee's regular rate of pay) and/or assigning any account to provide for a form of pre-sale or bulk sale or other variations.

In such event the Union agrees to extend its full cooperation in accomplishing such changes as necessary in a reasonable and expeditious manner.

This section shall supercede any conflicting provisions of the collective bargaining agreement.

8. If the Company determines, in its sole discretion, to cease doing business at the location covered by this Agreement, or to phase out portions of the business, it shall give the Union two (2) months advance notice of such total or partial cessation or removal of function performed under this Agreement. Vacation shall be prorated and paid to the employees as of the last date of employment.

As to the employees affected by the closure or removal, the Company shall discuss with the Union all matters involving the impact of the decision on the employees.

9. The Company has the right to deliver product directly to accounts, including but not limited to third party accounts and club/warehouse accounts. In the event the Company delivers product directly to a commission route salesman's account, the Company shall pay the commission route salesman one-half the established commission rate for each case directly delivered. This pay entitlement applies only to Driver Salesmen under a traditional route sales system.

10. The Company has the right to require hourly merchandisers to merchandise any products including, but not limited to, beverage and/or non-beverage products, regardless of whether the product was delivered by an employee of the Company.

11. The Company has the right to use management employees to perform merchandising and to sell its products.

### **ARTICLE XXIII** **DUES DEDUCTION**

1. The Company will deduct union dues, initiation fees and assessments from the wages of any employee covered by this Agreement provided that the Company has first been presented with an individual written order therefore executed by the employee as required by the laws of Iowa.

2. The Company within the limits of the preceding paragraph will make the particular deductions certified by the Union's President from each pay check of eligible employees and will remit those funds to the Union's President.

### **ARTICLE XXIV** **PLANT VISITATION**

Authorized agents of the Union shall have access to the Employer's premises under the following conditions:

1. They shall enter by the front door and shall first make their presence known to management.

2. They shall not interrupt the work of any employee.

**ARTICLE XXV**  
**HEALTH & WELFARE**

The Company shall provide an insurance program affording certain benefits to regular full-time employees covered by this Agreement who meet the eligibility requirements of the program and certain benefits to their dependents as set forth in the Company's benefit booklet. Such program and/or benefits may be subject to change. If an employee waives medical benefits, he also waives dental benefits and vice versa. However the employee will still have STD, AD&D and life insurance benefits. The Company will agree to discuss with the Union any changes in the program and/or benefits prior to implementing any changes.

The manner in which benefits will be provided shall be a matter of Company discretion, i.e., an insurance carrier of its choice, self-insuring or any manner deemed appropriate.

Each covered employee shall contribute the following weekly amounts for medical and dental coverage as follows:

Employee	Employee & Spouse	Employee & Child(ren)	Employee, Spouse & Child(ren)
\$17.00	\$22.00	\$22.00	\$26.00

The employee contributions shall be made on a pre-tax basis.

The Company has the right to modernize and change the above noted contributions when required with the understanding that the modernization will not exceed twenty percent (20%) of the foregoing rates each year of the contract. The Company will notify the Union before such changes are implemented.

In all cases, the employee must make the appropriate contribution to the Company to continue the insurance program coverage. All benefit coverage will cease if an employee is off work for any reason in excess of nine months.

**ARTICLE XXVI**  
**PENSION**

The Company shall maintain for the life of this Agreement, a standard multiplier determined Pension Plan and shall provide coverage to all employees at no cost to the employee pursuant to the terms of the Plan. February 6, 2005, the pension multiplier will be forty-three (\$43.00) dollars.

Effective April 1, 2000, the Company will implement a 401K plan. Employees may contribute between 2% and 15% of pay on a 401K basis (employee contributes on a pre-tax basis; that is, employee defers federal income tax on contribution as well as investment earnings). Each employee has the investment option for his contribution among the options offered by the Company. Changes in employee contribution rate shall be made in accordance with the Company's plan. The terms and conditions of the Company's plan will govern in all cases.

**ARTICLE XXVII**  
**WAGES**

**WAGES**

Employees shall receive a signing bonus of five hundred dollars (\$500.00) in the event that this Agreement is ratified by February 19, 2005. The bonus will be paid no later than the first payday in April.

	<u>2/6/05</u>	<u>2/5/06</u>	<u>2/4/07</u>	<u>2/3/08</u>	<u>2/8/09</u>
<b><u>HOURLY EMPLOYEES</u></b>					
Fork Lift Operator	\$13.33	\$13.68	\$14.03	\$14.38	\$14.68
General Labor	\$11.98	\$12.33	\$12.68	\$13.03	\$13.33
Fleet Mechanic	\$13.50	\$13.85	\$14.20	\$14.55	\$14.85
Vending Repair	\$13.61	\$13.96	\$14.31	\$14.66	\$14.96
Vending Helper	\$11.98	\$12.33	\$12.68	\$13.03	\$13.33
Swingman	\$10.45	\$10.80	\$11.15	\$11.50	\$11.80
Express Driver	\$14.65	\$15.00	\$15.35	\$15.70	\$16.00
Merchandiser	\$11.45	\$11.80	\$12.15	\$12.50	\$12.80
Reclamation	\$12.72	\$13.07	\$13.42	\$13.77	\$14.07
Relief Trainer	\$12.93	\$13.28	\$13.63	\$13.98	\$14.28
Part-time					
0-90 Days	\$9.65	\$10.00	\$10.35	\$10.70	\$11.00
91 + Days	\$10.15	\$10.50	\$10.85	\$11.20	\$11.50

	<u>2/7/05</u>	<u>2/6/06</u>	<u>2/5/07</u>	<u>2/4/08</u>	<u>2/9/09</u>
<u>ROUTE SALESMEN AND</u>					
<u>FOOD SERVICE</u>					
<u>DELIVERY SALESMEN</u>					
0-150	.2250	.2250	.2250	.2250	.2250
151-200	.2250	.2250	.2250	.2250	.2250
201-275	.45	.45	.45	.45	.45
276-325	.40	.40	.40	.40	.40
326-425	.45	.45	.45	.45	.45
426-500	.475	.475	.475	.475	.475
501 & Up	.4375	.4375	.4375	.4375	.4375
Empty Shells (Returned)	.05	.05	.05	.05	.05
Empties – Cans and N/R	.05	.05	.05	.05	.05
Pre-Mix Tanks	.60	.60	.60	.60	.60
Syrup-Gallon	.1010	.1010	.1010	.1010	.1010
Coin Bags- Bag	.40	.40	.40	.40	.40
Cups-Case	1.20	1.20	1.20	1.20	1.20
CO <sub>2</sub> –Tank	.40	.40	.40	.40	.40
Guarantee-Week	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00
	<u>2/6/05</u>	<u>2/5/06</u>	<u>2/4/07</u>	<u>2/3/08</u>	<u>2/8/09</u>
Food Service Delivery	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00
Salesman Daily Base Pay					

FULL SERVICE DELIVERY DRIVERS

Daily Base Pay	<u>2/6/05</u>	<u>2/5/06</u>	<u>2/4/07</u>	<u>2/3/08</u>	<u>2/8/09</u>
5 day Schedule	\$71.65	\$72.15	\$72.65	\$73.15	\$73.65
4 Day Schedule	\$89.56	\$90.19	\$90.70	\$91.44	\$92.06
	<u>2/7/05</u>	<u>2/6/06</u>	<u>2/5/07</u>	<u>2/4/08</u>	<u>2/9/09</u>
All Bottle & Can Products (per case or equivalent per unit)	\$.53	\$.54	\$.55	\$.56	\$.57

PRE-SELL DRIVER MERCHANDISERS/TEL-SELL DRIVERS/COMBO DRIVERS

Daily Base Pay	<u>2/6/05</u>	<u>2/5/06</u>	<u>2/4/07</u>	<u>2/3/08</u>	<u>2/8/09</u>
5 day Schedule	\$71.65	\$72.15	\$72.65	\$73.15	\$73.65
4 Day Schedule	\$89.56	\$90.19	\$90.70	\$91.44	\$92.06
All Bottle and Can Products:	<u>2/7/05</u>	<u>2/6/06</u>	<u>2/5/07</u>	<u>2/4/08</u>	<u>2/9/09</u>
NON-Cart Delivery (ounces)					
0-250	.065	.0685	.0723	.0757	.0793
251 & above	.13	.137	.1445	.1515	.1585
Cart Delivery (ounces)					
0-250	.05	.0505	.0578	.0606	.0634
251 & above	.10	.101	.1156	.1212	.1268
Fountain Gallons	.0245	.0270	.0295	.0320	.0345

In the event that a Full Service Driver shall deliver products handled by Pre-Sell Driver Merchandisers, Tel-Sell Drivers or Combo Drivers, or in the event any of these classifications deliver products handled by Full Service Drivers, the delivering employee shall receive the same commission for the work as that listed for the other noted Classification(s).

FULL LINE VENDING (FLV) – ROUTE SALES

Daily Base Pay	<u>2/6/05</u>	<u>2/5/06</u>	<u>2/4/07</u>	<u>2/3/08</u>	<u>2/8/09</u>
5 Day Schedule	\$40.50	\$41.50	\$42.50	\$43.50	\$44.50
4 Day Schedule	\$50.62	\$51.86	\$53.13	\$54.37	\$55.63
Commission Regular -	.045		Commission Rural -	.050	

Full Service Delivery Drivers shall be paid overtime for all work performed in excess of 40 hours in any one work week.

Regular full-time employees assigned to work a second or a third shift shall receive premium pay of twenty cents (20¢) per hour in addition to their base rate. Part-time employees who work a second or third shift and who have completed over one (1) year of service shall be eligible for a shift premium.

Regular full-time employees shall be hired at fifty cents (\$.50) below the applicable rate for their classification and shall be increased fifty cents (\$.50) per hour upon completion of their probationary period.

Vending maintenance who are scheduled “on call” shall receive \$20 on-call pay per day whether or not they are called. If called, vending repairmen also shall be paid for hours worked.

Full Service Drivers, Pre-Sell Driver Merchandisers, Tel-Sell Drivers and Combo Drivers shall be paid overtime only for work performed in excess of forty (40) hours in any one workweek as follows: A Driver’s base pay and commission for the workweek will be divided by the total hours worked in the workweek to determine an average hourly rate of pay. The average hourly rate of pay will be divided by two (2) to arrive at an overtime rate. The overtime rate will be multiplied by the hours worked in excess of forty (40) to determine the overtime compensation. Example: Base pay and commission is \$600.00. A Full Service Driver worked forty-five (45) hours in the workweek. The average hourly rate of pay is equal to \$600.00 divided by forty-five (45) hours or \$13.33 an hour. The overtime rate is equal to \$13.33 divided by two (2) or \$6.67. The overtime compensation is \$6.67 multiplied by five (5) or \$33.35. The Full Service Driver’s total compensation for the workweek is \$600.00 plus \$33.35 or \$633.35.

#### **ARTICLE XXVIII** **WAIVER CLAUSE**

The parties acknowledge that during the negotiations which 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 Company and the Union, for the life of this Agreement, each unqualifiedly waives the right and each agrees that the other shall not be obligated to bargain collectively with respect to any subject or matter referred to or covered in this Agreement or with respect to any subject or matter not specifically referred to or covered in this Agreement, even though such subjects or matter may not have been within the knowledge or contemplation of either or both of the

parties at the time that they negotiated or signed this Agreement. This clause shall not prevent the parties from negotiating changes by mutual consent.

**ARTICLE XXIX**  
**DURATION**

This Agreement shall be in force and effect from February 6, 2005 to February 6, 2010 and from year to year thereafter unless, at least sixty (60) days prior to February 6, 2010 either party shall serve written notice upon the other party of intent to reopen this Agreement.

**PEPSI-COLA GENERAL BOTTLERS  
OF IOWA, INC. dba  
PEPSIAMERICAS, INC.**

**UNITED FOOD & COMMERCIAL  
WORKERS INTERNATIONAL  
UNION, AFL-CIO, DISTRICT  
LOCAL #431**

By: \_\_\_\_\_  
Thomas P. Restad  
Territory General Manager

By: \_\_\_\_\_  
Scott Noyd  
Union Representative

January 22, 1996 (Retyped February 6, 2000) (retyped February 15, 2005)

Mr. Robert Kallenberger  
United Food & Commercial Workers, Local No. 431  
1695 Burton Avenue  
Waterloo, IA 50703

Re: Letter of Understanding

Dear Mr. Kallenberger:

I am writing to confirm the understanding that we reached regarding an issue that arose during our recent contract negotiations. The Company made several proposals to clarify its right to engage in certain activities. Specifically, the Company proposed

- To add to Article VII, paragraph B, language indicating that the Company has the right “to establish night service for its Pepsi Express system and to determine the starting times for employees associated with the night service”;
- To add to Article XXII, paragraph 8, language indicating that the Company has the right, in its sole discretion, “to change the method of distribution”; and
- To add to Article XXII, a new paragraph 9 indicating that the Company has the right “to institute a drug and alcohol policy.”

During those negotiations, you indicated that the Company need not clarify the above rights. You stated that the current Agreement does not restrict the Company’s right to engage in the above activities. Accordingly, it is my understanding that the Company currently has and will continue to have (until expressly negotiated otherwise) the above rights.

Sincerely,

Robert Parker  
Vice President/General Manager

