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2003 - 2006

AGREEMENT

By and Between

UFCW LOCAL 1001

and

BON-MACY'S

Stores Located at:

**Downtown Seattle (SEB), Northgate Mall (NOB),
Alderwood Mall (AOB), Sea-Tac Mall (FMB),
Everett Mall (ELB), and Southcenter Mall (SMB)**

Term:

May 1, 2003 through April 30, 2006

35 pages

**UFCW Local 1001
and
Bon-macy's
2003 – 2006 Agreement**

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THIS AGREEMENT is made and entered into this 1st day of May, 2003, by and between UFCW Local 1001, chartered by the United Food and Commercial Workers International Union, AFL-CIO, hereinafter referred to as the "Union," and The Bon, Inc. d/b/a Bon-Macy's, located at Downtown Seattle (SEB), Northgate Mall (NOB), Alderwood Mall (AOB), Sea-Tac Mall (FMB), Everett Mall (ELB) and Southcenter Mall (SMB) stores, hereinafter referred to as the "Employer."

WITNESSETH: In consideration of the mutual covenants herein contained, the Employer and the Union agree as follows:

ARTICLE 1 - RECOGNITION AND BARGAINING UNIT

1.01 The Employer recognizes the Union as the sole and exclusive collective bargaining agent for a unit consisting of Associates coming under the classifications listed herein at the Employer's present retail establishment at 602 Northgate Mall, Third and Pine, and 500 Southcenter Mall, Seattle, Washington; 18700 Alderwood Mall Blvd, Lynnwood; 1901 S Sea-Tac Mall, Federal Way; and 1502 S Broadway, Everett with respect to rates of pay, wages, hours and working conditions.

ARTICLE 2 - UNION SECURITY

2.01 It shall be a condition of employment that all present Associates covered by this Agreement who are members of the Union in good standing on the effective date of this Agreement, or on the date of execution of this Agreement, whichever is the later, shall remain so. All present Associates who are not members of the Union in good standing on the latter of the aforesaid dates and all Associates who are hired hereafter shall become and remain members of the Union in good standing as a condition of employment on and after the 30th day following the beginning of their employment or on and after the 30th day following the effective date of this Agreement, or the date of the execution of this Agreement, whichever is the latter.

2.01.1 Dues Deduction - During the term of this Agreement, the Employer shall deduct uniform dues and fees from the pay of each member of the Union who voluntarily executes a wage assignment authorization form. When filed with the Employer, the authorization form will be honored in accordance with its terms. A copy of the authorization form to be used is set forth as Appendix A to this Agreement. The amount deducted and a roster of all employees using payroll deduction will be promptly transmitted monthly to the Union by check payable to its order. Upon issuance and transmission of a check to the Union, the Employer's responsibility shall cease with respect to such deductions. The Union and each employee authorizing the assignment of wages for the payment of Union dues hereby undertakes to indemnify and hold the Employer harmless from all claims, demands, suits or other forms of liability that may arise against the Employer for or on account of any deduction made from the wages of such employee.

2.02 The foregoing paragraph shall not apply to Associates who are hired only for the Holiday Season. The Holiday Season is defined as a period of no more than seventy-five (75) days beginning October 15 and ending January 31st for Sales and a "declared" season for Display. The Employer

will notify the Union by October 1st of each year of the seventy-five (75) day holiday season period for that year. Sales Associates hired exclusively for the holiday season will not receive commission.

2.03 The Employer agrees that upon hiring and re-hiring of any Associate coming within the classifications herein set forth, the Employer shall require each applicant employed hereunder to sign a standard form in triplicate requesting such new Associate to report to the Union named. One (1) signed copy shall be given to the Associate at the time of signing and one (1) copy shall be forwarded to the Union. The Union shall certify that the new Associate has reported and shall deliver one (1) copy to the Associate and one (1) copy to the Employer. The completed new hire forms and a listing of terminated Associates shall be provided to the Union at least once a month.

2.04 Master lists, i.e., lists of all Associates eligible for Union membership, shall be furnished upon request or every other month on a computer disk or e-mail attachment.

2.05 Exempt Associates - This Agreement shall not apply to executives, confidential Associates, Supervisors as they are defined in The Labor-Management Relations Act and Management Trainees.

2.06 Supervisory Sales - See Letter of Understanding attached hereto.

2.07 For the purposes of clearly defining the positions covered by the above designations, each store shall furnish to the Union an annual list of positions covered within the meaning of this provision and the names of the individuals filling those positions. Said list shall be mutually agreed upon for each store between a representative of the Union and a representative of the Employer, and in the event of their failure to agree to a settlement of the list, the matter shall be handled as a dispute in accordance with the grievance procedure.

2.08 Shop Stewards - The Union may designate member(s) of the bargaining unit as shop stewards for the purpose of communication between the Union and its members. Duties of shop stewards will not include handling grievances, interpreting this Agreement, initiating strike action, slowdown or other interruptions or interference with the Employer's business. By mutual agreement between the Union and the Employer, shop stewards may attend meetings between management and other Associates.

2.09 Shop stewards will not be discriminated against for the performance of their proper responsibilities under the above paragraph.

2.10 Shop stewards shall not conduct their activities during their working hours or so as to involve any other Associate during that Associate's working hours except at the request of management. Time spent on steward duties at the request of management shall be considered non-sell time.

2.11 There will be no discrimination by the Employer against any Associate for lawful Union membership or activities.

2.12 Union Activity - It is agreed that all Union activity will be conducted outside of working hours.

2.13 Union Visitation - For the purposes of seeing that the conditions under which members of this Union are working are in accord with this Agreement, officials of the Union who are not on the payroll of the Employer shall be permitted to visit any store covered by this Agreement. In making such visits, Union officials will notify the Personnel Office and/or Senior Store Management on arrival and shall not interfere with customer service nor unreasonably interrupt any Associate's work.

2.14 Bulletin Boards - The Employer will provide bulletin board space for the posting of Union notices.

2.15 The Employer agrees to include a one page, non-adversarial union information sheet in new hire packets. The Senior Vice President of Human Resources or his/her representative must give prior approval of the information sheet.

ARTICLE 3 - DEFINITIONS

3.01 Regular Full-Time Associates - Associates who are regularly scheduled to work forty (40) hours per week.

3.02 Regular Part-Time Associates - Associates who work a varied schedule of less than forty (40) hours per week.

3.03 Department Associates - Regular Associates who are assigned to a department.

3.04 Division Associates - Regular Associates who are assigned to a division and who are scheduled in various departments of the division.

3.05 Extra Associates - Associates who work on call, subject to business fluctuations, special sales, etc., as needed by the store.

3.06 Regular Pay - Regular pay shall be defined as an Associate's current hourly rate or average earnings (measured over the most recent calendar year or part thereof exclusive of PM's, Spif's, etc.)

ARTICLE 4 - WORKING HOURS

4.01 Working Hours - The straight time work week shall consist of not more than five (5) days, forty (40) hours per week, eight (8) hours per day, Sunday through Saturday, except as otherwise provided herein.

4.02 Schedules - Regular Associates shall be placed on a straight-time schedule of hours, which shall be posted by 6:00 PM, Thursday, two (2) weeks prior to the scheduled work week. No change shall be made in an Associate's work schedule after final posting time, unless by mutual agreement between the Employer and the Associate, or in the event of an emergency such as a snowstorm, fire, flood, power curtailment, or any other cause beyond the Employer's control; provided, that in the

event of said emergency any affected Associate should be notified of a change in their schedule prior to reporting to work or they shall be entitled to at least four (4) hours pay in lieu thereof.

4.02.1 Requests for days off should be made no later than Monday noon of the week prior to the posting of the schedule in which the day off is requested. Requests made between Monday, 12:00 noon and Thursday, 12:00 noon will be handled on a case-by-case basis and the Company will accommodate where possible. Requests for days off made more than thirty (30) days prior to the day off shall be approved or disapproved within fourteen (14) days of the request.

4.02.2 Associates within the same department may by mutual agreement trade single shifts provided the Employer has approved the trade. Associates in the same department may, by mutual agreement, trade a full core schedule (minimum Sunday through Saturday) for a period not to exceed three (3) months, provided the Employer has approved the trade. The Employer shall have no liability for violations of the Agreement which may arise from this temporary full-core schedule trade.

4.03 The Associate must keep the Personnel Office informed in writing of his/her current address and telephone number in order to be entitled to the benefits of Section 4.02.

4.04 In the event any store should have particular operating problem necessitating certain individual or individuals to be employed regularly a greater or lesser number of hours per week than those established by this Agreement, special arrangements may be made therefore with the approval of the Employer and the Union.

4.05 There shall be a minimum of ten (10) hours between scheduled straight-time shifts. Work performed prior to the ten (10) hours between two (2) straight-time shifts, when scheduled by the Employer, shall be paid at the rate of time and one-half ($1\frac{1}{2}$) up to the end of the (10) hour rest period. Associates, by mutual agreement, may be scheduled to work with less than ten (10) hours rest between shifts during the Holiday Season and inventory, at the straight time rate of pay.

4.06 Overtime Work - Time worked in excess of eight (8) hours in any one (1) day or forty (40) hours in any one (1) week, shall be paid at the overtime rate. Time worked on the sixth (6th) day in a regular work week or on the fifth (5th) day in a holiday week may be worked at straight-time on a mutually agreeable basis between Associate and Employer.

4.07 Overtime Rate - Overtime will be paid at the rate of one and one-half ($1\frac{1}{2}$) times the Associate's regular basic wage rate, unless FLSA rules provide a different interpretation. Commission Associates will be paid one and one-half ($1\frac{1}{2}$) times their average wage rate as required by Federal and State regulation.

4.08 Associates shall not be required to take time off in lieu of receiving overtime pay.

4.09 Days off - Days off shall be designated by the Employer. All Associates shall have a preferred day off based on seniority.

4.10 Designation of daily hours to be worked within the limitations of this provision (Section 4.10) shall be at the discretion of the Employer; provided, however, that no Associate shall be laid off before his/her scheduled day's work is completed.

4.11 Associates shall properly serve customers who are in the store at closing time. Associates shall be compensated for time worked after shift ends.

4.12 Retirees and laid-off Associates called back for inventory work will be covered by the wage provisions of this Agreement. Current Associates shall have first call on straight-time inventory hours.

4.13 Lunch Hour - Daily working hours for Associates shall be consecutive, except that they shall have not less than forty-five (45) minutes nor more than one (1) hour for lunch, in cases of mutual agreement between the Employer and Associate a lunch period of thirty (30) minutes may be scheduled. Associates working a shift of six (6) hours or less shall have thirty (30) minutes for lunch. Lunch periods for Associates shall be no earlier than two (2) hours nor later than five (5) hours from the beginning of the shift.

4.14 Short-hour shifts shall be not less than four (4) hours. Associates scheduled for a daily shift of five (5) hours or less shall not be required to take lunch hour. There shall be no split shifts. Relief periods for Associates shall be as follows:

More than Six (6) Hour Associates - Fifteen (15) minutes in each of the two shifts, which shall constitute the total time away from work station.

Six (6) Hour Associates - One fifteen (15) minute relief period in the longer shift, which shall constitute the total time away from work station.

Five (5) Hour Associates Who Do Not Take a Lunch Hour - Fifteen (15) minutes a shift.

Part-Time Associates - Fifteen (15) minutes in each shift.

4.15 Sunday Openings - Regular full-time and regular part-time Associates hired prior to May 1, 1987 shall be guaranteed time and one-half (1½) for all hours worked on Sunday. All Associates hired after May 1, 1987, but prior to July 25, 1996, shall be guaranteed one dollar (\$1.00) per hour premium for all hours worked on Sunday. All Associates hired after July 24, 1996, but prior to August 4, 2000 shall be guaranteed fifty cents (50¢) per hour premium for all hours worked on Sunday. All Associates hired after August 3, 2000 shall receive the straight time rate of pay for all hours worked on Sunday.

4.16 For Associates hired prior to May 1, 1987 (SEB, NOB, SMB), May 15, 1987 (FMB), or September 1, 1987 (ELB, AOB), all work on Sunday shall be voluntary. Associates who choose not to work on Sunday shall not be discriminated against.

4.17 Consistent with the needs of business, the Employer shall make every effort to spread Sunday work among its Associates.

4.18 Associates who work on Sunday as part of their five (5) day work week shall be allowed two (2) consecutive days off, Monday through Friday, unless mutually agreed otherwise between Employer and Associate.

4.19 a. [SEB, NOB, SMB only] Commission Associates hired prior to May 1, 1987 shall have only the straight-time charged against their commission and the half-time shall be figured separate and apart.

b. [AOB, ELB, FMB only] Commission Associates shall have only the straight-time charged against their commission and the half-time shall be figured separate and apart.

4.20 Should the store's open hours be extended on a Sunday, the lunch period shall be thirty (30) minutes, with further understanding that the 'six to eight hour clause' shall not apply to Sunday openings.

4.21 Limiting one's availability or limiting one's hours to below thirty-five (35) hours per week will result in the loss of the Department Associates position. In this event, the Associate will be placed in the appropriate division and will carry his/her accumulated departmental seniority to the division.

ARTICLE 5 - SENIORITY

5.01 Probationary Period - The following provisions shall prevail upon completion of a probationary period of one hundred twenty (120) consecutive days. Termination during the probationary period shall not be subject to the provisions of Article 14.

5.02 Seniority shall be on a departmental or divisional basis, except for Cosmetics where seniority shall be by line. Where merit and ability are equal, an Associate's store seniority shall be recognized when it is necessary to decrease the number of regular Associates or their work hours. Where merit and ability are equal, an Associate's departmental/divisional seniority shall be recognized when it is necessary to increase the number of regular Associates or their work hours. Merit and ability means the merit and ability to do an available job in a good and proficient manner, taking into consideration an Associate's total conduct, performance, and contribution. Associates changing their availability shall notify the personnel office in writing.

5.02.1 The Employer shall be the judge of whether the merit and ability of the Associates are equal; but this judgement shall be fairly and reasonably exercised. If a senior Associate in a department is not returned to work or has his/her hours reduced or is laid off, and the Employer's judgement as to this Associate's merit and ability is challenged through the grievance procedure, it shall be the obligation of the Employer to demonstrate that the merit and ability of the senior Associate was not equal to that of the preferred junior Associate.

5.03 Seniority Rights shall terminate for the following reasons:

- a. Voluntary quit;
- b. Discharge in accordance with Section 13.01;
- c. Lay-off for six (6) months;
- d. Illness or injury for six (6) months, or a mutually agreed to longer period.
- e. Retirement

5.04 Job Posting - Job openings will be posted for no less than seven (7) calendar days. Job opening notices shall include job title, classification, commission eligibility, anticipated hours, start date and closing date for application. Open positions will be posted at a designated location within each store. Associates who apply for an open position who are not interviewed shall be informed why they were not interviewed within seven (7) days of the closing date for application.

5.04.1 Transfer to Job Openings - An Associate's written request for transfer to job openings, or to other stores of the Employer under contract with UFCW Local 1001 will be given fair and reasonable consideration based upon overall practicability, seniority, availability and ability to do the work in the department/division to which transfer is requested. An Associate transferring from one department/division or store to another, will carry his/her store seniority to the new department/division for the purposes of determining vacation, holidays, decrease in hours, and layoff. There is no bumping of Associates allowed under this provision. Any subsequent increase in hours or preferred day off selection will be based on departmental/divisional seniority. All such transfers shall be voluntary.

5.05 If two (2) or more existing departments are merged, an associate's store seniority shall likewise be merged and recognized for the purposes of determining vacation, holidays, decrease in hours or layoff. Any subsequent increase in hours or preferred day off selection shall be based on departmental seniority from the prior department. If an existing department splits into two or more departments Associates shall be assigned considering their preference in accordance with store seniority. The seniority rosters will then be maintained separately for each department.

5.05.1 In the event of a merger or split of selling departments or the establishment of a new leased department, the employer will give the union reasonable notice.

5.06 Associates will be given fair and reasonable sales opportunity during all working hours.

ARTICLE 6 - WAGES AND CLASSIFICATIONS

6.01 All rates shall prevail as the basic hourly wage rates with the exception of Holiday Season hires, who shall be employed at ninety percent (90%) of the classification rate.

6.02 Commission Sales Associates

0 – 693 hours	\$8.50
694 – 1,386 hours	8.75

1,387 – 2,080 hours	9.00
2,081 – 2,774 hours	9.25
2,775 – 3,468 hours	9.50
3,469 – 4,162 hours	9.75
4,163 – 4,856 hours	10.00
4,857 – 5,549 hours	10.50
5,550 – 6,242 hours	11.00
6,243 – 6,935 hours	11.50
Thereafter	12.40

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2004 shall receive a twenty cents (\$0.20) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2005 shall receive a twenty-five cents (\$0.25) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

6.03 Associates hired prior to September 8, 2003 in the Intimate Apparel Department who have successfully completed the Fitting Training Course, shall be paid a premium of thirty-five cents (35¢) per hour above contractual minimums. In order to qualify for this premium, the Associate must have twelve (12) months of experience in fitting.

6.04 Bridal Consultants shall be compensated a thirty-five cents (35¢) per hour premium.

6.05 Big Ticket Sales Associates

0 – 693 hours	\$7.25
694 – 1,386 hours	7.50
1,387 – 2,080 hours	8.00
2,081 – 2,774 hours	8.50
2,775 – 3,468 hours	9.00
3,469 – 4,162 hours	10.00
4,163 – 4,856 hours	11.00
Thereafter	12.40

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2004 shall receive a twenty cents (\$0.20) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2005 shall receive a twenty-five cents (\$0.25) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

6.05.1 Big Ticket Sales Associates will remain in current progression with commission and no change to current quarterly deficit calculation and standards.

6.06 Placement, Signing, and Bridal Associates
(including Gift Wrap at AOB and ELB stores)

0 – 693 hours	\$8.00
694 – 1,386 hours	8.50
1,387 – 2,080 hours	9.00
2,081 – 2,774 hours	9.50
2,775 – 3,468 hours	10.00
3,469 – 4,162 hours	10.50
4,163 – 4,856 hours	11.00
4,857 – 5,549 hours	11.50
5,550 – 6,242 hours	12.40
Thereafter	12.73

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2004 shall receive a twenty cents (\$0.20) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2005 shall receive a twenty-five cents (\$0.25) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

6.07 Effective October 5, 2003 Sales Associates who are currently at \$12.73 will have an hourly rate of \$12.40 for commission purposes and be placed on commission with quarterly deficit calculation. Effective July 4, 2004 deficits will be wiped out bi-monthly. These Associates will be "kept whole" through the term of the agreement.

6.08 Cosmetics Associate Rates:

0 – 693 hours	\$7.25
694 – 1,386 hours	7.50
1,387 – 2,080 hours	8.00
2,081 – 2,774 hours	8.50
2,775 – 3,468 hours	9.00
3,469 – 4,162 hours	10.00
4,163 – 4,856 hours	11.00
Thereafter	14.35

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2004 shall receive a twenty cents (\$0.20) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2005 shall receive a twenty-five cents (\$0.25) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

6.08.1 Cosmetics Associates who have fragrance certification shall receive an additional thirty five cents (35¢) per hour above their hourly rate.

Counter Managers with three (3) or less Associates shall receive an additional one dollar (\$1.00) per hour above the Thereafter rate.

Counter Managers hired prior to September 8, 2003 with over three (3) associates shall receive an additional one dollar and fifty cents (\$1.50) per hour above the Thereafter rate as long as they remain in the position and supervise more than 3 associates.

6.09 Department Commission Rates:

All sales associates will receive commission at no less than the minimum commission rates for their assigned department or as an on-call (divisional), per the commission rate chart below, effective October 5, 2003.

Description	Zone-SubZone	Rate
Better Sportswear	0102	5.50%
Collections 1	0113	5.50%
Suits	0116	5.50%
Bridge	0120	5.50%
Moderate Sportswear	0122	5.50%
Dresses	0139	6.00%
Petites	0154	5.50%
Collections 2	0163	5.50%
Women's World	0169	5.50%
Coats/Swim	0184	5.50%
Intimate Apparel	0201	6.00%
Accessories	0301	7.00%
Jewelry	0302	7.00%
Hosiery	0304	7.00%
Handbags	0305	6.00%
Watches	0352	7.00%
Shoes	0501	8.00%
Women's Shoes	0502	8.00%
Men's Shoes	0503	8.00%
Designer Shoes	0528	8.00%
Childrens	0602	5.75%
Men's Sportswear	0702	5.50%
Men's Active	0711	5.50%
Men's Furnishings	0712	5.50%

Description	Zone-SubZone	Rate
Men's Collections 1	0722	5.50%
Men's Clothing	0732	6.00%
Men's Slacks	0739	5.50%
Men's Collections 2	0762	5.50%
Young Mens	0810	5.50%
Textiles	1001	5.00%
Bed Linens	1005	5.00%
Bath Linens	1017	5.00%
Tabletop	1101	6.00%
Silver	1111	6.00%
China	1112	6.00%
Glassware	1113	6.00%
Furniture	1401	5.50%
Floor Coverings	1411	5.50%
Mattresses	1412	5.50%
Juniors	1501	5.50%
Housewares	1601	5.00%
Luggage	1801	5.50%
On Call	2045	5.00%
IA Fitters		6.50%

6.10 [SEB, SMB, NOB only] The Employer will furnish parking for Associates who are required to use their cars for work, at the Employer's request

6.11 Commission Associates - It is understood and agreed that drawing accounts or guarantees specified in this Agreement shall be considered and calculated as minimum rates of pay for services performed during straight-time hours of work on a basic work week of forty (40) hours. Commission calculated during a period of absence, other than vacation, shall be charged against the Associate's last draw period, unless the Associate's failure to earn full draw during such period was due to unusual circumstances. Commissions will be paid on non-commission merchandise sold by commission sales persons if the sale is an intra-department sale, or a follow-through for a customer having made a purchase in the commission department. Overtime pay for commission sales people shall not be charged against earned commission [AOB and ELB only].

6.11.1 Sales and Commission Reports - The Employer will, at a designated location within each store, provide Associates access to a department daily sales transaction report by Associate name and number.

Commission reports shall be provided to Associates at the approximate time the second paycheck of each month is issued. The report shall include total monthly sales and returns by department and class.

An explanation of commission related report(s) including department numbers and abbreviation codes shall be available to Associates at a designated location within each Store.

When an associate moves into a commission eligible position, the Employer shall provide him/her with the Draw Commission Basics pamphlet and a sample commission report which includes explanation of how commissions are calculated.

6.12 [SEB, SMB, NOB, FMB only] It is agreed that where commissions are now paid to individuals in other merchandise classifications or departments, the rates for people presently employed shall remain as they were on May 15, 1978.

Returns are not to be deducted after 120 days from date of sale. The day after delivery will be the date of sale for non-Notify merchandise.

6.13 Chargebacks - Upon request the Employer will furnish Associates in contractual commission departments information on charge backs, including transaction number, store, date of return, article, amount, and ringing associate number. This information will be provided no later than two weeks from the date of request. This may be done by means of a monthly departmental list available to all Associates within that department, or, by other reasonable means which will supply the information to the Associates. The purchase date of the original transaction(s) and a photocopy of all credits in excess of one hundred dollars (\$100.00) shall be furnished upon written request. There shall be no chargebacks of Bon Dollars, Holiday Dollars, Opportunity Dollars and the like.

6.14 Unidentified returns shall not be charged back to Associates in any manner. Where there is positive proof of previous consummation, Associates shall be given credit for any of their own special orders which are written up while they are on vacation.

6.15 Commission deficits shall be wiped out quarterly (March 31, June 30, September 30, and December 31). Commissions are to be paid monthly. Deficits are to be adjusted as herein provided. Summarized statements of department sales are to be furnished each salesperson. Effective July 4, 2004, deficits will be wiped out bimonthly for all associates except Big Ticket where deficits will be quarterly.

6.16 Non-Sell Time - Non-Sell Time shall be defined as time during store open hours when the Employer restricts the Associates from selling opportunities and will not be charged against commission. Time worked in excess of thirty (30) minutes prior to store opening or thirty (30) minutes after store closing will be considered non-sell time for commission purposes.

6.17 Fitting Room Attendant - Fitting Room Attendants hired prior to September 8, 2003 will be grandfathered under the previous contract non commission wage progression.

0 - 1,040 hours	\$7.25
1,041 - 2,080 hours	7.50
2,081 - 3,120 hours	8.00
3,121 - 4,160 hours	8.50
Thereafter	9.00

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2004 shall receive a twenty cents (\$0.20) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2005 shall receive a twenty-five cents (\$0.25) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

6.18 Cashiers – Current cashiers with a current rate of \$11.00 or more will be grandfathered under the previous contract non-commission wage progression. Current cashiers with a rate of less than \$11.00 will move into the new progression shown below. All Cashiers would follow the cashier professional guidelines attached to this offer.

Cashiers hired after the date of ratification will follow the cashier wage progression below.

0 – 1,040 hours	\$7.75
1,041 – 2,080 hours	8.25
2,081 – 3,120 hours	8.75
3,121 – 4,160 hours	9.50
4,161 – 4,854 hours	10.00
Thereafter	11.00

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2004 shall receive a twenty cents (\$0.20) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2005 shall receive a twenty-five cents (\$0.25) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

6.18.1 Cashier/Service Professional Guidelines - When the CRL (Cross Reference Labels) system is implemented, walk-up lists will not be utilized. Associates assigned the designation of Cashier will not have a sales goal. Cashiers will be expected to meet Bon-Macy's credit performance standard. Cashiers shall not take/receive sales credit on their own number. Sales associates will receive credit for all their personal sales rung by a cashier.

6.18.2 Cashiers/Service Professionals will have a separate seniority within their assigned departments.

6.19 General Alterations Rate –

Stock Sewing, Pressing, Work on Non-Tailored Garments
[SEB, SMB, NOB, FMB only]

0 – 693 hours	\$7.25
694 – 1,386 hours	8.00

1,387 – 2,080 hours	9.00
2,081 – 2,774 hours	10.00
Thereafter	12.97

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2004 shall receive a twenty cents (\$0.20) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2005 shall receive a twenty-five cents (\$0.25) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

- 6.20** [SEB, SMB, NOB, FMB only] Where fitting is required in any location, there shall be a minimum of one (1) Associate paid the Fitter's scale.

6.21 Specialty Sewer/Fitter

[SEB, SMB, NOB, FMB only]

0 – 520 hours	\$7.25
521 – 1,040 hours	7.50
1,041 – 1,560	8.00
1,561 – 2,080 hours	8.50
2,081 – 2,600 hours	9.00
2,601 – 3,120 hours	9.50
3,121 – 3,640 hours	10.00
3,641 – 4,680 hours	10.50
4,681 – 5,721 hours	12.00
Thereafter	14.53

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2004 shall receive a twenty cents (\$0.20) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2005 shall receive a twenty-five cents (\$0.25) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

6.22 Merchandise Processor

[AOB and ELB only]

0 – 693 hours	\$7.25
694 – 1,386 hours	7.75
1,387 – 2,080 hours	8.25
2,081 – 2,774 hours	8.75
2,775 – 3,468 hours	9.25

3,469 – 4,162 hours	9.75
Thereafter	10.65

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2004 shall receive a twenty cents (\$0.20) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2005 shall receive a twenty-five cents (\$0.25) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

6.23 Receiving [AOB and ELB only]

0 – 693 hours	\$7.25
694 – 1,386 hours	8.50
1,387 – 2,080 hours	9.50
2,081 – 2,774 hours	10.50
2,775 – 3,468 hours	12.50
Thereafter	14.82

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2004 shall receive a twenty cents (\$0.20) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2005 shall receive a twenty-five cents (\$0.25) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

6.24 Display Specialist

0 – 865 hours	7.25
866 – 1,730 hours	8.00
1,731 – 2,595 hours	9.00
2,596 – 3,460 hours	10.00
3,461 – 4,325 hours	11.00
4,326 – 5,019 hours	13.00
Thereafter	15.35

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2004 shall receive a twenty cents (\$0.20) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

All associates hired prior to September 8, 2003 who are on the payroll and at the Thereafter rate or higher on May 1, 2005 shall receive a twenty-five cents (\$0.25) per hour lump sum payment based on all hours compensated in the preceding twelve (12) months.

6.25 [SEB, SMB, NOB, FMB only] Display work includes but is not limited to:

1. Select and/or coordinate apparel and accessories to use in windows and/or displays; list merchandise selected according to color, styles and general background for use in advertising;
2. Select and dress mannequins;
3. Keep track of mannequins and send out for repair as needed;
4. Artist;
5. Responsible for installing fashion platforms and departmental displays;
6. Responsible for installing windows and escalator displays;
7. Building, installing, maintaining, storing and issuing of display properties;
8. Responsible for maintenance, storage and transportation of mannequins, display props and paper work (record keeping) connected therewith;
9. Installing displays of furniture for windows, escalators and platforms; and doing the required transportation of furniture and heavy properties when making said installations;
10. All display work performed outside of the store, including Fashion Shows, Outside Decorating, Warehouse Sales. Exhibits, etc.

6.26 [SEB, SMB, NOB, FMB only] Display Associates will be paid double-time for all hours worked after 16 hours until shift terminates.

6.27 [SEB, SMB, NOB, FMB only] Display Associates shall have the right to overtime by seniority within their location, provided they have the merit and ability to do the job.

6.28 [SEB, SMB, NOB, FMB only] Display Associates shall be given at least forty-eight (48) hours advance notice of overtime to be worked or they may refuse the overtime work, provided that Associates may be required to work over-time by inverse seniority if an adequate number of Associates do not accept the overtime (except in cases of operational emergency).

6.29 [SEB, SMB, NOB, FMB only] Display Associates may be required to work overtime to finish a job which has been started by them and must be finished before they leave. The forty (48) hour notice does not apply to these cases.

6.30 Merit Plan and Over-Scale Associates - Except as otherwise provided, the terms herein are intended to cover only minimums in wages. The Employer may place merit increases in effect and may reduce the same to the minimums herein prescribed should performance become unsatisfactory. The Employer shall exercise fair and reasonable judgment.

6.31 All employees paid above the "Thereafter" rate shall receive the same increases (including lump sums) as the "Thereafter" rate for their classification each year of the agreement. Maintenance of Associates at over scale rates shall be at management's discretion.

6.32 No Associate included within the terms of this Agreement enjoying higher wages or more liberal vacation privileges shall receive a reduction in basic wages or vacation privileges; provided, however, that when a change in classification or hours occurs, this shall not apply as to wage rates.

6.33 Associates shall receive their usual compensation when they handle mail order and telephone transactions.

6.34 Previous Experience

This section shall be inoperative until April 30, 2006.

- a. Associates with previous Bon experience shall be given full credit for prior experience.
- b. Associates without previous Bon experience shall be given full credit for prior experience up to the highest apprentice level.
- c. Experience as used in this Agreement shall mean previous experience of comparable nature in the retail industry, within past two (2) years.

6.35 Any new Associate may be given up to twenty-four (24) hours non-floor training at the first apprentice bracket wage rate.

6.36 Determination of Classification - Fifty-one percent (51%) of the time spent in employment under any classification for which provision is made in this Agreement shall determine the classification of the Associate for the purpose of this Agreement; provided, however, that in the event more than two (2) classifications are involved the classification shall be settled on the basis of job analysis made by a representative of the Union and a representative of the Employer.

ARTICLE 7 - HOLIDAYS

7.01 The following days shall be considered holidays:

New Year's Day

Presidents' Day

Memorial Day

Independence Day

Labor Day

Thanksgiving Day

Christmas Day

Where the date of any holiday falls on Sunday, the Monday following shall be observed.

In addition to the holidays referenced above, an additional holiday may be taken in recognition of Martin Luther King Day.

7.01.1 Personal Days - In addition to the holidays referenced in Article 7.01, Associates on the payroll one (1) year or more shall receive four (4) personal days which may be taken on a scheduled or unscheduled basis. Scheduled days will be paid at the regular pay rate and unscheduled days will be paid at the current hourly rate. There is no carryover of personal days from one year to the next and unused days are not paid out at termination. Unscheduled days may be taken for any reason and will not result in an occurrence. No more than one (1) or two (2) consecutive unscheduled days may be taken in a month.

Scheduled Personal Days may be taken as an additional day's vacation or at any other time mutually agreeable.

7.02 Associates who have completed their probationary period shall be entitled to holiday pay, provided they work the last day of their schedule before and the first day of their schedule following the holiday. If the Associate fails to work either of the above days without permission of the Employer or its representative, the Associate shall forfeit holiday pay, with the exception that bona fide illness or accident or use of a personal day shall be deemed an excused absence, provided that the Associate works within either the ten (10) calendar day period prior to or the ten (10) calendar day period following the holiday. The Employer may require the Associate to provide satisfactory evidence of any illness or accident claimed above.

7.03 All Associates shall be paid regular pay for the holiday on the basis of one-fifth ($\frac{1}{5}$) of the Associate's average hours compensated per week in the four (4) pay periods immediately preceding the holiday week. Time off for bona fide illness or accident shall be treated as compensated hours for the purpose of calculating average hours compensated. Associates hired for the Holiday season as defined in this contract, shall not be entitled to holiday pay under this agreement.

7.04 Any Associate laid off the day prior to or the day following a holiday shall receive pay for such holiday provided the associate is otherwise eligible for holiday pay.

7.05 [SEB, SMB, NOB, FMB only] During the week in which a holiday falls, the work week shall be four (4) days excluding the holiday.

7.06 All Associates who work on the fifth (5th) day, excluding the holiday, in a holiday week shall be paid at the rate of time and one-half (1½) of the regular straight-time rate of pay, except the fifth (5th) day may be worked at straight-time on a mutually agreeable basis between the Associate and Employer.

7.07 If the Employer elects to remain open for business on the day of observation of Presidents' Day, Memorial Day, Fourth of July, and/or Labor Day, and/or Monday, December 26, and/or Monday, January 2, the Employer will compensate Associates working on those days in the following manner:

- a. [SEB, SMB, NOB only] Associates hired prior to May 1, 1988, who work on the above holidays will be compensated for hours worked at the rate of double-time, in addition to

holiday pay. Associates hired after May 1, 1988 who work on the above holidays will be compensated at the rate of time and one-half (1½) for all hours worked. Commission Associates will have the straight-time rate, for working on the holiday, charged against draw.

b. [AOB, ELB only] Associates hired prior to September 1, 1988, who work on Presidents' Day will be compensated for hours worked at the rate of double time (2x), in addition to holiday pay. Associates hired after September 1, 1988 who work on Presidents' Day will be compensated at the rate of time and one-half (1½x). Each Associate who works on the remaining holidays will be compensated for hours worked at the rate of time and one-half (1½x), in addition to the holiday pay. Each Associate transferring from a Bon establishment which was affiliated with the former Seattle Department Stores Association Agreement will continue to receive double time (2x) for hours worked on the above holidays in addition to their regular holiday pay. Commission Associates will have the straight-time rate for working on the holiday, charged against draw.

c. [FMB only] Associates hired prior to May 1, 1988, who work on the above holidays will be compensated for hours worked at the rate of double-time, in addition to holiday pay. Associates hired after May 1, 1988 who work on the above holidays will be compensated at the rate of time and one-half (1½) for all hours worked. Commission Associates will have the straight-time rate, for working on the holiday, charged against draw.

Each employee who works on the remaining holidays will be compensated for hours worked at the rate of time and one half (1½), in addition to the holiday pay. Commission employees will have their straight-time rate charged against draw.

Each employee transferring from a Bon establishment which was affiliated with the former Seattle Department Stores Association Agreement will continue to receive double time (2x) for hours worked on the above holidays in addition to their regular holiday pay.

7.08 a. [SEB, SMB, NOB, FMB only] Regular Associates shall have the choice to not work on any holiday based upon seniority and those who do work shall be allowed to work either the full shift the store is open, or a full eight (8) hour shift if the store is open for eight (8) hours or longer. However, in the cases in which the number of Associates volunteering to work on a holiday is less than the number needed to staff the department, the Employer shall have the right of requiring the Associates to work in the order of inverse seniority.

b. [AOB, ELB only] Regular Associates shall have the choice to not work on any holiday based upon seniority. However, in the cases in which the number of Associates volunteering to work on a holiday is less than the number needed to staff the department, the Employer shall have the right of requiring the Associates to work in the order of inverse seniority.

7.09 It is understood and agreed that the Employer shall not be open on Christmas Day, Thanksgiving, or Easter Sunday.

7.10 It is understood that the principle of holiday pay is to insure that no individual shall lose by virtue of an Employer's place of business being closed.

ARTICLE 8 - VACATIONS

8.01 Vacations shall be calculated on a fiscal year from February through the following January. Associates shall be provided in writing their vacation entitlement for the current year no later than March 1st.

Vacation requests should be submitted by March 15th and approval or disapproval must be provided within thirty (30) days. Vacations requested by March 15th may be for up to two (2) weeks consecutively based on seniority. All vacation requests received after March 15th will be scheduled at least thirty (30) days after the request date and will be approved or disapproved within fourteen (14) days of the request date.

8.02 Vacation hours shall be allocated after the completion of each fiscal year based on the total hours compensated in the previous fiscal year. Any Associate who has been compensated a total of eight hundred and sixty six (866) total hours or more by the completion of fiscal year shall receive paid vacation in accordance with the schedule hereinafter set forth. Associates who regularly work ninety percent (90%) of the fiscal year, inclusive of paid holidays, vacations, overtime shall not have vacation prorated due to temporary layoff.

8.03 Associates with more than one (1) year who do not qualify for vacation under Article 8.02 but who have worked by the end of the January period, an average of eight (8) hours or more per week for twenty-six (26) weeks, or more (not necessarily consecutive), during the year shall be paid vacation in accordance with the formula hereinafter set forth.

8.04 Associates who do not receive vacation pay for the original fiscal year in which they were employed because of not qualifying under either Articles 8.02 or 8.03 shall receive vacation pay for the period and their current period if they qualify for vacation in the current period based upon the formula in Article 8.05.

8.05 Associates with up to Two (2) Years of Service - One (1) hour's regular pay for each fifty (50) hours compensated for (maximum of forty (40) hours for one (1) year of service.)

8.06 Associates with Two (2) Years but less than Eight (8) Years' Service - Two (2) hours regular pay for each fifty (50) hours compensated for from the preceding fiscal year (maximum of eighty (80) hours.)

8.07 Associates with Eight (8) Years but less than Twelve (12) Years' Service - Three (3) hours regular pay for each fifty (50) hours compensated for from the preceding fiscal year (maximum 120 hours).

8.08 Associates with Twelve (12) Years but less than Twenty Years of Service - Four (4) hours regular pay for each fifty (50) hours compensated for from the preceding fiscal year (maximum 160 hours).

8.09 Associates with Twenty Years or More Service - All Associates hired on or before July 24, 1996, or September 1, 1996 for AOB and ELB associates, will be eligible for five (5) weeks of vacation, accrued as five (5) hours regular pay for each fifty (50) hours compensated for from the preceding fiscal year (maximum 200 hours).

8.10 In case of bona fide sickness or disability for a period not exceeding 60 days per year, the vacation shall not be affected.

8.11 Any vacations earned under the above provisions, but not taken, shall be allowed in full upon resignation or discharge; provided, however, that no vacations shall be allowed for removal from the payroll for dishonesty. Accrued vacation that has not been earned shall be forfeited.

8.12 In the event a contractual holiday (as defined in Article 7) falls during an Associate's paid vacation, an additional day's pay or an additional day's vacation, at the Employer's option, shall be given.

8.13 Associates shall be permitted to take earned vacation weeks consecutively subject to seniority, with the understanding that nothing in this Agreement is intended to interfere with the Employer's right to reasonably determine the number of Associates in a given department, if any, who can be on vacation during any particular week.

8.14 Extended Vacations - Associates with three (3) years or more service may take one (1) extended vacation once in each three (3) year period of employment without breaking seniority. The length of extension beyond any accrued vacation shall be by mutual agreement between the Associate and the Employer and must be requested in writing.

ARTICLE 9 - LEAVES

9.01 Jury Duty - Associates called to jury duty shall receive the difference between their regular pay and the pay received for jury duty during the period of actual jury service, up to forty-five (45) days per year. When an Associate is excused from jury service, either temporarily or permanently, on any scheduled work day, the Associate shall promptly return to the store and complete any remaining hours of his scheduled work day, if four (4) remain.

9.02 Witness Pay - Associates who are called to be a witness on behalf of their Employer shall receive regular pay for such time as though it is work time.

9.03 Death in Family - Upon request of a regular Associate, the Associate may choose up to three (3) regular shifts off with pay for the loss of normally scheduled shifts in the event of a death in the immediate family. Immediate family shall be defined as husband, wife, son, daughter, mother, father, brother, sister, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law,

sister-in-law, stepparents, stepchildren, grandparents, grandchildren, and domestic partner (Domestic Partner defined in accordance with City of Seattle ordinance.). In addition, if the Associate is notified of the death while he/she is working, he/she will be excused from work and be paid for the balance of that working shift and that time shall not be charged against the applicable funeral leave.

9.04 In case of commission Associates, time shall not be charged against quota.

ARTICLE 10 - HEALTH AND WELFARE, DENTAL AND VISION

10.01 For the term of this Agreement the Employer shall provide group medical insurance plans including dental and vision care. The level of benefits in effect as of September 1, 2003 shall remain unchanged until July 1, 2004. The current employee contributions for these benefits will be unchanged until plan year 2004, at which time the cost share percent will be 50/50. The Employer agreed to provide the Plan year 2003 level of benefits (in effect for Bon Management) for the term of the agreement, or materially equal benefits for the term of this agreement. The benefits (including contribution rates) must at all times remain the same as the benefits for Bon management employees. This agreement shall not preclude the Employer from making changes such as a new carrier or utilization of a high performance network.

Effective July 1, 2004, the medical plan shall be modified to provide an annual pre-deductible physical examination and certain laboratory tests and X-rays, including mammograms as required by a physician as part of the physical.

10.02 Life Insurance, Accidental Death and Dismemberment - For the term of this Agreement, the Employer shall provide the life insurance plan in effect in July 1996 (or a plan providing equal or better benefits) as noted in the company Health & Welfare Plan booklet. Coverage under the plan will be terminated on the last day on which an Associate is actively at work.

10.03 Disability Insurance - For the term of this Agreement, the Employer shall continue in effect the disability plan in effect in July 1996, or a plan providing equal or better benefits. In order to qualify for benefits, a physician's statement of disability must be provided. Benefits commence with the first day of accident or hospitalization and with the second day of illness (except as provided below) and provide payment of seventy five percent (75%) of the Associate's average earnings, to the following maximums:

<u>Length of Employment</u>	<u>Waiting Period</u>	<u>Weekly Benefit</u>	<u>Total Weeks Eligible or STD</u>
6 months - 2 years	3 days	\$220	13 weeks
2 - 5 years	2 days	\$235	26 weeks
5+ years	1 day	\$260	26 weeks

Coverage under the plan will terminate on the last day on which the Associate is actively at work.

10.04 Eligibility Requirements for Medical, Dental, Vision, Disability Insurance - Associates who do not limit their availability shall be eligible for benefits regardless of how many hours they work. Benefits are effective on the first of the month following six (6) months of employment.

10.05 The parties shall comply with all laws and regulations which may become effective requiring that individual Associates be permitted to opt for coverage through a qualified HMO. The law currently provides that the Employer will pay the amount of premium to the HMO that would have been paid to the Employer's Health and Welfare coverage. The Associate will pay the balance, if any, of the HMO premium.

10.06 National Health Legislation - in the event of enactment of National Health Legislation, the Employer shall not be obligated to provide benefits in the Employer's health and welfare plans, dental care program, or vision care plan which duplicates benefits under such legislation.

10.07 In the event of the implementation of a company-wide Health Insurance Plan by Federated Department Stores, the Employer shall notify the Union and meet to review the anticipated change.

ARTICLE 11 - RETIREMENT

11.01 Retirement - The Employer shall continue to cover Associates under the terms of the Federated Department Stores Retirement Plan and Savings Plan. As these plans are from time to time modified, the Union will be given notice of any plan modification as soon as practicable after such modification is adopted.

ARTICLE 12 - GENERAL CONDITION

12.01 Uniforms and Protective Clothing - Uniforms or other special wearing apparel not suitable for street or general wear shall not be required unless furnished and laundered by the Employer. Protective garments will be provided when work may damage personal clothing.

12.02 Counter and Stock Cleaning - Associates shall not be required to do scrubbing or any other heavy cleaning, provided, however, that dusting or cleaning counters or stock with a dry or damp cloth shall not be construed as scrubbing or heavy cleaning.

12.03 Mileage - Upon notification to the Employer, the Internal Revenue Service Standard for mileage reimbursement shall be paid on a total store basis where Associates are authorized to use their cars on Company business. Reimbursements for parking fees, bridges, and ferry tolls for those Associates who are authorized to use personal vehicles on Company business shall be reimbursed on a weekly basis.

12.04 Bonding - Where a fidelity or guaranty bond is required by the Employer, the premium on such bond shall be paid by the Employer.

12.05 Store Meetings - Time spent attending required meetings, whether during the shift or before or after the shift, shall be considered working time. Associates shall not be compensated for attendance at voluntary meetings.

ARTICLE 13 - DISCIPLINE AND DISCHARGE

13.01 The Employer shall have the right to discipline or discharge Associates for just cause.

13.02 Polygraph Testing - Polygraph (lie detector or other like device) shall not be used in initial employment interviews or testing nor shall any Associate be required to submit to the use of such machine as a condition of continued employment.

13.03 No Discrimination - To the extent provided by law, no Associate shall be discriminated against because of race, color, religion, creed, gender, sexual orientation, national origin, age, or disability as defined under the ADA.

ARTICLE 14 - GRIEVANCE AND ARBITRATION

14.01 Any dispute or grievance arising between the parties to this Agreement as to the proper interpretation or application of the Agreement shall be adjusted by the accredited representative of the Employer and the accredited representative of the Union. If the parties fail to reach an agreement within forty-five (45) days from the date the grievance was filed in writing, as required by Section 14.05, the moving party must request arbitration within fifteen (15) days or the grievance shall be waived. In the event either party requests arbitration, the parties shall select an arbitrator and request hearing dates within fifteen (15) days of the arbitration request.

14.02 If arbitration is requested, the arbitrator shall be chosen from the arbitration panel contained herein. The method of selecting an arbitrator shall be by alternately striking a name from the panel until one (1) name remains as the arbitrator chosen by the parties. The panel shall consist of the following:

Michael H. Beck
Joe Duffy
Alan R. Krebs
George Lehleitner
Marsha M. Saylor
Carlton J. Snow
Jane Wilkenson
Tim D.W. Williams
Janet Gaunt
Sandra Gangle
Mike Cavanaugh

14.03 The parties shall notify the arbitrator at time of selection of the requirement that he or she must render a final and binding decision within thirty (30) days from the close of the arbitration

hearing, or from the arbitrator's receipt of post-hearing briefs, whichever is later. In the event the selected arbitrator is unable to agree to such requirement, the parties shall contact the remaining arbitrators on the panel in inverse order of their striking until agreement to comply with the above condition is obtained. Upon proper receipt, the decision of the arbitrator shall be final and binding upon both parties to this agreement.

14.04 Either party may obtain a transcript of the arbitration at the party's expense for its sole use, unless the other party wishes a copy, in which case, the expense of the transcript shall be shared equally. The fees of the arbitrator shall be borne by the losing party. The arbitrator shall have the authority to appropriately apportion costs between the parties in the event of a split decision/award.

14.05 Except in the case of grievances arising from errors in pay calculations or where a grievance has been suppressed, the following time limits shall apply:

14.05.1 Grievances shall not be recognized unless received in writing by the accredited representative of either party, describing as fully as possible the matter at issue and the section(s) of the Agreement allegedly violated, within thirty (30) calendar days from the date the grieving party knew or should have known of the occurrence causing the complaint or grievance, except as otherwise provided herein.

14.05.2 The party upon whom the grievance was filed shall respond to the grievance in writing within thirty (30) days.

14.05.3 For the purposes of filing and responding to grievances, the postmark on the envelope and/or fax confirmation shall be considered the date a grievance is filed or a response is sent.

14.05.4 Following the filing and the response to the grievance, neither party is permitted to add to, subtract from, modify, or change its contractual position, as required by this Section, at any time prior to the final decision by an arbitrator, except where newly acquired evidence is documented. In such case, either party shall have the right to modify its contractual position in writing based upon the newly-acquired evidence; provided that in any event, it is prior to requesting arbitration, as provided for under Section 14.01.

14.06 Any grievance not originally filed in accordance with the time limits of Article 14 shall be deemed waived. Any time limitation established herein may be extended only by mutual agreement of the parties. Time constraints are reciprocal for both parties. If the Union does not respond within such time limits, the grievance shall be deemed satisfied and dropped. If the Employer does not respond within such time limits, the grievance shall be deemed sustained.

14.07 The parties to the Agreement have the right to request and receive information needed to investigate grievances. The rights and obligations of the parties shall be governed by Federal law.

ARTICLE 15 - RIGHTS AND OBLIGATIONS

15.01 Rights of the Parties - The Union retains all rights given it by the provisions of this Agreement or by law. Management of each store retains all rights except as those rights may be limited by this Agreement or by law.

15.02 The parties recognize that the commission/draw system is an important element to the Company's business and to providing Associates with sales performance incentives.

In this spirit, the parties agree that nothing in this agreement shall prevent the Employer from raising departmental commission rates.

Moreover, if either party believes that a commission/draw rate or a commission's application or lack thereof to a particular department fails to accomplish the intended purposes or is otherwise unacceptable, the parties agree to negotiate any change and the effects of any change to commission or a commission's application to a department.

If the parties fail to reach agreement after a good faith effort to do so, the current method of compensation identified in the collective bargaining agreement shall remain in effect.

15.03 Should the Employer wish to implement a substance abuse program during the term of this Agreement, it shall be discussed in the labor management committee.

15.04 Americans with Disabilities Act - In the event of a disagreement arising as to the applicability of the Americans with Disabilities Act of 1990 to this Agreement, the issue will be subject to the grievance and arbitration clauses.

15.05 Labor/Management Committee - The Employer has agreed that a Labor/Management Committee will be established to take up issues of concern. This committee will meet a minimum of two (2) times per year if needed.

15.06 No Strike or Lockout - There shall be no strike or lockout during the life of this Agreement. The Union must notify the Employer six (6) working days, excluding Saturday, Sunday, and holidays, prior to observing any lawful, primary picket line. The refusal of any Associates covered by the terms of this Agreement to pass through a picket line after the above-mentioned notice is given shall not constitute a violation of this understanding.

ARTICLE 16 - TERM OF AGREEMENT

16.01 This Agreement shall be in full force and effect from May 1, 2003, up to and including April 30, 2006, and shall continue from year to year thereafter unless written notice of desire to cancel or terminate this Agreement is served by either party upon the other at least 60 days prior to date of expiration.

16.02 Where no such cancellation or termination notice is served and the parties desire to continue said Agreement but also desire to negotiate changes or revisions in this Agreement, either party may serve upon the other a notice at least 60 days prior to May 1, 2006 or May 1 of any subsequent contract year, advising that such party desires to revise or change terms or conditions of such Agreement.

16.03 Revisions or changes agreed on shall be effective as of May 1, 2003 or May 1 of any subsequent contract year, except where otherwise specified. The respective parties shall be permitted all legal or economic recourse to support their requests for revisions if the parties fail to agree thereon.

16.04 In the event of an inadvertent failure by either party to give the notice set forth in 16.01 and 16.02 of this Article, such party may give such notice at any time prior to the termination or automatic renewal date of this Agreement. If a notice is given in accordance with the provisions of this Article, the expiration date of this Agreement shall be the 61st day following such notice.

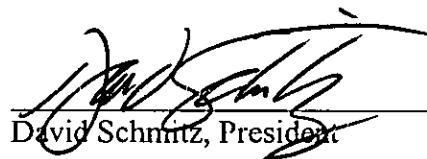
16.05 Both sides shall endeavor to present their full and complete demands 60 days prior to the anniversary date of this Agreement. Within thirty (30) days thereafter negotiations shall begin and at this time each side shall present to the other their reply or counter-proposal to any demands made.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 16th day of
June, 2004.

THE BON, INC.,
d/b/a BON-MACY'S

UFCW LOCAL 1001


Ed Cooney, Senior Vice President


David Schnitz, President

Letter of Understanding #1
By and Between
UFCW Local 1001
And
Bon-Macy's

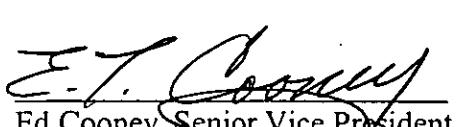
It is agreed and understood that for the duration of this Agreement (2003- 2006), the following terms and conditions will apply to Selling Department Managers:

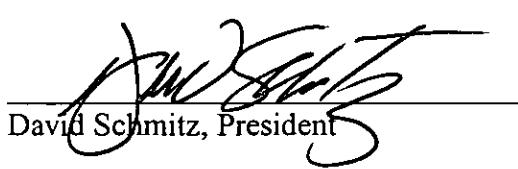
1. Managers, unless they were previously members of the Union, will be excluded from Union membership.
2. Managers will be scheduled separately from Sales Associates, and their hours are not to exceed 20 hours per week, excluding major sales.
3. Managers and trainees will not be scheduled to replace regular Associates, except for absenteeism or emergencies, and are not to be scheduled alone in a department except for on an occasional and sporadic basis.
4. Managers' sales will not be used in production or performance reviews of Sales Associates for the purpose of discipline or termination.
5. All mail order (PSMO) and telephone order transactions which the Selling Managers are engaged in will be distributed among the Associates in the department as outlined in this letter.
6. Department Sales Managers shall not intentionally take sales from any sales Associate in order to increase their personal sales nor shall Department Manager be on any walk up list.
7. Department Sales Managers shall not direct sales Associates to perform tasks, i.e., stock, merchandising, change runs, paperwork, etc., so that the Department Sales Manager would be the primary person on the selling floor ringing personal sales.
8. During the Department Manager's scheduled selling hours, they will also perform such tasks as returning merchandise from the dressing rooms to the sales floor, handling returns, and other sales support functions.
9. The number of management trainees will not exceed fifteen (15) for all Local 1001 stores combined.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 10th day of
April, 2004.

THE BON, INC.,
d/b/a BON-MACY'S

UFCW LOCAL 1001


Ed Cooney, Senior Vice President


David Schmitz, President

Letter of Understanding #2
By and Between
UFCW Local 1001
And Bon-Macy's
Regarding Bonus Incentive

The Employer agrees to grandfather, effective May 1, 1993, the Mattress Bonus Incentive program for Associates receiving mattress bonus incentives prior to that date. Associates placed in the Mattress Department after May 1, 1993 will not receive Mattress Bonus Incentive payments.

All other Bonus Incentive programs will be at the sole discretion of management to implement or terminate.

The Mattress Bonus Incentive will be paid to grandfathered Associates for sales of Sealy Posturepedics, Serta Perfect Sleepers, Simmons Beautyrest, Masterpiece, and Stearns & Foster mattress sets.

Additionally, incentives will only be paid to Associates with return rates below 15% of sales

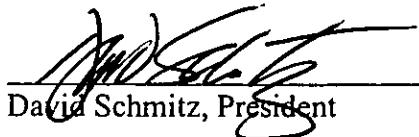
Twin Sets		Full & TXL Sets		Queen Sets		King Sets	
499 - 599	5.00	649 - 749	5.00	699 - 799	5.00	899 - 999	5.00
600 - 699	8.00	750 - 949	10.00	800 - 999	10.00	1,000 - 1,299	15.00
700 - 799	12.00	950 - 1,449	20.00	1,000 - 1,499	25.00	1,300 - 1,799	30.00
800 - UP	20.00	1,450 - UP	30.00	1,500 - 1,999	40.00	1,800 - 2,299	50.00
				2,000 - UP	50.00	2,300 - UP	70.00

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 16th day of
April, 2004.

THE BON, INC.,
d/b/a BON-MACY'S

UFCW LOCAL 1001


Ed Cooney, Senior Vice President


David Schmitz, President

Letter of Understanding #3
By and Between
UFCW Local 1001
And
Bon-Macy's
Regarding Cosmetics

During the term of this Agreement (2003-2006), the following provision will be in effect for Cosmetic Associates:

1. Vendor commissions will be processed through Bon-Macy's payroll system.
2. Overtime will be calculated based on the monthly average rate as required by Federal and State regulations.
3. The equivalent of the "Employer" FICA will be deducted from vendor commission earnings. During payroll processing the "Associate" FICA and required Federal income tax withholding amounts will be deducted from vendor commission earnings according to IRS regulations.
4. Identified returns will be applied to the Associate's sales totals of the Associate who sold them.
5. Cosmetic Associates who do not receive commission compensation during vacations and holidays will receive compensation based on their annual average rate. Payment of the annual average rate will be in accordance with current policies and procedures utilized for Associates in all other retail departments.

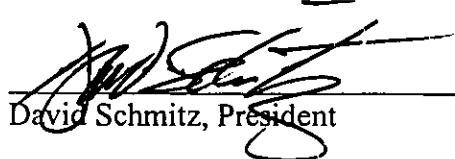
Cosmetic Associates who currently receive commission compensation for vacations and holidays will not be compensated using the annual average rate but will continue to receive vacations and holiday commission compensation as they have in the past.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 11/16 day of
April, 2004.

THE BON, INC.,
d/b/a BON-MACY'S

UFCW LOCAL 1001


Ed Cooney, Senior Vice President


David Schmitz, President

**Letter of Understanding #4
By and Between
UFCW Local 1001
And
Bon-Macy's**

Associates on the payroll July 21, 1980 who were regularly scheduled for a forty (40) hour work week who work more than six (6) hours but less than eight (8) hours shall be paid for eight (8) hours.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 11th day of April, 2004.

**THE BON, INC.,
d/b/a BON-MACY'S**

UFCW LOCAL 1001


Ed Cooney, Senior Vice President


David Schmitz, President

Letter of Understanding #5
By and Between
UFCW Local 1001
And
Bon-Macy's
Regarding START Team

1. Signing and Placement employees will be combined to one (1) seniority list with no bumping.
2. Within the first two (2) years of this agreement, schedules will be improved to more accurately reflect hours worked.
3. A sign up process for weekly additional hours will be implemented.
4. A Labor/Management Committee will be established to monitor progress on START specific issues.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 10th day of
April, 2004.

THE BON, INC.,
d/b/a **BON-MACY'S**

UFCW LOCAL 1001


Ed Cooney, Senior Vice President


David Schmitz, President

Letter of Understanding #6
By and Between
UFCW Local 1001
And
Bon-Macy's
Regarding Credit Implementation

1. The company agrees to meet utilizing the Labor/Management Committee to establish credit standards for sales associates in departments regularly utilizing cashiers (Cube, Tiger, Shoes, Kids).
2. The company further agrees that sales associates will not be subject to discipline until such agreement is reached.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 11th day of
April, 2004.

THE BON, INC.,
d/b/a BON-MACY'S

UFCW LOCAL 1001


Ed Cooney, Senior Vice President


David Schmitz, President