

International Brotherhood of

Teamsters

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Headline News

UPS Negotiations Update

Team

May 10, 2007

05/10

The following is a statement from Ken Hall, Director of the Teamsters Parcel and Small Package Division and Co-Chairman of the National UPS Negotiating Committee

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The Teamsters Union entered into early negotiations with UPS with the central objective of protecting our members' pensions and health care.

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The Negotiating Committee presented an economic proposal to UPS at the end of March, which included a demand for an increase in health and welfare and pension contributions by \$2 per hour in the first year. Our proposal also included significant increases in wages and other economic conditions.

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When National Master negotiations resumed after a break in which the supplemental committees met, United Parcel Service responded to our economic package with its own opening offer. What will capture the headlines is an offer to create a new, joint Teamsters-Company pension plan to cover full-time UPS employees who currently obtain their pension benefits from the Central States Fund.

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In the past, the Company has attempted to create a Company plan that it would administer by itself. The current proposal would create a plan jointly administered by UPS and the International Brotherhood of Teamsters with an equal number of Teamster-appointed and Company trustees.

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The Company also proposed increases in pension and health and welfare contributions for other benefit funds covering UPS members. While smaller than the Union's demands, the Company proposal is greater than the amounts contained in the 2002-2008 contract.



The Company proposes to pay in a lump sum the withdrawal liability owed to the Central States pension fund, an amount subject to negotiation between the Company and that Fund. The Company contends that depositing a large amount of money into the Fund will improve its stability and protect the Fund from some of the requirements of the Pension Protection Act of 2006 and which will go into effect in 2008. These determinations require complicated economic calculations. The Teamsters Negotiating Committee has retained its own actuaries to examine the figures that have been received from Central States in order to independently determine the impact on the Fund if the Company withdrew.

I can assure you that the Negotiating Committee will not consider any plan that jeopardizes the benefits of members in Central States or members of any other Teamster fund. The Company's proposal is not a negotiating tactic. It is a serious proposal that must be seriously evaluated and compared with the other options available for improving and protecting the pension benefits of our members.

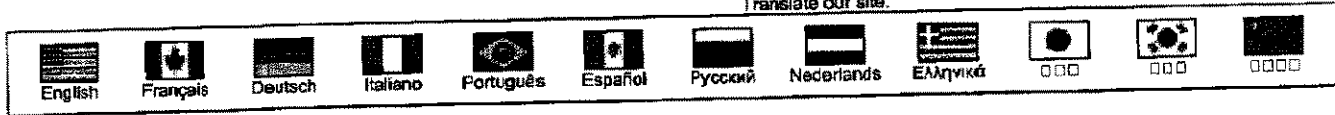
The Company's pension proposal is included in a wide range of contract changes which the Company wants to offset the cost of the new plan. These proposals are almost universally unacceptable. Most of them are too farfetched to even discuss at this point

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because the Negotiating Committee will never bring them back to the members or trade away these contract protections.

In summary, at this point in negotiations, we have made progress on a number of non-economic issues and still have significant non-economic issues open on the table. Each side has an opening economic proposal on the table. Each side has some serious aspects of its proposal that require consideration, and that is certainly what the proposal on the pension funds deserves. I urge Teamster members to not fall for unfounded rumors but to count on the communications you receive from your International Union as we move forward in these negotiations. We will be studying these issues and will keep you advised as we develop the information we need to determine whether some, or any, of these proposals help solve the problems that brought us to the table.

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DATE & TIME SENT May 11, 2007

COMMENTS: _____

