

SECOND ADDENDUM TO THE
VOLUNTARY JOB PROTECTION MOU

Pursuant to the June 8, 2009 Addendum to the Voluntary Job Protection MOU, United Parcel Service Co. (“Company” or “UPS”) and the Independent Pilots Association (“IPA” or “Association”) agreed that another volunteer bidding period will be conducted from November 23 through 5:00 P.M. EST December 31, 2009 (except that the window for voluntarily contributing from a crewmember’s sick bank will close at 5:00 P.M. EST December 27, 2009.) This Second Addendum also specifies the savings options that will be available to the crewmember group as a part of the second volunteer period. Except for modifications or additions in this Second Addendum to the MOU, the options available in the original Voluntary Job Protection Memorandum of Understanding, (including Amendments and agreed-upon examples) remain in effect. The savings and costing will be completed and shared by the parties no later than by January 8, 2010, in accordance with the terms of the original MOU. If the cumulative savings shortfalls are met, the MOU (along with all amendments, addendums, examples, etc.) will remain in place pursuant to its terms. Should the cumulative savings shortfalls not be met, the Company shall thereafter meet with the Union to discuss what alternatives and or options the parties may have. At a minimum, no furlough notice can be given prior to January 12, 2010.

Section 1. Retirement Options

- A. If a crewmember has five (5) vesting years and will be between the ages of fifty-five (55) and sixty (60) at any point from January 1 through December 31, 2010, he may elect to retire without his benefit being actuarially reduced as set forth in Article 15, Section D. 7. in the applicable plan document. The UPS Retirement Plan will be amended to reflect this change. Any employee who is already between the ages of fifty-five and sixty as of January 1, 2010 and elects this option must retire by March 1, 2010. The crewmember’s benefit remains subject to the limits set forth in Internal Revenue Code Section 415(b).

[SELECT OPTION A IF YOU ARE ALREADY 55-59 AS OF DECEMBER 31, 2009 AND WISH TO RETIRE.]

- B. If a crewmember who will be age sixty (60) or above by January 1, 2010, and volunteers to retire, the Company will deem such crewmember to have one (1) additional year of service, beyond that which he actually accrued, for the purpose of determining his final annual retirement benefit. The UPS Retirement Plan will be amended to reflect this change. Any employee electing this option must retire by March 1, 2010.

[SELECT OPTION B IF YOU ARE ALREADY 60 OR OLDER AS OF DECEMBER 31, 2009 AND WISH TO RETIRE.]

- C. If a crewmember's fifty-fifth (55th) birthday occurs at any point from January 1 through December 31, 2010, then he may elect to retire and receive the benefits of paragraph A.. above. If a crewmember's sixtieth (60th) birthday occurs at any point from January 1, 2010 through December 31, 2010, then he may elect to retire and receive the benefit provided by paragraph B. above. In both cases, the crewmember's retirement will become effective on the first day of the month coincident with or next following the 55th or 60th birthday, as applicable.

[SELECT OPTION C IF YOU WILL TURN AGE 55 IN 2010 AND WISH TO RETIRE WITH THE ADDED BENEFIT OUTLINED IN OPTION A ABOVE. SELECT OPTION C IF YOU WILL TURN AGE 60 IN 2010 AND WISH TO RETIRE WITH THE ADDED BENEFIT OUTLINED IN OPTION B ABOVE.

Section 2. Crewmembers who were awarded a cost saving option as a result of the original MOU process shall be allowed to bid a replacement option(s) as part of this MOU bidding window provided that any replacement option must create a savings equal to or greater than the original awarded options (e.g., crewmember awarded an RDG line for bid period 2010-03, can be awarded as a substitute a short-term leave). The Company retains the right to approve or deny, based on its determination with regard to its staffing needs, any requested replacement option. However, any requests will be credited to furlough protection saving targets to the extent the request would have generated additional savings.

Section 3. As a new volunteer option, crewmembers shall have the right to volunteer for RDG reserve lines with a fifty-five (55) ("RDG-RSV/55") hour guarantee. The crewmember

shall specify the bid period(s) for which he is volunteering. These RDG reserve lines shall be offered and awarded on an F/S/D basis in conjunction with the bids for RDG and VTO lines (i.e. as part of the secondary, not the primary bid). The fifty-five (55) hour lines shall only be offered for bid to those crewmembers who have volunteered for the lines as a part of this Addendum. The fifty-five (55) hour line credit shall contain eleven (11) reserve days. The lines may be built with any type of reserve duty. Each line will only have one type of reserve duty. These reserve lines will be built as a block of consecutive eleven (11) days.

Section 4. As part of this Second Addendum, crewmembers will be offered the opportunity to volunteer for Short Term Leaves of Absence beginning with bid period 10-02 through 12-01 in accordance with the rules for Short Term VLOAs contained in the original MOU.

Section 5. In addition to all other options, a crewmember shall have the right to volunteer to forfeit hours from his sick bank up to the amount which would be paid out as monies in January, 2010 pursuant to Article 9.A.1.e. In recognition of the fact that the MOU only allows the donation of sick leave hours by crewmembers which would otherwise be paid out in January pursuant to Article 9.A.1.e. and the fact, that UPS currently plans to make the excess sick leave payment on January 2, 2010, the parties agree that those crewmembers, who have volunteered to donate sick leave hours as a part of the current sign-up period, will not be paid the excess sick leave on January 2, 2010. Rather, if the MOU is accepted by UPS and remains in effect, the sick leave contributions donated by crewmembers will be deducted from his excess sick leave and any remainder will be paid to the crewmember by the end of the day on January 15, 2010 based on the crewmember's wage rate as of January 2, 2010. If the MOU is not accepted, the excess sick leave payment, without any deduction of the volunteered hours, will be paid to the crewmember by the end of the day on January 15, 2010 based on his wage

rate as of January 2, 2010. In order to make the payments as specified in this paragraph the deadline for crewmembers to volunteer sick leave hours shall be 5:00 p.m. EST on December 27, 2009.

Section 6. As a new volunteer option, a crewmember holding a regular flying line shall have the right to voluntarily transfer a trip(s) from his line to a crewmember holding an JS, RDG or VTO line in that bid period. This process shall be accomplished via the schedule request exception form. Transferred trips shall not be approved if it would interfere with the availability (i.e. will apply existing buffers) of the JS, RDG or VTO line holders to complete their original line. The crewmember giving up the trip shall have his pay/ credit and guarantee reduced by the value of the trip and shall not be eligible to pick up open time in that pay period. The crewmember will be paid the higher of his pay and credit or guarantee. However, the crewmember will have the right to accept a JA assignment. [Example: 1. A crewmember has an 80 hour line credit with a 75 hour guarantee. The crewmember transfers 15 hours, the crewmember's line credit will be 65 hours with a guarantee of 60 hours. 2. A crewmember has a 68 hour line credit with a 75 hour guarantee. The crewmember transfers 10 hours, the crewmember's line credit will be 58 hours with a guarantee of 65 hours.] The crewmember holding the JS, RDG or VTO line and receiving a transferred trip shall receive pay and credit for the trip as if it was above guarantee. Nothing shall prohibit the regular flying line crewmember transferring a trip under this paragraph from exercising his contractual rights to utilize the line improvement trip trade (LITT), trip trades with open time, restoration of military leave, sick leave, etc. However, a crewmember voluntarily transferring a trip(s) shall not be allowed to increase his reduced line credit through these processes by more than the limits in 3.e of the original MOU and as clarified in the Fourth Amendment.

Section 7. Crewmember Option to Level RDG, Short Term VLOA and JS Pay Reductions

- a) This program shall be available as a voluntary option to those crewmembers who have been awarded RDG, Short Term VLOA or JS in either 2010 or 2011. To implement this payroll leveling program, the Company shall first calculate the potential pay reduction a crewmember may have as a result of being awarded an RDG, Short Term VLOA or JS line in any pay period from pay period three (PP 10-03) through pay period thirteen (PP 10-13) in 2010. Any pay period of RDG or JS shall be calculated as a thirty-seven and one-half (37.5) hour pay reduction. A Short Term VLOA shall be calculated as a seventy-five (75) hour pay reduction per pay period. The Company shall divide the total hours reduction a crewmember may have by the number of payroll checks a crewmember is scheduled to receive in pay periods 3 through 13 in 2010. The resulting number shall be deducted from each payroll check received by the crewmember on those checks (i.e. "deduction amount"). For those pay periods in which the crewmember has an RDG, Short Term VLOA, or JS, a seventy-five (75) hour guarantee minus the deduction amount shall be paid to each volunteer participating in this program.
- (b) The same calculation for deductions shall be applied to JS, Short Term VLOA and RDG line holders for pay periods one through thirteen of 2011.
- (c) In order to participate in this payroll leveling program a crewmember must sign a form to be provided by UPS. Participation in this program is at the crewmember's option. Once the form is signed it will remain in effect for that calendar year (i.e., 2010 or 2011). An opportunity will be given prior to 2010 and 2011 to enroll in this program.

- (d) It is understood that participation in this payroll leveling program will not impact a crewmember's right to pick up OT in bid periods where he is not holding RDG or JS lines or on a Short Term VLOA. Participation in this payroll leveling program will not change the contract with regard to how a crewmember is paid for any reason.
- (e) In both 2010 and 2011, there shall be reconciliation applied to the last pay check in the year to take into account the actual hours of reduction incurred by the crewmember as a result of his participation in RDG, Short Term VLOA and JS. If a crewmember has a RDG, Short Term VLOA or JS line in the thirteenth (13th) pay period, there shall be a second reconciliation in the first pay period of the next calendar year.
- (f) If a crewmember goes into a non-pay status (other than an approved Short Term VLOA) at any point in 2010 or 2011 while participating in this program, the Company shall recalculate pay deduction based on the number of checks received before and after returning to work. Any monies received in a payroll check pursuant to any of the paid leave provisions in Article 9 (e.g. sick leave, maternity bank, workers comp leave) shall be available to adjust any end of the year deficit created as a result of a crewmember participating in this program. If a crewmember leaves employment for an extended period of time, there shall be a reconciliation made based on whatever payments are due the employee (e.g. vacation payoff, sick leave buy out, etc.).
- (g) Because of the payroll leveling option introduced by this section, new sign-ups for RDG-A/B will not be offered in the November 24-December 31, 2009, sign-up period. Crewmembers previously volunteering for RDG A/B will have the options of: a) remaining in the program; b) transitioning to RDG; or c) transitioning to RDG with the payroll leveling option outlined by this section.

Section 8. Paragraph 3.b.(v) of the original MOU shall be amended to provide that crewmembers participating in JS or RDG shall retain the right to accept JA in accordance with the provisions of the current collective bargaining agreement.

Section 9. Consistent with the original MOU and Amendments, a crewmember participating in the volunteer program outlined by this Addendum shall maintain his benefits and accruals so long as he earns at least 37:30 hours in a bid period. Crewmembers who drop a trip pursuant to section 6 above shall have that trip removed from their line for all other purposes. All crewmembers on VLOA/ VMIL leave will not have to reimburse the Company for medical benefits. [This begins with bid period 10-02 moving forward and applies to all crewmembers participating in Voluntary Job Protection Program.]

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