



Dear UPS Employee,

Recently, UPS and Teamsters Local 2727 concluded a round of negotiations with the presentation by UPS of a final, comprehensive contract offer. The company proposal contains more than 200 changes and enhancements over the last contract. A majority of the changes have already received a tentative OK by both sides. However, several major articles – for example, those dealing with compensation and benefits – remain open.

We believe you deserve to know what is on the table. The following is a brief overview of the offer. We feel the proposal rewards our aircraft mechanics and related job classifications for their contributions to UPS's success while allowing the company the flexibility to remain competitive through this difficult economy and into the future. Furthermore, we believe the offer keeps UPS and its mechanics at the forefront of the industry, providing our people with class-leading compensation and benefits.

Since the proposal contains more than 200 changes and enhancements over the last contract, this document highlights several significant items. Beginning Jan. 25, the complete contract proposal will be available for your review on [UPSers.com](http://UPSers.com).

I encourage you to take the time to become familiar with the proposal. I also encourage you to let your Local Union leadership know that you want an opportunity to vote on this offer. Now is the time to conclude this process.

If you have any further questions, please contact your management team.

Thank you,

A handwritten signature in cursive script that reads "Warren Johnson".

Warren Johnson  
Vice President, UPS Aircraft Maintenance and Engineering

## Scope

Additional new maintenance work will be brought in-house according to new terms in the proposal.

- All scheduled maintenance checks except C-Checks will be performed by 2727 members on U.S.-domiciled aircraft.
- PS1 checks (every nine-day inspections) will not be scheduled at an international location with less than a six-day interval unless there is a specific operational or service need to do so, which we will report to the union within 24 hours.
- The number of Periodic Maintenance Checks (PMC) that can be performed internationally is limited by a ratio comparing the available ground time in the U.S. versus internationally.
- The company agrees not to drop staffing below four Aircraft Maintenance Technicians (AMTs) per aircraft on the UPS operating certificate. If the ratio ever falls below 4-for-1 then no maintenance work can be performed overseas.
- The company has agreed to meet with the union leadership on a quarterly basis and will provide documentation necessary to provide visibility into maintenance scheduling to ensure terms of the contract are upheld.

## Work rule enhancements

More than two dozen articles have been enhanced in the new agreement. Work rule enhancements touch training, seniority, work hours and TDY, among others. See UPSers.com beginning Jan. 25 to review the proposed contract language.

- Through the proposed contract, the company has offered to implement a number of technical solutions to improve our employees' ability to plan and balance their work and personal lives, including:
  - An electronic training schedule that will provide technicians with notifications within 45 to 90 days of certification expirations
  - Making training materials available electronically
  - Enhancements to the bid system, giving union members visibility into who is bidding for openings and their seniority level

At UPS, the safety of our employees is of utmost importance. To that end, we are implementing or enhancing programs intended to ensure workplace safety and safety of flight, including:

- Implementing an Aircraft Maintenance Aviation Safety Action Program, or ASAP
- Language reinvigorating safety committees to make them more effective
- Creating an emergency response team in the event of an aircraft disaster

## Health care and benefits

UPS spent more than \$3 billion providing health care for its employees in 2009. Costs continue to increase at rates that are in excess of inflation and GDP, so we have asked our employees to share a small portion of the cost of their coverage.

- Monthly premiums - \$65 for single; \$97 for employee plus one; and \$162 for family coverage
- Maximum annual out of pocket - \$1,000 in-network; \$3,000 out-of-network
- Expanded coverage to include same-sex domestic partners
- Lifetime maximum benefits increased from \$1 million to \$2 million

## Duration of contract

The current proposal would be amendable Nov. 1, 2013.

## Wages

This contract proposal rewards our employees with a fair and competitive compensation package. Upon ratification of the contract, all represented employees will receive:

- Retroactive pay on all hours worked between Nov. 1, 2009 and the ratification date.
- A signing bonus ranging from \$2,500 to \$10,000 depending on job classification. This bonus also applies to employees in a laid-off status. All Top Rate Technician employees will receive the \$10,000 bonus, provided they have worked at least one day between Nov. 1, 2006 and the date of ratification.
- A Cost of Living Allowance that matches what is included in the National Master Agreement.
- In addition to the wage increases described below, the company has also offered a 1 percent straight-time bonus for calendar years 2010 – 2013. To be eligible, an employee needs only to work 1,750 hours in the calendar year.
- Top rates as of Nov. 1, 2009: AMTs - \$44.29; LST/AMC - \$47.90; Utility - \$21.32
- Top rates as of May 1, 2011: AMTs - \$45.62; LST/AMC - \$49.34; Utility - \$21.96
- Top rates by Nov. 1, 2012: AMTs - \$46.99; LST/AMC - \$50.82; Utility - \$22.62
- All progression steps are increased by 3 percent as of Nov. 1, 2009.

## Total compensation value and comparison

UPS AMT top rate at time of ratification through amendable date as compared to Southwest Airlines (SWA)

	UPS AMT		SWA AMT	
	Nov. 1, 2009	Nov. 1, 2012	Aug. 1, 2010	Aug. 1, 2012
Wage	\$44.29	\$46.99	\$42.40	\$43.82
Pension	\$5.76	\$6.11	n/a	n/a
401(k)	\$1.33	\$1.41	\$3.10	\$3.20
<b>Total</b>	<b>\$51.38</b>	<b>\$54.51</b>	<b>\$45.50</b>	<b>\$47.09</b>

## UPS AMT top rate compared to other airlines

Annual	Hourly	Description
\$89,440	\$43.00	UPS aircraft mechanic at today's top rate
\$92,123	\$44.29	UPS aircraft mechanic at top rate as of Nov. 1, 2009
\$97,739	\$46.99	UPS aircraft mechanic at top rate Nov. 1, 2012
\$85,613	\$41.16	FedEx top rate
\$68,120	\$32.75	American top rate
\$68,494	\$32.93	Continental top rate
\$68,744	\$33.05	Alaska top rate
\$69,035	\$33.19	90th percentile of aircraft mechanics (Bureau of Labor Statistics, May 2008)
\$68,016	\$32.70	ABX top rate
\$66,498	\$31.97	United top rate
\$66,165	\$31.81	Delta top rate
\$58,115	\$27.94	Northwest top rate
\$64,792	\$31.15	US Airways top rate
\$51,646	\$24.83	Average aircraft mechanic (BLS, May 2008)
\$48,194	\$23.17 est.	Median household income (U.S. Census Bureau, August 2007)
\$42,266	\$20.32 est.	Average income, all occupations (BLS, May 2008)



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