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ORIGINAL

COLLECTIVE BARGAINING AGREEMENT

BETWEEN

ROYAL PACKING COMPANY

AND

GENERAL TEAMSTERS UNION

LOCAL 890

RE: FARMING UNIT

JANUARY 1, 2005 TO DECEMBER 31, 2008

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Preamble: THIS AGREEMENT, entered into by ROYAL PACKING COMPANY of Salinas, California, hereinafter referred to as the "Company" and by the GENERAL TEAMSTERS UNION, LOCAL NO. 890, affiliated with the International Brotherhood of Teamsters, hereinafter referred to as the "Union", acting for and on behalf of the hereinafter designated employees of the Company.

ARTICLE I

Recognition and Scope of Bargaining Unit

1.1 The Company recognizes the Union as the certified Collective Bargaining representative for all the agricultural employee employed by the Company as specified in California ALRB Certification No. 94-RC-4-SAL excluding supervisors, clerical, and guards.

ARTICLE II

Union Security

2.1 If any person who is not a member of the Union be employed, such person shall, within thirty-one (31) days after commencing work for the Company, make application to become a member of the Union, and the Union agrees that it will not discriminate against such applicant; and the employee to whom membership is made available on the same terms and conditions generally applicable to other Union members and who fails to become a member of the Union, or whose membership in the Union is terminated because of failure to tender the periodic dues and initiation fee uniformly required by Union, shall upon written request by the Union to the Company, be discharged and shall not be reemployed until the Union indicates in writing that he/she has paid such dues and initiation fee.

2.2 The employer agrees to provide each person hired in the bargaining unit with an authorization form provided by the Union and the employer further agrees to make the completed form available to the proper officers of the Union. When the Company hires a new employee under the terms of this Agreement it shall give the Union the following information at the time the employee's name is placed on the payroll record: the employee's name, address, social security number, date employed and job classification of the employee. This information shall be furnished to the Union by telephone or mail. The employer shall not be required to furnish this information to the Union when the person is employed as a temporary employee.

2.3 The Company for all employees who shall so authorize in writing, shall deduct from the first pay of each month their Union membership dues, uniformly applied assessments and initiation fees for the current month and shall promptly remit the same to the Union. The Union shall indemnify, defend and save the Company harmless against claims, demands, suits, or other forms of liability which shall arise specifically because the Company acted in reasonable reliance upon the authenticity of payroll deduction authorization cards which are submitted by the Union to the Company.

2.4 The Employer shall add to the list submitted by the Local Union the names of all regular new employees hired since the last list was submitted and delete the names of employees who are no longer employed. All deductions shall be remitted in one lump sum no later than the 10th of the month, following the month in which deductions were made.

2.5 The Company shall not discriminate in regard to hire or tenure of employment, or any term or condition of employment, to encourage or discourage membership in any labor organization. Neither the Union nor the Company will discriminate against an applicant or employee in any manner prohibited by law.

2.6 Authorized agents of the Union after notification and identification to the supervisor in charge shall have the right to visit properties of the Company at all reasonable times and places, to conduct legitimate Union business; however, he/she shall not interfere with or interrupt operations. The Union shall notify the Company of all its authorized agents.

2.7 The Business Representatives of the Union shall have access to time sheets, work production or other records that pertain to worker's compensation, which may be necessary to resolve a grievance brought on behalf of such worker or workers.

ARTICLE III

Representation

3.1 The Union may select up to one (1) shop steward and one (1) alternate from among the seniority employees of each harvesting crew and each classification in the farming unit. The Union shall notify the employer in writing of the names of the shop stewards so selected. The stewards so selected may represent the employees and the Union in handling of grievances filed pursuant to this agreement.

ARTICLE IV

Grievances and Arbitration

4.1 Should any controversy, dispute, or disagreement arise during the term of this Agreement, there shall be no form of economic activity by either party against the other because of such controversy, dispute, or disagreement, but the difference shall be adjusted as follows:

(a) The employee shall first attempt to resolve the issue with his/her immediate supervisor or other representative designated by the employer. If called upon at this time step of the grievance procedure, a Union representative and supervisor designated by the employer may also attempt settlement.

(b) If the issue is still unresolved under paragraph (a) above, upon receipt of a written notice from either party setting for the nature of the dispute, designated representatives of the Company and the Union, shall within a calendar week from receipt of such written notice, attempt to reach a settlement.

(c) If the matter is not settled within two (2) calendar weeks from receipt of the written notice described in paragraph (b) above, then, within ten (10) working days thereafter, the Union, or Company, or Company's designated representative may request a list of arbitrators from the Federal Mediation and Conciliation Service, the California Mediation and Conciliation Service of the American Arbitration Association. The appointment of the arbitrator shall be completed within five (5) working days, excluding Saturdays, Sundays and Holidays, from receipt of the Panel unless the parties mutually agree to extend such time. The parties shall select from the Panel one arbitrator by alternately deleting names from the list until a last name remains. The parties shall draw lots to determine which party shall be entitled to the first deletion.

1. The arbitrator selected shall conduct a hearing on the matter in dispute and the arbitrator's decision shall be final and binding upon the parties hereto. The arbitrator will make every attempt to render a written decision unless waived by the parties within thirty (30) days from the date of final submission.

2. The arbitrator shall have no authority to modify, amend, revise, add to or subtract from any of the terms or conditions of this agreement but shall only have authority to interpret the express terms of this agreement.

3. All expenses, including the fees and expenses of the arbitrator and other expenses deemed necessary by the arbitrator for the proper conduct of the proceedings shall be borne by and divided equally between the employer and the Union. Any expenses connected with call of any witnesses shall be borne by the party calling him/her.

4. In the event the employer or Union fail to abide by the decision of the arbitrator, the Union or employer shall be free to take whatever economic or legal action it may deem necessary, and any such action taken shall not be considered a violation of this agreement.

4.2 Any grievance relating to discharge or suspension shall be presented in writing within seven (7) working days excluding Saturdays, Sundays and Holidays, after the discharge or suspension or such grievance shall be deemed to be waived. Any other grievance shall be presented in writing promptly, but in no event later than thirty (30) days after the grievance is known or should have been known to the grievant or his or her representative or such grievance shall be deemed to be waived. No claims, including claims for back wages, by an employee or by the Union shall be valid for a period more than thirty (30) days prior to the date the grievance was first filed in writing, unless circumstances of the case made it difficult or impossible for the employee or the Union to know the existence of ground for the claim.

4.3 There shall be no retaliation or discrimination against an employee for filing a grievance.

ARTICLE V

Seniority

5.1 Seniority for Farming Unit: A new employee shall work as a probationary employee and shall be employed on a trial basis for thirty (30) working days with the Company during which he or she may be discharged for any reason without the employee having recourse to the grievance and arbitration Article of this agreement. After working thirty (30) working days in a consecutive ninety (90) day period in an area, the employee shall be placed on the company, classification, and area seniority lists. There will be separate seniority lists for the Salinas area and Huron area. Seniority will be accumulated on an area by area basis. In the Huron area, so long as an employee works at least thirty (30) working days within two consecutive seasons of work, all days worked within two consecutive seasons of work shall fulfill the required ninety (90) day period.

5.2 Seniority for Harvesting Unit: A new employee shall work as a probationary employee and shall be employed on a trial basis for thirty (30) working days with the Company during which he or she may be discharged for any reason without the employee having recourse to the grievance and arbitration Article of this agreement. After working thirty (30) working days in a consecutive ninety (90) day period, the employee shall be placed on the company, classification seniority lists. There will be one seniority list for the Salinas area and fall Huron area. There will be a second seniority list for spring Huron area.

5.3 Seniority shall be retroactive to the most recent date of hire in the area. Recall from layoff shall not constitute a new date of hire. Company seniority will remain unbroken, provided the employee at all times maintains seniority in at least one area and has not been terminated for just cause. Company seniority shall be used in the calculation of benefits.

5.4 Prior to any seasonal reduction in the workforce, any seniority employee may request a voluntary layoff, out of seniority order, without loss of seniority. The Company shall grant such a request, provided there is another employee in the same job classification, willing, qualified, and able to perform the more senior employee's job. The Company, however, retains the right to determine the actual timing of the employee's layoff, but in no even shall such a request be granted prior to the actual commencement of a seasonal layoff. The Company shall attempt to notify employees in advance of any seasonal layoff so as to facilitate any request herein.

5.5 Recalls and layoffs of seniority employees shall be made on the basis of classification seniority.

In the event of temporary layoff of one week or less, the layoff will be conducted on-a total crew basis with no bumping. This will be done on a rotation basis. In the event of a layoff of more than one week or at the end of the season, layoffs will be conducted on an individual seniority basis. However, when individual employees or partial crews are recalled or released, seniority shall apply provided the employee has the necessary classification seniority.

5.6 For farming unit employees, seniority may be lost in one are for one of the following:

Voluntary quitting - by notification to the Company. Seniority is lost in that given area.

5.7 For all employees, seniority may be lost in the Company for one of the following:

1. Discharge for just cause.
2. Quitting without notification to the Company.
3. Failure to report for work, or provide evidence of disability within three (3) days from the date of written notice of recall.

5.8 An employee may surrender seniority in one area. This may be done without affecting seniority in other areas. The employee is responsible for notifying the Company of his/her intentions.

5.9 The Company shall, upon request by the Union, but no more than once quarterly, prepare a seniority list and mail a copy to the Union at the appropriate office. On the first operation day of the season the Company shall post a copy of the area seniority list on bulleting boards. Seniority lists shall include employee's name and the year and date of hiring, job classifications, and job classification seniority date.

5.10 Upon signing this agreement, the Company shall provide the Union with a current Company seniority list and a classification seniority list showing the name of each employee, his/her original date of hire and his/her classification seniority dates. At the time the seniority list is sent to the Union, it shall be posted at each area where it is readily accessible to employees during work hours. A grievance on a seniority date may be considered untimely, and therefore waived if the grievance is not file within thirty (30) days after the posting of the list. This thirty (30) day deadline shall not apply to employees who are not presently working in the area at the time of posting. Remedies for grievances filed pursuant to this Section 5.10 shall be limited to correcting the seniority list. Back pay shall not be applicable.

5.11 When employees have the same date upon which seniority is established, their social security numbers shall be used to establish seniority among them, the social security number with the lowest last four (4) numbers being accorded the highest seniority.

5.12 For employees in the farming unit where the Company operates in two or more areas with overlapping seasonal operations, an employee having seniority in more than one area shall not lose his/her seniority so long as he/she works in the area to which he/she is assigned by the Company.

5.13 Any employee shall retain seniority status in the employee's former classification for ninety (90) days while gaining seniority in a new classification. Seniority will be earned in a new classification pursuant to section 5.1 above. An employee who maintains seniority in two classifications is not free to bump between classifications without consent of the Company except in cases of layoff or job elimination.

5.14 The employer shall post all job openings on bulleting boards at least five (5) days prior to permanently filling the position.

5.15 During the peak seasons, while working three (3) or more consecutive Sundays, the Company shall use its best efforts to accommodate employee's request to take one Sunday off every month on a rotational basis.

5.16 For Salinas area Tractor Drivers, classification seniority shall be by Ranches as follows:

1. Panziera/Schultz
2. Harkins/Dougherty/Harden Ranches
3. Hooker

5.17 Irrigators will be allowed to train on Company equipment in an effort to be qualified for a tractor driving opening. This training will be done in accordance with past practice and Industry standards. Seniority and qualification will be factors used to determine who shall be trained. This training may be discontinued at anytime at the sole discretion of the Company.

ARTICLE VI

Leaves of Absence

6.1 Leaves of absence may be granted by applying to and receiving approval from the Company. All leaves of absences shall be in writing, signed by the Company and employee, and one copy shall be sent to the Union. Leaves of absences shall not be granted to employees in order to work for other companies or to enter into any business of their own. Any leave of absence for over ten (10) days must be approved by the Company and the Union.

6.2 Employer and employees shall follow all applicable laws regarding leaves of absence, including FMLA.

6.3 Leaves of absences shall be granted or extended upon illness or injury of any employee provided the employee makes a written request substantiated by a doctor's certificate or other adequate proof of illness. Prior to returning any employee to his job following any absence for illness or injury, the Company may require a doctor's certification of his medical fitness to perform the work involved.

6.4 An employee's appointment or election to conduct Union business shall be deemed good and sufficient reason for obtaining a leave of absence. Such employee shall be given, upon written notice from the Union and the Company, a leave of absence not to exceed three (3) years. Not more than one (1) employee shall be on a leave of absence under this section at any one time.

6.5 Seniority shall accumulate during leaves of absence and, upon the employee's return at the end of the period of the leave of absence, the employee shall be reinstated without loss of seniority and at the existing scale of wages. Any leave of absence shall be without pay from the Company, and without Company contributions to any benefit programs for the duration of its term except as otherwise provided by law.

ARTICLE VII

Non-Discrimination

7.1 The Union and the employer agree no to discriminate against any individual with respect to hiring compensation, terms or conditions of employment because of such individual's race, color, religion, sex, national origin, union membership or activities, age, or disability nor will they limit, segregate or classify employees in any way to deprive any individual employee of employment opportunities because of race, color, religion, sex, national origin, age, union membership or activities or disability.

ARTICLE VIII

No Strike No Lockout

8.1 The Union and the employees agree that there shall be no strikes, slowdowns, job or economic action, or other concerted interference with the conduct of the Company's business during the life of this agreement.

8.2 The Company agrees that there will be no lockout during the life of this agreement. A complete or partial reduction of operations or an operation by the Company for economic or other business reasons is deemed not to constitute a lockout.

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8.3 It is understood that all disputes and grievances arising under this agreement shall be settled under the grievance procedure set forth herein.

8.4 Section 8.3 notwithstanding, a strike or lockout during the term of this agreement shall be deemed a breach thereof and either party may seek such legal relief as may be available to it without first invoking the grievance or arbitration procedure herein set forth.

8.5 An employee's refusal to cross or work behind a legitimate, bona fide, primary picket line sanctioned in writing by Teamsters Local 890 or Teamsters Joint Council #7, shall not be deemed a violation of this agreement provided the sanction shall not be effective until after receipt of said written notice. The Union shall not command, order or direct employees to exercise their rights under the foregoing clause but shall have the right to advise employees whether the strike or picket line is sanctioned, as to the facts of the particular labor dispute, and as to the employee's rights under the foregoing clause.

Neither shall the Company command, order or direct employees to refuse to exercise their rights under the foregoing clause. Each individual employee shall have the right to make his/her free choice to cross or not to cross any sanctioned picket line as defined above, without any form of economic coercion or reprisal by either Union or Company.

ARTICLE IX

Rights of Management

9.1 All the functions, rights, powers and authority which the Company has not specifically modified by this agreement are recognized by the Union as being retained by the Company, including, but not limited to, the exclusive right to direct the work force, the means and accomplishments of any work, the determination of size of crews of the number of employees, the right to decide the nature of equipment, machinery, method, or process and to change or discontinue existing equipment, machinery, methods, or process, the right to determine the type, amount and extent of crops and products to be handled, the right to close, liquidate, combine or transfer any operation performed by the Company, or any part thereof, or to move or relocate any such operation or facility and the right to make all decisions which are necessary to the efficient and/or economical operation of its business.

9.2 The Company shall have the right to establish and post work rules and safety rules applicable to all workers and other personnel. The Company shall notify the Union in writing prior to implementation of any such rules. Such work and safety rules may not be inconsistent with the terms of this agreement.

ARTICLE X

Safety

10.1 The Company shall abide by any and all federal, state, or local laws or regulations relative to safety, sanitation and health in the maintenance and operation of its plants. The company shall maintain the equipment in good working condition. Failure to comply with any such law, ordinance, regulation, or maintenance of equipment shall not be deemed a breach of this contract until the same has been called to the attention of the Company and such breach has not been remedied within a reasonable time thereafter.

10.2 No employee shall be required to work in any operation which constitutes a real and immediate danger of death or serious injury. The discharge of any employee for refusal to work in such conditions shall not be upheld if the employee has notified the Company of the existence of that condition, the Company has refused to correct it, and it is determined by the arbitrator that the condition in fact constituted a real and immediate danger of death or serious injury to the employee. Discharges arising as a result of an application of this provision shall be subject to the grievance procedure.

10.3 The Company agrees to make available a cholinesterase base-line test to all seniority tractor drivers and irrigators.

ARTICLE XI

Working Conditions

11.1 The Company shall make available for the Union's use a bulletin board at each pick-up point, or shop area. Said bulleting boards shall be used by the Union exclusively for the purpose of posting notices of official Union business. The Union accepts complete responsibility for maintaining posted material on the bulleting boards. Before the employer removes material from the boards, it will notify the Union.

11.2 To the extent the employer has historically provided the special equipment; it will continue to do so. On all such equipment, the Company may, at its option, require an authorization to deduct reasonable sum equal to the cost of the item furnished, to be deducted from the employee's last check or wages owed at the time if the employee does not return the item, when requested by the Company, in good condition, subject to reasonable wear and tear.

11.3 No employee shall be required to work in excess of five (5) hours consecutively without a meal period. Meal periods are unpaid time and are not included towards benefits.

11.4 The Company shall supply cooled drinking water and toilets in a sanitary operating condition, at each work site.

ARTICLE XII

Hours and Overtime

12.1 Overtime. Thinning crews will be paid overtime for all work performed after 8 hours Monday through Saturday. On Sunday and holidays all work performed is at the overtime rate of pay. The overtime rate of pay is 1 ½ times the normal hourly rate.

Tractor drivers and irrigators will be paid overtime after 10 hours on Monday through Friday and after 8 hours on Saturday. All tractor and irrigator's work on Sunday is at the overtime rate of pay.

12.2 Call Time. Employees shall report to work on time at the place they are called. A minimum of four hours time shall be paid for each call where no work is provided. If work is started, minimum of four hours work shall be paid at the hourly rate of pay.

In the event work cannot be carried out for a reason beyond the control of Royal Packing this call time and guarantee provision does not apply. "Beyond the control of Royal Packing" shall mean government condemnation of a crop, acts of God (rain, frost, natural calamity, etc. or any action preventing work that would not reasonably be anticipated by Royal Packing.

12.3 Travel. The employer may provide transportation for thinning and hoeing crews. Employee shall have the option of using Company transportation or not. The employer may discontinue transportation at its option. Should the employer discontinue transportation, the employer will provide thirty (30) calendar days notice to the Union prior to implementing its decision, except in case of bona fide emergency. Should the employer arrange his/her own transportation, the employer cannot be responsible for any damage of any kind to the employee's vehicle.

ARTICLE XIII

Jury Duty

13.1 When an employee is first notified of a call for jury duty, he/she shall immediately inform the Company in writing of such notification. If an employee is called for jury duty he/she shall be paid the difference between eight (8) hours straight time rate of pay and the payment made to such employee called for jury duty for those days on which the employee would have worked.

ARTICLE XIV

Wages

	<u>1/1/2005</u>	<u>1/1/2006</u>	<u>1/1/2007</u>	<u>1/1/2008</u>
<u>Huron</u>				
Thin/Hoe	\$7.50	\$7.65	\$7.80	\$7.96
Tractor Driver	\$7.71	\$7.94	\$8.18	\$8.43
Irrigator	\$7.67	\$7.90	\$8.14	\$8.39
	<u>1/1/2005</u>	<u>1/1/2006</u>	<u>1/1/2007</u>	<u>1/1/2008</u>
<u>Salinas</u>				
Thin/Hoe	\$7.75	\$7.91	\$8.07	\$ 8.23
Tractor Driver	\$9.37	\$9.65	\$9.94	\$10.24
Irrigator	\$8.34	\$8.59	\$8.85	\$ 9.12

14.1 Tractor Driver Premium Pay – Tractor drivers making ground applications of herbicides and pesticides shall receive a fifteen-cent (\$0.15) premium for the time worked applying herbicides and pesticides. This premium is to be paid only for those employees trained in this process and/or operating the specialized equipment. This premium also pertains to the tractor driver operating the wand unit. This premium applies only when operating a tractor.

ARTICLE XV

Holidays

15.1 Royal Packing Company provides for its employees holiday pay. Paid holidays are days paid for whether or not there is work. The wage scale is eight times the hourly rate or piece rate average hourly.

15.2 The paid holidays are:

1. Christmas Day
2. New Year's Day
3. July 4th
4. Labor Day
5. Thanksgiving Day

In addition, any work performed on these days shall be paid at time-and-a-half.

15.3 (2) To be eligible for benefits an employee must work the last scheduled work day before and the next scheduled work day after the holiday and must be within 3 days of the holiday.

ARTICLE XVI

Life and Health and Welfare Insurance

16.1 Effective September 1, 2004, Royal Packing Company made available to all employees the Company medical, dental and vision plan which has the same benefits of employee participants as the benefits available to employee participants in the Bud Antle plan for field employee. To qualify for medical insurance, employees must work a minimum of sixty (60) hours in a calendar month to qualify for the following month. If an employee is short of the required sixty (60) hours, he/she may pay his/her own premium to remain qualified. Any modifications to the existing benefits in the Bud Antle plan for field employees shall also be made to the plan made available to the Company employees pursuant to this agreement.

16.2 Payment of Insurance Premiums Between Seasons; Right of Employee to Pay Premium When Not Employed Under This Contract.

The Company will offer Medical, Dental, and Vision continuation of coverage through COBRA (as amended) Consolidated Omnibus Budget Reconciliation Act of 1986. The Employer will also offer Life Insurance conversion, at cost, when paid for by the employee.

The employee's share, if any, shall be by monthly payroll deduction from the employee's payroll check in the calendar month prior to the month in which coverage is provided, a written payroll deduction authorization will not be required for these deductions.

Any employee failing to make required contributions will not be covered.

Regarding Mexico:

- (1) Close the benefits to Panel only.
- (2) Agree to expand Panel to Tijuana provided the benefit level remains at the Mexicali/San Luis level.
- (3) Non-Panel providers will be paid by the Company only when the service is provided at a location fifty (50) miles (80 kilometers) from the closest Panel City.
- (4) Within three months after the execution of this Agreement, the Company and the Union shall meet in executive session to discuss the administrator of the Mexico Panel. The parties further agree to meet every thirty (30) days until the issue of the Mexico Panel Administrator is mutually resolved.

16.3 Effective September 1, 2004 the Company will implement the new Plan A for all Royal Packing employees and their eligible dependents.

16.4 Effective September 1, 2004, all Royal Packing employees will be required to contribute \$10 per month toward their health and welfare benefits. Each employee also will be required to pay an additional \$10 per month for any dependents to be covered under the Company's health and welfare benefit plans. The maximum contribution per employee will be \$20 regardless of the number of dependents covered. This cost structure shall be in effect until August 31, 2006 subject to the exceptions described below. Thereafter, the employee contribution will be increased from \$10 to \$15 per month per employee with an additional \$15 per month for any dependents. The maximum monthly contribution per employee as of that date will be \$30 regardless of the number of dependents. This contribution structure will be in effect for the remaining term of this Agreement subject to the exceptions described below.

16.5 Notwithstanding the foregoing, if during the periods from September 1, 2004 to August 31, 2005, and/or from September 1, 2005 to August 31, 2006, the total monthly cost of health and welfare benefits (including medical, dental, vision, life insurance and the administration thereof) to the Company for Field employees exceeds \$293 (consisting of a cap on Company contributions of \$275 per eligible employee plus an additional \$18 representing an approximate average of monthly employee contributions), then the Company shall meet with the Union to discuss reducing the levels of benefits provided to employees or increasing monthly employee contributions. If the parties do not reach an agreement within 30 days after the Company first notifies the Union of this issue, then the Company shall increase the level of employee contributions (both on an individual and family basis) by 50% of the amount necessary to cover the additional costs. The new contributions shall be effective December 1, 2005 to November 30, 2006 *and/or December 1, 2006 to November 30, 2007 **respectively. By way of example, if the monthly cost of benefits per employee for September 1, 2004 to August 31, 2005 is no more than \$293, then no increase in employee contributions will occur based on the following calculation:

Monthly Cost of Benefits per employee	\$293
Cap on Company contributions	-\$275
Balance	\$ 18
Average Monthly Employee contribution	<u>\$ 18</u>
	0

If during the periods from September 1, 2006 to August 31, 2007 the total monthly cost of health and welfare benefits (including medical, dental, vision, life insurance and the administration thereof) to the Company for Field employees exceeds \$322 (consisting of a cap on Company contributions of \$295 per eligible employee plus an additional \$27 representing an approximate average of monthly employee contributions), then the Company shall meet with the Union to discuss reducing the levels of benefits provided to employees or increasing monthly employee contributions. If the parties do not reach an agreement within 30 days after the Company first notifies the Union of this issue, then the company shall increase the levels of employee contributions (both on an individual and family basis) by 50% of the amounts necessary to cover the additional costs. The new contributions shall be effective December 1, 2007 to November 30, 2008. By way

of example, if the monthly cost of benefits per employee for September 1, 2006 to August 31, 2007 is no more than \$322, then no increase in employee contributions will occur based on the following calculation:

Monthly Cost of Benefits per employee	\$322
Cap on Company contributions	- \$295
Balance	\$27
Average Monthly Employee contribution	<u>\$27</u>
	0

16.6 Effective September 1, 2004 the co-pays for Mexico are as follows:

Office visit co-pay	\$3.00 per visit
Lab & x-ray co-pay	No co-pay
Prescription Drugs	\$2.00 per medication

ARTICLE XVII

Subcontracting

17.1 Farming Unit. For the purpose of preserving work and job opportunities for the employees covered by this agreement, the Company agrees that there shall be no subcontracting of farming work covered by this agreement, (comprised of thinning, hoeing, irrigating, and tractor driving), unless all of its seniority employees in the area of the farming operation, in which the subcontracting takes place, who have historically performed the subcontracting work are working.

17.2 The section 17.1 clause shall not apply if:

- (a) such subcontracting is done at the beginning or end of the season in the shipping district, not to exceed fourteen (14) working days, or
- (b) the Company determines it does not have qualified employees to perform the work, or
- (c) the Company does not have the specialized equipment to perform the work, or
- (d) the Company does have the qualified employees to operate such specialized equipment, or
- (e) an emergency arises. For purposes of this section, "emergency" is defined as a sudden unexpected happening; and unforeseen occurrence or condition; in a perplexing contingency or complication of circumstance; a sudden or unexpected occasion for action; exigency; or pressing necessity.
- (f) As a condition to a lease or growing or farm agreement, the lessor or the other party to the growing or farm agreements requires that is use its own employees for some or all of the farming operations;

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(g) The work to be performed has not historically been performed for the Company by members of this bargaining unit.

17.3 The Company shall not be obligated to procure equipment, licenses or expertise, or any other resources, so as to avoid the use of labor contractors, custom harvesters, or subcontractors.

17.4 It is recognized by the Company and Union that various types of legal entities are used by growers and shippers in the agricultural industry, including partnership, joint venture, and other legal contractual arrangements, in the growing, packing, harvesting and selling of agricultural crops. Neither the Company nor the Union shall prevent the Company from entering into these legal arrangements by any of the provision of this agreement, nor will the Company subvert the Union by entering into these legal arrangements.

17.5 The Company presently employs custom harvesters for its harvesting operation. In the event that the Company decides to re-employ its own harvest crews, the Company and the Union agree to meet and bargain over the harvest unit.

ARTICLE XVIII

Funeral Leave

18.1 An employee shall be granted a funeral leave for a period of up to four (4) days, at eight (8) hours straight time rate of pay, for attendance at a funeral of the employee's spouse, children, brother, sister, brother-in-law, sister-in-law, current stepchildren, stepfather, stepmother, or of the mother, father, grandparents, or grandchildren of either the spouse of the employee.

18.2 Pay for funeral leave shall be granted on any day when the Company is scheduled to work.

ARTICLE XIX

Discipline & Discharge

19.1 The employer shall have the right to discharge, suspend, or discipline any employee for just cause. Just cause may include, but not limited to, insubordination, drunkenness, or use of alcohol or illegal drugs while on duty, incompetency, failure to perform work as required, or failure to observe safety rules and regulations or employer's

posted rules, regulations, and employee handbook. However, any employee who feels that he/she has been unfairly discharged shall have the right to bring the matter as a grievance.

19.2 The Company shall, either at the time of discharge or within five (5) days, excluding Saturdays, Sundays and holidays, after the discharge furnish the employee with a written discharge notice stating the reason for the discharge, supervisor's name who discharged the employee, and the time and location of the offense. A copy of the discharge or termination notice shall be sent to the Union.

ARTICLE XX

New or Changed Operations

20.1 In the event of a new or changed operation or new or changed classification is installed by the Company, the Company shall set the wage or piece rate in relation to the classification and rates of pay provided in this agreement and shall notify the Union before such rate is put into effect of the amount of the rate and the operation and classification to which such rate applies. The Company may put the rate into effect after such notice. In the event such rates cannot be agreed upon mutually between the Union and the Company, the same shall be submitted to grievance procedure, including arbitration for determination, which shall be binding upon the parties. Any rate agreed upon or as determined by the arbitrator shall be effective from the installation of such new or changed operation or classification.

ARTICLE XXI

Vacations

21.1 To qualify for vacation pay an employee must have:

- (a) Current seniority.
- (b) Have worked at least 500 hours in a year to qualify.

21.2 Vacations will be paid at the following percentage scale:

500-999 hours and above	1% of gross earnings in qualifying year
1000 hours and above	2% of gross earnings in a qualifying year

21.3 If the employee qualified for vacation pay for four (4) consecutive years, the vacation pay the fourth year is doubled.

21.4 Employees who qualify for vacation benefits shall receive these benefits the 15th of March. Vacation days are accumulated from January 1st to December 31st of the previous year. For employees who are laid off prior to March 15th, the Company will use its best efforts to issue their vacation checks at the time of their lay-off.

21.5 For each month of active work, the employee will accumulate two days of unpaid vacation leave, which can be used when the worker and Company are in agreement. All employees who have a good attendance record qualify for a maximum unpaid 30-day vacation.

ARTICLE XXII

Lieu of Pension

22.1 The employer will pay the seniority employees in lieu of pension \$0.20 per hour for all hours worked (excluding vacation, sick, holiday, jury duty, bereavement leave, and leave of absence hours). The Company agrees to review the process for payment the 3rd year of the agreement.

ARTICLE XXIII

Savings and Modification

23.1 In the event that any State or Federal agency or Court rules any Article, Section or paragraph of this agreement to be in violation of a State or Federal law or regulation, only that portion of the agreement shall be void, and the remainder of the agreement shall remain in full force and effect.

23.2 No provision of term of this agreement may be amended, modified, changed, altered or waived except by written document executed by the parties.

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ARTICLE XXIV

Light Duty Work

24.1 Employees injured on the job who are unable to perform their regular work, but who are capable of performing light duty work other than work covered by this agreement within the physical restrictions imposed by the attending physician, may, without regard to seniority, be temporarily assigned to such work by the Company up to a maximum of five (5) hours per day.

24.2 Employees assigned to light duty shall not be assigned to a crew or entitled to incentive pay, but shall be paid the applicable minimum wage and receive all other contractual fringe benefits during the light duty assignment.

24.3 Nothing contained in this article shall circumvent or diminish an employee's right as provided for in the worker's compensation laws.

ARTICLE XXV


Duration of Agreement

25.1 This agreement shall be effective January 1, 2005 and shall remain in effect until the expiration date of December 31, 2008 and shall be renewed from year to year thereafter, unless either party to this agreement shall give written notice to the other party of a desire to terminate, change or modify at least sixty (60) days prior to the date of expiration of this agreement.

IN WITNESS WHEREBY, the parties hereto have duly executed this Agreement on this 18 day of April, 2005.

ROYAL PACKING COMPANY

GENERAL TEAMSTERS UNION
LOCAL 890, IBT, AFL-CIO

BY: 
4/18/05

BY: Salvador Canillo

EXHIBIT "1"

Substance Abuse Policy

1. Purpose: The purpose of this policy is to ensure a safe workplace for all Employees, to eliminate the use of alcohol and drugs in the workplace, to comply with applicable law and regulations, and to provide a uniform method of dealing with substance abuse in the workplace.

2. Policy Statement: All employees covered by this Agreement are prohibited from:

(a) Possessing, selling, distributing, manufacturing, processing, using or consuming alcoholic beverages, illegal drugs, or controlled substances while on Company premises and/or on Company time; and

(b) Having a "prohibited level" of alcohol and/or illegal drugs or controlled substance in their system while on Company property or during working time. For purposes of this subparagraph (b), a "prohibited level" means a forensically acceptable positive quantity of any illegal drug or controlled substance other than marijuana and alcohol. For marijuana only, "prohibited level" means 0ng and for alcohol "prohibited level" means .02 percent.

3. Discipline: Except as provided in the "Rehabilitation" Letter of Understanding, employees who violate subparagraph (a) or (b) shall be subject to discharge.

4. Immediate Testing: The Company shall have the right, at its expense, to require immediate testing of Employees based on any of the conduct or circumstances set forth in this policy and for violations of subparagraph 2 (b). The Company will notify the Employee he or she may have a Union Representative and/or shop steward present during the testing, provided one is immediately available.

5. Annual Testing: Drug and alcohol test shall be performed at Company expense in connection with any routine annual physical examination that are required by law.

6. Pre-employment Testing: Applicants for work who have been offered employment may be required to pass a drug/alcohol screening test as a condition of starting work. The Company's failure to test any such applicant shall not impair its right to test any other applicant or constitute disparate treatment or discipline.

7. Refusal to Test: Any employee who refuses, delays, or fails to submit to testing or sign the required consent forms, shall first be informed that such refusal subjects him or her to immediate discharge. The employee shall be discharged if he or she then still refuses, delays, or fails to be tested and/or fails to execute the required forms.

8. Laboratory Procedures: The Company shall use only testing laboratories certified by the State of California and Arizona which utilize the testing procedures and requirement contained in the attached Letter of Understanding (Exhibit "2"). All "positive" tests will be retested a second time and the specimen shall be retained for a period of not less than six (6) months.

9. Suspension: Any employee tested, other than for post offer or routine physical, shall be suspended pending the results of the test. If the test is negative the Employee shall be promptly reinstated and made whole for lost wages and benefits.

10. Confidentiality: Information regarding the results of positive testing shall be maintained in confidence and, to the extent practicable, released only to Company personnel and authorized Union Representative.

11. Dissemination: All new and current Employees will be provided with a copy of this policy.

12. Post-Accident Testing: Employees may be required to undergo drug and alcohol testing after a work-related accident. Testing will be required when the Company reasonably believes that the employee may have caused or contributed to the accident and the accident results in injury to the employee or others which required the attention of a medical professional or property damage of more than \$500. An employee who is involved in an accident while on Company premises or while performing Company business must immediately report the accident to a member of management.

13. Under the Influence: Employees are required to submit to a drug and alcohol test if there exists reasonable suspicion to believe that the employee has reported to work, is attempting to work, or is working while under the influence of or impaired by alcohol, drugs, intoxicants, or a controlled substance. Reasonable suspicion shall be determined by observable manifestations of impairment that may include, but are not limited to: the odor of alcohol, employee's erratic behavior, slurred or incoherent speech, unsteady gait, or symptoms of physical agitation or sedation or other physical symptoms or manifestations of being under the influence of drugs or alcohol. Reasonable suspicion may also be based on a credible report that an employee has used drugs or alcohol in violation of this policy. A reasonable suspicion determination may be based on a single instance of observed behavior.

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EXHIBIT "2"

Letter of Understanding

Re: Rehabilitation, Substance Abuse

This Letter of Understanding is by and between Royal Packing Company and General Teamsters, Warehousemen and Helpers Union Local 890 and shall be effective on and after January 1, 2005.

The Company and the Union mutually agree as follows:

1. Employees dischargeable under paragraph 2(b) of the Substance Abuse Policy (Exhibit "1") shall, in accordance with this Letter of Understanding, be offered a one time opportunity to enroll in a professionally recognized alcohol and/or chemical dependency rehabilitation program for a period of sixty (60) days as an alternative to discharge.

2. Only those employees who are medically and professionally certified as compulsive, dependent, and involuntary abusers of alcohol and/or illegal drugs or controlled substance are eligible for rehabilitation. Casual, social, and or recreational users, and certified abusers involved in injury accidents, are not eligible. An eligible employee who declines the rehabilitation opportunity shall be discharged.

3. The Company shall not be responsible for the cost of the employee's participation in the program.

4. The Employee shall provide the Company with proof of enrollment and satisfactory completion of the recognized program in which the Employee was enrolled.

5. An Employee who fails to return to work upon the expiration of the leave, or who fails to satisfactorily complete the program, in which he or she has enrolled, shall be terminated.

6. By the granting of the leave and returning to work at its conclusion, the Employee agrees that he or she will submit to interim testing for drugs and/or alcohol on not more than three (3) occasions during the one-year period immediately following the expiration of the leave. Said Employee also agrees and acknowledges that a positive test result, or his or her failure to submit to such interim testing, shall result in discharge.

IN WITNESS WHEREBY, the parties hereto have duly executed this Agreement on this 18 day of April, 2005.

ROYAL PACKING COMPANY

GENERAL TEAMSTERS UNION
LOCAL 890, IBT, AFL-CIO

BY: *[Signature]*
4/18/05

BY: *Salvador Canillo*