

SAM'S CLUB

SUPERVISOR'S HANDBOOK

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I. SAM'S POSITION

We intend to strongly oppose the union's efforts to organize our Club. There are no unions anywhere in Sam's and we do not want Club___ to be the first and only. Sam's has never had a union election among its 65,000 partners. It is important for you to understand our position and to do your part to help our partners remain non-union. Our position must be clear:

- We strongly believe that unionization is not in our partners' best interest or in our Company's best interest.
- Sam's management philosophy assumes that partners want work and responsibility. Sam's philosophy encourages Company loyalty, pride in excellence, a sense of ownership in the Company, trust, and motivation to do the best job possible. Managers show partners respect and we can expect partners to give a fair day's work for a fair day's pay.
- Sam's provides competitive wages, benefits and a unique profit-sharing plan. Raises are based on how each partner performs not on what a union can negotiate for everyone.
- We do not believe that any part of the wages we pay our partners should go into the pockets of outside union organizers who are here to enrich themselves at our partners' expense.

Sam's is new to this area and we all have a lot to do to make sure we grow and prosper. This is a time when all our partners must work together to help increase our productivity, and keep Sam's competitive.' Unions threaten our ability to do these things by creating conflict and by misleading partners with false promises. Already our partners have been promised big

changes that no union can deliver. We are not the enemy of our partners. We believe in treating our partners with respect and to provide them opportunities for their growth.

It is your job to see to it that our partners are not misled by union organizers. Our partners must understand that union promises are only promises. The only way for this Club to prosper and for our jobs to be secure is delivering quality products and service to our customers. Unions only interfere with this.

II. THE RIGHT TO OPPOSE UNIONS

It is not necessary for you to become an expert on labor law for this campaign. However, it will help you to have some general information on the legal rights that our partners have.

- The law recognizes that supervisors are part of management. Sam's managers are supervisors under the law. You will be representing management in our effort to help Sam's and its partners remain union-free. Sam's expects you to do your part as a loyal member of our management team.
- The law also protects the right of partners NOT to join or support a union.
- The law gives Sam's managers and partners the right to express opinions, state facts and make arguments against the union.

III. UNION AUTHORIZATION CARDS

It is important to realize that many partners sign cards not because they really want a union, but because they are tired of being pressured to sign by union organizers and by partners

who support the union. Sometimes partners don't really understand what a union card means. You should tell them that if Club ____ is organized, the Union will expect partners who signed cards to join the union and to pay union dues. They may also have to pay initiation fees and assessments.

Sadly, some partners actually vote for a union on election day because they think they promised to do so when they signed a card. You should make sure this does not happen. Signing a card does not mean you must vote for a union. Voting is in secret. Each partner should vote the way that's best for him, even if it means voting NO UNION after he has signed a card.

IV. NLRB ELECTION PROCEDURES

The union has petitioned for an election: At this time, the date and time for the election have not been determined. NLRB rules allow a campaign just like a political election. Sam's partners are the voters. The choice on the ballot will be "Yes" - for union representation -- and "No" - against the union.

- NLRB elections are by secret ballot, and the union needs a majority of the votes cast to win. That means that if partners who oppose the union don't vote, it increases the union's chances of winning.
- Management partners, confidential partners, security guards, and temporary partners are not eligible to vote.

A few weeks prior to any election, an eligibility list containing names and home addresses of the voters must be supplied to the NLRB by the Company. A copy of this list will be given to the union by the NLRB. This means that union organizers may attempt to visit

partners at their homes. It does not mean that our partners have to permit them to come into their homes or talk to them on the telephone.

V. A REVIEW OF SOME RULES

Sam's Partner Handbook contains several rules that you should know and apply.

Partner solicitation or distribution - Sam's partners may not engage in solicitation during working time. Solicitation means asking for help or support for a cause such as a charity, a political candidate or a labor union. This rule must be uniformly and consistently enforced. Solicitation is allowed only during nonworking time such as before and after work, during meal time or other breaks.

Sam's partners may not distribute written materials of any type for any purpose during working time in areas where work is performed, except what is necessary to carry out their assigned job duties. Partners may distribute written materials on nonworking time in nonworking areas. Sam's management may distribute written material to partners when requested to do so by the Club Director.

Outsider solicitation or distribution - Sam's has a long standing rule against solicitation or distribution of written material on Sam's property by outsiders who are not partners. Working time is for work and outsiders should not be allowed to interfere with partners trying to do their jobs. Therefore, outsiders may not solicit or distribute written material to partners on working time -- either inside the Club or on the sidewalk outside the Club. Furthermore, outsiders are not permitted into any area of the Club which is not open to the general public, such as the partner's break room, the receiving area, the meat and bakery preparation areas, behind the membership desk or in the administrative office area.

By Non-Partners:

We have experienced incidents in the past in which non-partners have come into private areas of our Clubs or interfered with partners in working and shopping areas of the Club during partners' work time. In some instances, we have had to escort these outside union organizers out of the Clubs. These guidelines are intended to assist you in the proper administration of the no-solicitation/distribution policies. The guidelines concern activities in the following areas:

- A. aisles and other shopping areas
 - B. partners' break rooms
 - C. work areas not opened to the public
 - D. parking lots and sidewalks
- A. Aisles and Other Member Areas

The situation here is clear. Outside organizers are not permitted to distribute literature in the shopping and selling areas of the Club at any time or to solicit partners in these areas during their working time. If the outside organizers engage in such activities, they should be firmly asked to leave and escorted at least to the point where their departure can be observed. If they refuse to leave, the organizer should be kept under close surveillance and a decision made as to whether to call the police. In the past, most organizers have left when firmly requested to do so.

Along these lines, we do not want partners to have the notion that outside union organizers can interfere with our right to run our Clubs. You should be firm but polite in dealing with outside union organizers.

B. Break Rooms

Outside organizers are not allowed in partner break rooms at any time, just as other members of the public are not allowed in such areas. If they are found in the break rooms, they should be asked to leave and the procedure outlined above should be followed. In any of these situations, where outside organizers have engaged in activities in our Clubs exceeding their legal rights, a record of such activity should be kept.

With respect to the break rooms, please note the distinction between partners and outside union organizers. Partners may use the break rooms for solicitation and distribution of literature during their nonworking time. Outside organizers, in contrast, have no right to be there at any time.

C. Work Areas Not Open to the Public

Outside union organizers have no right to be present in a work area which is not open to the public such as the stock room and the loading dock. They should immediately be instructed to leave if they are found in these areas.

D. Parking Lots and Sidewalks

This is an area in which we are likely to find substantial outside organizer activity, including passing out leaflets to customers or partners as they enter or leave the Club on the sidewalks immediately in front of the Club or placing literature on cars in the parking lots.

Outside organizers may not engage in activity amounting to harassment of partners or customers, obstruction of entrances or exits to the Clubs or to the parking lot, or in threatening or other behavior that is likely to intimidate or interfere with customers. They have no right to approach on-duty partners while our partners are assisting customers outside the Club. They

have no right to place or affix leaflets or posters to the doors or walls of our buildings. If any such activity occurs, you should instruct the outside organizers to immediately cease the activity, remove the leaflets and make a log of the occurrence.

VI. EXPECTED UNION CAMPAIGN ACTIVITIES
AND THE PROPER RESPONSE

- UNION PARTIES AND MEETINGS:

During an election campaign, Union organizers become very friendly with partners all of a sudden. The Union will hold parties, meetings and all sorts of get togethers. They will invite partners out for a beer after work and offer to give them rides. Most partners can see this for what it is. Our response should be to point out that the Union organizers are acting like they want something -- and they do! They want partners' dues badly. The organizers get bonuses and promotions when their organizing is successful. We should not spy on Union meetings.

- UNION ENTRY INTO THE CLUB:

We have seen that Union organizers will come into the Club to solicit partners. They may come in later to create a disturbance or call attention to the Union. Organizers who are members can shop but we will not permit them to interfere with partner's work, distribute literature or disrupt the business. If these things happen you should call the Club manager to have them removed.

- BULLETIN BOARDS:

"Club" bulletin boards may only be used by management. They should not be used to display union organizational materials, pro-union materials produced by partners or anti-union materials produced by partners.

- COMPLAINTS AND UNFAIR LABOR PRACTICE CHARGES:

This union often initiates unfair labor practice charges and makes complaints during a campaign. They then publicize the charges in an effort to impress partners and stir up controversy. You should not feel threatened by this or any other union tactic. You can and should continue to supervise your partners as you normally would. Partners still have a responsibility to perform their work; a union campaign in no way changes that. If you are doing your job the Club will back you up whatever the union says. However, remember that you represent the Club in the eyes of the partners. What you say and do affects how they feel about Sam's and may influence their thinking about the need for a union.

VII. WHAT YOU CAN DO TO HELP KEEP SAM'S NON-UNION

The campaigns run by unions often contain a great deal of propaganda and promises intended to divide partners from management. The Union will say that management is unfair and that partners need a union for protection or better wages or benefits. You have already seen some of this and there will be more to come. Our campaign will be based on truth and fact, and will be responsive to the questions that are on the minds of our partners.

The facts show that our partners do not need a union. They will be better off without one. You are the most important source of facts for your partners and you represent the Club in their eyes. The most effective thing that you can do to help maintain a union-free environment is to be fair and to maintain good communication with your partners. You should talk to your partners freely. Don't be afraid to start conversations with them about the Union:

- talk to partners about why the Club is opposed to a union and why you are opposed to it.

- Labor unions normally insist that a dues checkoff provision be included in the contracts they negotiate. Under checkoff, a member's dues are automatically deducted from his or her paycheck each month and paid directly to the union. Partners never see this money.
- Union dues are increased often. It is not unusual for unions to promise a smaller amount of dues to win a partner's vote and then to increase the dues later after the union is established.
- Dues are only one way unions collect money from their members. There can also be initiation fees, assessments, and fines. The union never tells partners about these. In fact, Local 400 members were asked in 1992 for a period of months to pay double the amount of their weekly dues as a special assessment.
- The National Labor Relations Board has recognized the right of unions to fine members who do not obey union rules. Partners need to read and understand the Union's rules before they vote.
- Unions often solicit members for political contributions. Many unions are seeking to expand the checkoff clause to include political contributions to union supported candidates.

IX. STRIKES

With a union there is always a possibility of a strike. Labor strikes sometimes occur when partners can least afford them.

- The UFCW has a long history of going out on strike.
- When partners engage in an economic strike:

- they receive no pay or benefits from the Company and usually little or no strike benefits from the union,
- they can be permanently replaced by other partners who are willing to work, and
- in many cases they are not eligible for unemployment benefits.
- Frequently unions expect their members to support strikes by other unions by engaging in "sympathy strikes." A "sympathy strike" takes place when partners honor another union's picket line and refuse to go to work.
- When partners go on strike, those that need to work to support their families will have to cross the picket line. This is often unpleasant and sometimes dangerous.

X. UNION PROMISES

Unions may make big promises to partners about wages and job security to get their votes, but unions don't provide one penny in wages and they can't create a single new job.

- The Club creates jobs and pays wages and salaries. In the last ten years, Sam's has opened 427 Clubs, creating many new jobs and opportunities for promotion.
- Unions may make big promises to partners to get their votes, but unions can guarantee nothing.
- In collective bargaining, there is an obligation to bargain in good faith. Bargaining is a two-way street. The Club does not have to agree to what the union has promised partners.

- If a union has promised wage increases that are not good for Sam's, what happens when Sam's won't agree to them? A strike is one possibility.
- The union cannot even guarantee that our partners will continue to enjoy all the Club benefits they now have. Some of these could actually be lost in negotiations.

Consider what has happened recently in many industries in this country. Many unionized companies have gone out of business or suffered significant job losses. Companies close to us have closed their doors. This should make our partners think long and hard about the union's promises of job security.

The number of unionized stores is declining, not growing. As more and more union stores close, the union's membership shrinks.

- ! If unions were such a good thing for partners, their membership would not be decreasing.
- ! The pattern is unmistakably clear. Unionized facilities are either closing their doors or their partners are deciding they don't need or want a union; at the same time non-union operations are expanding, providing job opportunities for new partners and job security for existing partners.

The unions need new members to help pay union expenses. This campaign is not a spontaneous action by our own partners. It is a campaign by professional outsiders who are concerned about their jobs - not yours.

XI. BENEFITS OF A UNION-FREE ENVIRONMENT

- Sam's partners are eligible for merit increases based on their individual performances.
- They pay no dues, fines or assessments.

- Our partners have the valuable right to deal freely and directly with management. They don't have to take their problems to a union steward.
- In addition, our partners already enjoy a wide variety of benefits, such as:
 - Profit sharing
 - Life insurance coverage for full-time partners at no cost to the partner.
 - Medical and dental insurance coverage for full-time partners.
 - Paid personal/sick leave.
 - Paid vacations beginning after the first year of service; up to three weeks for full-time partners depending on length of service
 - Six paid holidays.
 - Three paid bereavement days.
 - Pay for jury duty.
 - Free membership to Sam's.

All of these benefits were given by Sam's. No union had anything to do with them.

Sam's is committed to improving our partners' welfare.

XII. CONCLUSION

This is an important time in our Club's history. We are committed to winning this campaign so that Sam's record of having no unions will remain intact. We believe it is in the best interest of everyone to keep Sam's union-free. In large part, it will be up to you to convey this message to our partners. Your effective participation in the campaign is critical. Sam's is counting on you.