

FIRST ECONOMIC PROPOSAL  
2009 NEGOTIATIONS  
BETWEEN  
LOCKHEED MARTIN AERONAUTICS COMPANY – FORT WORTH  
AND  
INTERNATIONAL ASSOCIATION OF MACHINISTS AND  
AEROSPACE WORKERS, AFL-CIO  
AND  
AERONAUTICAL INDUSTRIAL, DISTRICT LODGE 776  
(Non-benefits Portion)

Period of Agreement: 20 April 2009 through 22 April 2012

PREAMBLE

This Agreement made and entered into this 20th day of April 2009 by and between Lockheed Martin Aeronautics Company – Fort Worth, hereinafter called the "Company," and the International Association of Machinists and Aerospace Workers, AFL-CIO, and Aeronautical Industrial District Lodge 776 (Production and Maintenance Unit), hereinafter called the "Union."

ARTICLE THREE  
JOB CLASSIFICATIONS AND WAGE RATES

Job Classifications and Wage Rate Schedules

Section 4-A. By 22 May, 2009, each employee who was on the active payroll or on an authorized leave of absence of less than six (6) months (for other than union business) on 19 April 2009 shall receive a Ratification Bonus of five hundred dollars (\$500.00) provided that the Company's proposal dated 9 April 2009 is ratified no later than 19 April 2009; otherwise, this Section 4-A shall be void.

Section 4-B. Effective 20 April 2009, the minimums and maximums of factory labor grades one (1) through fifteen (15) and the minimums and maximums of technical and office labor grades one (1) through fourteen (14) and the base rate of each employee on the active payroll or approved leave of absence shall be increased by two percent (2%) computed to the nearest one cent (1¢) increment.

Section 4-C. Effective 10 April 2010, the minimums and maximums of factory labor grades one (1) through fifteen (15) and the minimums and maximums of technical and office labor grades one (1) through fourteen (14) and the base rate of each employee on the active payroll or approved leave of absence shall be increased by two percent (2%) computed to the nearest one cent (1¢) increment.

Section 4-D. Effective 9 April 2011, the minimums and maximums of factory labor grades one (1) through fifteen (15) and the minimums and maximums of technical and office labor grades one (1) through fourteen (14) and the base rate of each employee on the active payroll or approved leave of absence shall be increased by two percent (2%) computed to the nearest one cent (1¢) increment.

Section 5-A. Effective 20 April 2009 the following factory and technical and office labor grade structure shall be placed in effect for employees on the payroll.

Factory and Technical and Office Labor Grade Structure


Labor Grade	FACTORY		Technical and Office	
	Min/Hour	Max/Hour	Min/Hour	Max/Hour
1	\$18.19	\$30.07	\$17.97	\$30.76
2	\$17.87	\$29.56	\$17.67	\$30.37
3	\$17.65	\$29.25	\$17.54	\$29.62
4	\$16.32	\$28.99	\$16.00	\$29.32

5	\$16.10	\$28.69	\$15.85	\$29.04
6	\$15.79	\$28.41	\$15.58	\$28.77
7	\$15.58	\$28.18	\$15.30	\$28.23
8	\$15.38	\$27.92	\$15.15	\$28.00
9	\$15.00	\$27.66	\$14.85	\$27.51
10	\$14.64	\$26.69	\$14.79	\$26.59
11	\$14.47	\$26.42	\$14.49	\$26.25
12	\$14.27	\$26.18	\$14.35	\$26.11
13	\$14.21	\$26.00	\$14.18	\$25.74
14	\$14.11	\$25.89	\$14.03	\$25.39
15	\$8.75	\$17.76		

Section 8. The base rate of each hourly employee (which rate does not include any cost-of-living adjustment) shall be subject to periodic adjustments based upon changes in the cost-of-living in accordance with the provisions of this Section.

1. Cost-of-living adjustments, in accordance with the following provisions, will be determined in accordance with changes in the Consumer Price Index, United States City Average for Urban Wage Earners and Clerical Workers, (CPI-W), (United States City Average, all items, 1982-1984=100) as now published monthly by the Bureau of Labor Statistics, United States Department of Labor, and hereinafter referred to as the BLS Index.
2. Cost-of-living Adjustment Formula and Effective Dates.

The first cost-of-living adjustment shall be effective **11 July 2009** and shall apply to employees on the active payroll on that date. Employees hired subsequent to that date will be entitled to only those additional cost-of-living amounts which become effective subsequent to their date of hire.

The amount of this adjustment and subsequent adjustments (which shall be applied as per the following paragraphs) shall be one cent (1¢) for each 0.3 point increase of the average of the BLS Consumer Price Indices for the three (3) month periods stated below at each effective date of adjustment over the BLS Index of **216.3** provided, however, that in no event shall there be a pyramiding of cost-of-living adjustments as a result of the computations. 




<u>Effective Dates</u>	Based Upon Average of
<u>of Adjustments</u>	the Three-month BLS
<b>11 July 2009</b>	<u>Consumer Price Index for:</u>
<b>10 October 2009</b>	<b>February, March, April 2009</b>
<b>9 January 2009</b>	<b>May, June, July 2009</b>
<b>10 April 2010</b>	<b>August, September, October 2009</b>
<b>10 July 2010</b>	<b>November, December 2009, January 2010</b>
<b>9 October 2010</b>	<b>February, March, April 2010</b>
	<b>May, June, July 2010</b>

**8 January 2011**  
**9 April 2011**  
**9 July 2011**  
**8 October 2011**  
**7 January 2012**

**August, September, October 2010**  
**November, December 2010, January 2011**  
**February, March, April 2011**  
**May, June, July 2011**  
**August, September, October 2011**

3. "COLA float" refers to the net cost of living adjustment not previously incorporated into the rate range structure or, in the case of an individual, into a base rate. All cost-of-living adjustments shall be carried as a COLA float except as hereinafter provided:
- (a) Effective **10 April 2010**, the COLA float (if any) accumulated after **20 April 2009** shall be added to the minimums and maximums of the rate ranges set forth in this Article Three, Section 5-A.
  - (b) Effective **9 April 2011**, and after the application of the action prescribed in Section 4-D, the COLA float (if any) accumulated after **10 April 2010** shall be added to the minimums and maximums of the rate ranges set forth in this Article Three, Section 5-A.
  - (c) Effective **25 February 2012**, the COLA float (if any) accumulated after **9 April 2011** shall be added to the minimums and maximums of the rate ranges set forth in this Article Three, Section 5-A.
  - (d) Effective **10 April 2010**, the COLA float (if any) accumulated after **20 April 2009** shall be added to the minimums and maximums of the rate ranges set forth in this Article Three, Section 5-A.
  - (e) Effective **9 April 2011**, and after the application of the action prescribed in Section 4-D, for each employee on the active payroll, their individual COLA float (if any) accumulated after **10 April 2010** shall be incorporated into their base wage rate.
  - (f) Effective **25 February 2012**, for each employee on the active payroll, their COLA float (if any) accumulated after **9 April 2011** shall be incorporated into their base wage rate.
4. The amount of any cost-of-living adjustment applied during the period this Section is in effect shall be added to the rate of each hourly employee and shall be applied in determining currently effective pay rates for the following purposes subject to the applicable provisions of this Agreement:
- (a) Overtime Pay
  - (b) Holiday Pay
  - (c) Vacation Pay
  - (d) Sick Leave Pay
  - (e) Jury Duty Pay
  - (f) Grand Jury Duty Pay

- (g) Bereavement Pay
- (h) Military Leave

5. In the event that any BLS Index referred to herein is not officially published on or before the Wednesday immediately preceding the effective date on which a cost-of-living adjustment would otherwise be made, such adjustment will be made effective the Monday following the first Wednesday such BLS Index is officially available.
6. No adjustment retroactive or otherwise shall be made because of any revision which may later be made in the published figures of the BLS Index.
7. In the event the Bureau of Labor Statistics, United States Department of Labor, changes the form and/or method of calculation of the BLS Index and publishes a new monthly index which differs from that defined in paragraph one (1) of this Section, but continues to publish the BLS Index used in this Section by converting the new monthly index or by other means, such BLS Index shall continue to be used in applying paragraph two (2) of this Section. In the event the Bureau of Labor Statistics publishes a new monthly index but discontinues publication of the BLS Index, the Company and the Union shall enter into negotiations with respect to a substitute cost-of-living index. The purpose of the negotiations shall be to ensure that the cost-of-living payments to be made under this Section will be as intended by the parties and shall be no less than that which would have occurred had the BLS Index continued. In the event the parties are unable to agree on a substitute index within sixty (60) days of the discontinuance of the BLS Index, the Union may file a "priority" grievance to be heard by the permanent arbitrator.
8. By **11 December 2009**, each employee who was on the active payroll in this bargaining unit on **28 November 2009** shall receive a supplemental cost-of-living payment of **seven hundred and twenty five dollars (\$725)**. 
9. By **10 December 2010**, each employee who was on the active payroll in this bargaining unit on **27 November 2010** shall receive a supplemental cost-of-living payment of **seven hundred and twenty five dollars (\$725)**. 
10. By **9 December 2011**, each employee who was on the active payroll in this bargaining unit on **26 November 2011** shall receive a supplemental cost-of-living payment of **seven hundred and twenty five dollars (\$725)**. 

## ARTICLE FIVE HOLIDAYS

Section 2. For purposes of this Agreement the following dates are designated as holidays:

	<u>Holiday</u>	<u>Date</u>	<u>Day</u>
<u>2009</u>	Memorial Day	25-May	Monday
	Independence Day	3-Jul	Friday
	Labor Day	7-Sep	Monday
	Thanksgiving Day	26-Nov	Thursday

	Day after Thanksgiving	27-Nov	Friday
	Christmas Holiday	24-Dec	Thursday
	Christmas Holiday	25-Dec	Friday
	Christmas Holiday	28-Dec	Monday
	Christmas Holiday	29-Dec	Tuesday
	Christmas Holiday	30-Dec	Wednesday
	Christmas Holiday	31-Dec	Thursday
<u>2010</u>	New Year's Day	1-Jan	Friday
	Memorial Day	31-May	Monday
	Independence Day	5-Jul	Monday
	Labor Day	6-Sep	Monday
	Thanksgiving Day	25-Nov	Thursday
	Day after Thanksgiving	26-Nov	Friday
	Christmas Holiday	23-Dec	Thursday
	Christmas Holiday	24-Dec	Friday
	Christmas Holiday	27-Dec	Monday
	Christmas Holiday	28-Dec	Tuesday
	Christmas Holiday	29-Dec	Wednesday
	Christmas Holiday	30-Dec	Thursday
	Christmas Holiday	31-Dec	Friday
<u>2011</u>	Memorial Day	30-May	Monday
	Independence Day	4-Jul	Monday
	Labor Day	5-Sep	Monday
	Thanksgiving Day	24-Nov	Thursday
	Day after Thanksgiving	25-Nov	Friday
	Christmas Holiday	23-Dec	Friday
	Christmas Holiday	26-Dec	Monday
	Christmas Holiday	27-Dec	Tuesday
	Christmas Holiday	28-Dec	Wednesday
	Christmas Holiday	29-Dec	Thursday
	Christmas Holiday	30-Dec	Friday
<u>2012</u>	New Year's Day	2-Jan	Monday

## EMPLOYEE RECOGNITION AND MONETARY AWARD PROGRAM

We acknowledge the value of giving special recognition for exceptional and/or significantly improved performance to teams as well as individual employees where the Company identifies an individual employee or group of employees who have made significant contributions(s) to the Company; and, a monetary award may be utilized for recognizing the employee(s). This contribution may be demonstrated in a single one-time event or over a period of sustained high performance.

The issuance of a monetary award will be in accordance with Company Policy AC-3697.

## ARTICLE THIRTY DURATION

Section 1. This Agreement shall become effective on the **20th** day of April **2009**, and shall remain in force until 11:59 p.m. on the **22nd** day of April **2012**, and at the end of each year period thereafter, this Agreement shall be renewed automatically for periods of one (1) year unless either party gives written notice of desire to terminate or amend same at least sixty (60) days prior to the renewal date.

Section 2. In the event notice of desire to amend is properly given by either party, the parties shall simultaneously exchange their desired amendments in writing within ten (10) days after their first meeting.

Section 3. Negotiations concerning amendments to this Agreement shall commence not later than forty-five (45) days or sooner than sixty (60) days before the end of the contract period in effect when the notice of desire to amend is given. During said negotiations this Agreement shall remain in full force and effect, except that it may be terminated by either party upon thirty (30) days' notice in writing as hereinafter provided. During said thirty (30) day period negotiations shall continue at the request of either party.

Section 4. In the event that one party serves a notice of desire to terminate in accordance with this Article and the other party serves a notice of desire to amend in accordance with this Article, negotiations concerning said amendments shall be undertaken as provided in Section 3 above. During said negotiations this Agreement shall continue in full force and effect unless, after the commencement of said negotiations, a written thirty (30) day notice of termination is given by either party, provided that the termination date thus established by such notice shall not occur sooner than the next renewal date. The parties may by mutual agreement extend such termination date, it being expressly understood that a notice of dispute under Section 8, Sub-Section (d) (3) of the Labor Management Relations Act of 1947, shall be due thirty (30) days prior to an agreed to or established expiration date, that is, simultaneously with the thirty (30) day notice of termination required during negotiations to cause termination of the Agreement.

Section 5. This Agreement supersedes and renders void all previous agreements, including the Agreement effective **10 April 2006** until **19 April 2009**, whether written or oral, between the parties hereto.