

AGREEMENT

Between

LOCKHEED MARTIN
Aeronautics Company – Fort Worth

and

International Association
of Machinists and Aerospace Workers
AFL-CIO

and

Aeronautical Industrial District
Lodge 776
(Production and Maintenance Unit)

Effective
20 April 2009

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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 ONE RECOGNITION

Section 1. Pursuant to Sec. 9 (a) of the Labor Management Relations Act of 1947, the Company recognizes the Union for purposes of collective bargaining as the exclusive representative of all hourly rated employees (1) in the "production and maintenance" unit (#1) as this unit was defined by the National Labor Relations Board in Case No. 16-R-1724 in its Decision and Direction of Election dated September 20, 1946, and its Decisions dated December 2, 1946, and February 7, 1947, and as amended on May 23, 1947; (2) in the "timekeepers" unit (#2) as this unit was defined by the National Labor Relations Board in Case No. 16-RC-426 in its Decision and Direction of Election dated January 11, 1950, and its Decision dated February 2, 1950; (3) in the "installation planners" unit (#4) as this unit was defined by the National Labor Relations Board in Case No. 16-RC-502 in its Decision and Direction of Election dated March 16, 1950, and its Decision dated March 31, 1950, and as it was modified in its Decision dated February 24, 1953, in Case No. 16-RC-1153; (4) recognizes the Union as the exclusive representative of all "Inspectors" employed by the Company in the "inspectors" unit (#3) as this unit was defined by the National Labor Relations Board in Case No. 16-RC-427 in its Decision and Direction of Election dated January 11, 1950, and its Decision dated February 2, 1950, and (5) in the "tooling reproduction" unit as this unit was agreed to in the Agreement for Consent Election entered into by the parties July 12, 1957, in National Labor Relations Board Case No. 16-RC-2135.

Section 2. For purposes of this Agreement, the term "employee" shall include all hourly rated production and maintenance employees, timekeepers, inspectors, and tooling reproduction technicians of the Company, including all confidential employees performing manual labor, tool designers performing manual labor, tool service liaison men, tooling inspectors, template inspectors, leadmen of the foregoing classifications, department clerks employed in the factory in connection with production and maintenance records.

but excluding

maintenance electricians, persons certified by the Board for representation by other bargaining agents, and any other persons specifically excluded by the Board in the cases referred to in Section 1 of this Article, which includes without limitation thereby, accounting and cost employees, accounting section heads, confidential clerks, department clerks employed in general office and general foremen's offices, and parts plant office, draftsmen, engineers, general office employees, chief inspector, medical employees, time clerks, tool clerks, tool designers, tool liaison employees, tool design checkers, tool planners, tooling estimators, tooling processors, technicians, group leaders of excluded classifications, student employees, executive, administrative and professional employees, department heads, assistants to department heads, Plant Protection employees, and supervisory personnel having authority to hire, transfer,

suspend, layoff, recall, promote, discharge, assign, reward, or discipline or effectively to recommend such action.

ARTICLE TWO SECURITY

Section 1. Membership in the Union is not compulsory. Employees have the right to join, not join, maintain, or drop their membership in the Union as they see fit. Neither party shall exert any pressure on or discriminate against an employee as regards such matters.

Section 2. Each employee in the bargaining unit shall, beginning on the 31st day following the execution of this Agreement or the 31st day following his/her employment, rehire, reinstatement, reemployment, recall, transfer or regression into the bargaining unit, as a condition of continued employment in the bargaining unit, execute and deliver to the Company a payroll deduction authorization as provided for in this Article, or pay directly to the Union an amount of money equal to the Union's regular and usual initiation fee and its regular, uniform and usual monthly dues.

Section 3. Any employee within the bargaining unit who is required to contribute to the Union as provided for in Section 2 of this Article and who is subsequently transferred or promoted out of the bargaining unit or laid off shall not be subject to any of the provisions of this Article during the period of time such employee remains outside the bargaining unit or on layoff.

Section 4. No employee within the bargaining unit shall be required to pay fees or dues covering any period during which the employee was not in the bargaining unit or was not on the Company's active payroll including layoff.

Section 5. An employee within the bargaining unit shall be considered in good standing for the purposes of this Article when such employee tenders the amount of money equal to the Union's regular and usual initiation fee (due and payable only once per employee without regard to any interruption in service) and its regular, uniform and usual monthly dues to an authorized agent of the Union or through Payroll initiation fees/dues deduction. Upon written demand from the Union, the Company shall terminate any employee within the bargaining unit who fails to tender the sum due the Union under Section 2 of this Article within thirty (30) days from the date such sum is due provided the Union informs the Company and the employee in writing and allows him/her an additional fifteen (15) days after the 30th day of delinquency. If the employee fails to resolve his/her dues delinquency with the Union during this fifteen (15) day period and after notification to the Company by the Union, the Company will terminate the employee effective the end of that payroll period.

Section 6. Employees may handle the matter of payment of Union initiation fees/dues directly with the Union. In cases where deductions are made from those who have already paid Union initiation fees/dues, the Union will make refunds directly to such employees.

Section 7. Deductions shall be made for the accrued regular monthly Union dues of each employee in the bargaining unit for whom the above authorization has been received, beginning with the pay for the first pay period in the month (but no later than the first full pay period in the month) following receipt of such authorization, provided that sufficient earnings remain to cover

Union dues after all deductions required by law are made, and such dues deductions shall continue in like manner monthly thereafter, except as qualified in this Article.

Accrued dues not deducted in the regular month as provided above shall be deducted as follows:

- (a) At the beginning of each calendar quarter the Union shall furnish the Company a list of names and employee numbers of employees who have authorized the deduction of Union dues and who are in arrears in the payment of such dues for the preceding quarter, specifying on such list the amount of each named employee's arrearage.
- (b) After the receipt of such list, the Company shall make a special deduction of Union dues in the amount of the listed arrearage from the pay of each named employee, provided that sufficient earnings remain to cover the dues arrearage after all deductions required by law are made.

Section 8.

- (a) The Authorization for Deduction of Union Dues form set out in subsection (b) of this Section is agreed to by the parties and is made a provision of this Agreement.

(b) The Company shall continue to recognize and process all past and current properly executed, approved versions of the Authorization for Deduction of Union Dues form.

Section 9. Deductions shall be remitted to the designated Financial Officer of the Union not later than ten (10) days after the deductions are made. The Company shall furnish the designated Financial Officer of the Union monthly with a record of those for whom deductions have been made.

Section 10. Any dispute arising out of the interpretation or application of this Article, when reduced to writing as a grievance, shall be subject to the Grievance Procedure by initially referring the grievance to Step Three. The grievance thereafter may be processed in accordance with the provisions of Article Seven.

Section 11. Anything herein to the contrary notwithstanding, an employee shall not be required to become a member of or continue membership in or to pay a sum equal to Union monthly dues, or to continue to pay any sums equal to the monthly Union dues, as a condition of employment, if it is determined that such is unlawful by the NLRB or by any court or administrative body of competent jurisdiction. It is understood and agreed that the Union will defend, save, hold harmless and indemnify the Company from any and all claims, demands, suits or any other forms of liability that shall arise out of the execution, placing in effect or carrying out of the terms of this Article by the Company.

ARTICLE THREE

JOB CLASSIFICATIONS AND WAGE RATES

Job Classifications and Wage Rate Schedules

Section 1. The job descriptions, job evaluations, job evaluation plan, rate ranges and the Glossary of Terms used for the job descriptions agreed upon between the parties and made a part of this Agreement shall remain in effect for the duration of this Agreement, except as new occupations or job classifications may be added under the provisions of Section 2 below.

New Job Classifications

Section 2. It is recognized that changing conditions and circumstances may require the establishment of new occupations or job classifications within the collective bargaining unit heretofore defined because of the introduction of new products, changes in equipment, or tooling, or in methods of manufacturing or materials processed. Under such circumstances, the Company and Union shall negotiate the descriptions, evaluations and appropriate rate ranges for such new job classifications. Failing to agree, the Union shall have the right to file a grievance general in character over any alleged improper description, evaluation, or rate range of such job classification. Any change in description, evaluation, or rate range determined as a result of the grievance procedure shall be retroactive to the date of filing of such grievance. If the Union does not file a grievance within thirty days after the failure of the parties to agree, the description, evaluation and rate range established by the Company shall remain in effect.

Job Classification

Section 3-A. The occupational summary in each of the "A" job descriptions shall be construed to be a brief description of the occupation. Such occupational summary is descriptive of the occupation as a whole and is intended to distinguish that occupation from other occupations. Each occupation is, in turn divided into one or more classifications designated by letters "A", "B", or "C". The statement of the operations, i.e., work requirements in each job description, provides the basis for determining the classification within the occupation when interpreted and applied as hereinafter provided:

- (1) In determining the proper job classification for an individual employee under the job descriptions and wage rates, the determination of whether the employee is performing the work requirements or work operations set forth in the job description shall be the controlling consideration. Each job description of a classification is to be interpreted and applied in its entirety as a specification of job standards which are definitive of or illustrative of the job requirements. Assignment of job classifications shall be made with due regard to work assigned to an employee with the objective of attaining, as far as possible, equal pay for equal work.
- (2) Where work assignments are not adequately nor specifically described, such work assignments shall be appraised and accordingly classified under the most appropriate job description by considering the relative degree of complexity or level of difficulty of said work assignments in comparison with,
 - (a) Those assignments described in the Work Performed section of the job descriptions;
 - (b) The knowledge and ability required as expressed in the job descriptions.
- (3) Unless otherwise expressly mentioned in the job description, an employee shall not be required to perform all of the work operations described in a job description in order to be eligible for classification thereunder. However, an employee shall not be eligible for

classification under a job description by reason of performing an isolated or singular duty described in a job description.

- (4) The normal duties of any employee may include some of the work of related jobs when required.
- (5) An employee is required to perform the work operations, duties and other distinguishing characteristics described in a job description under that degree or amount of supervision or instruction which is considered usual and normal in order to qualify for classification thereunder.

Section 3-B. Subject to the provisions of this Agreement, an employee who subsequently is regularly assigned to an occupation carrying a lower evaluation may receive no more than the maximum rate established for that job classification during the period of such assignment.

Section 3-C. An employee will not refuse to perform work assigned to him/her for the reason that such work is not specifically described in the job description of the employee's job classification.

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 two thousand dollars (\$2000.00) provided that the **Company's proposal** dated **17 April 2009** is ratified no later than **19 April 2009**; otherwise, this Section 4-A shall be void. **This entire payment may be deferred, without Company matching contributions, to the Hourly Savings Plan Plus (401K) upon completion of the appropriate election form which is available at the Payroll office, and must be returned to the Payroll office no later than 08 May 2009.**

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 four percent (4%) 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 three percent (3%) 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 three percent (3%) 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	18.54	30.66	18.33	31.37
2	18.22	30.14	18.01	30.96
3	17.99	29.83	17.89	30.20
4	16.64	29.56	16.32	29.89
5	16.41	29.26	16.16	29.61
6	16.10	28.96	15.88	29.34
7	15.88	28.74	15.60	28.79
8	15.68	28.47	15.44	28.55
9	15.30	28.21	15.14	28.05
10	14.92	27.22	15.08	27.11
11	14.76	26.94	14.78	26.77
12	14.55	26.70	14.63	26.62
13	14.49	26.51	14.46	26.24
14	14.38	26.40	14.30	25.89
15	8.92	18.11		

Factory Beginners' Rates

Section 6-A. The rate for beginners without previous training or related factory experience will be computed as being 90% of the then prevailing minimum base rate of labor grade 15. The rate for a beginner will be increased eleven cents (11¢) per hour after each interval of two (2) weeks employment until the minimum working rate of labor grade 15 has been attained.

Section 6-B. A beginner shall be assigned to an established job classification and receive the applicable minimum rate not later than eight (8) weeks after his employment.

Section 6-C. Employees assigned to job duties described for any job grade "A" occupation in labor grade 15 shall, immediately upon assuming such duties, be paid the minimum working rate of labor grade 15.

Technical and Office Beginners' Rates

Section 7-A. The rate for beginners without previous training or related technical and office experience will be computed as being 90% of the then prevailing minimum base rate of labor grade 14. The rate for a beginner will be increased eleven cents (11¢) per hour after each interval of two (2) weeks employment until the minimum working rate of labor grade 14 has been attained.

Section 7-B. A beginner shall be assigned to an established job classification and receive the applicable minimum rate not later than eight (8) weeks after his employment.

Section 7-C. Employees assigned to job duties described for any job grade "A" occupation in labor grade 14 shall, immediately upon assuming such duties, be paid the minimum working rate of labor grade 14.

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 **214.1** 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 of Adjustments</u>	<u>Based Upon Average of the Three-month BLS Consumer Price Index for:</u>
11 July 2009	February, March, April 2009
10 October 2009	May, June, July 2009
9 January 2010	August, September, October 2009
10 April 2010	November, December 2009, January 2010
10 July 2010	February, March, April 2010
9 October 2010	May, June, July 2010
8 January 2011	August, September, October 2010
9 April 2011	November, December 2010, January 2011
9 July 2011	February, March, April 2011
8 October 2011	May, June, July 2011
7 January 2012	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**, and after the application of the action prescribed in Section 4-C, 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 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 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 Article Three, Section 5-A.
 - (d) Effective **10 April 2010**, and after the application of the action prescribed in Section 4-C, for each employee on the active payroll, their individual COLA float (if any) accumulated after **20 April 2009** shall be incorporated into their base wage rate.
 - (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 **eight hundred dollars (\$800)**.
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 **eight hundred dollars (\$800)**.
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 **eight hundred dollars (\$800)**.
11. The payments in Section **Eight (8)**, paragraphs **Eight (8)**, **Nine (9)**, and **Ten (10)**, may be deferred, without Company matching contribution, to the Hourly Savings Plan Plus 401(k) upon completion of the appropriate election form which is available at the Payroll office, and must be returned to the Payroll office no later than sixty days prior to the specified payment dates. A deferral election will remain active for the duration of this agreement unless cancelled by the employee.

Section 9. Each classified employee shall receive at least the minimum hourly wage rate for the labor grade to which his/her job is assigned.

Section 10. Based upon the labor grade structures set forth in this Article, the basic rate range for each of the job classifications covered by this Agreement is set forth in Appendix "A" hereof and made a part of this Agreement.

Personal Rates

Section 11. In any case where the employee's basic wage rate established in the application of this Agreement is in excess of the maximum rate for the labor grade of the employee's then proper job classification, as such rates are set out in this Agreement, such rate shall be designated as the employee's "personal rate" and shall not be changed unless the employee, in accordance with the provisions of this Agreement, is subsequently assigned to job duties covered by a different job classification. If an employee holding a "personal rate" is classified to job duties covered by a different job classification, and, within thirty-five (35) days, that is, five (5) work weeks thereafter, is reclassified to the job duties covered by the job classification under which he/she formerly received a "personal rate," he/she shall have such "personal rate" restored effective upon the payroll period nearest to the date of such reassignment. Assignment of an employee to job duties covered by a different job classification shall not be made for the purpose of avoiding the payment of the "personal rate." The Company shall endeavor, whenever practicable, to find jobs in higher rated job classifications for employees with "personal rates."

Progression within Rate Ranges*

Section 12-A. All employees in Factory and Technical and Office Labor Grades 01 through 15 shall receive wage increases of twenty cents (20¢) per hour each sixteen (16) weeks after the "effective date" of assignment to a particular job classification to the maximum base rate of such job classification. If the last automatic increase takes an employee's rate to a point within four cents (4¢) of the maximum rate of his job classification, he/she shall be granted such additional increase.

* See also, Appendix I, No. 2

Section 12-B. Changes in rate provided in the paragraph above shall become effective on the first Monday following the completion of the sixteen (16) week period.

Section 12-C. Absences of three (3) or more continuous calendar work weeks not covered by authorized vacation, sick leave, jury duty, Grand Jury duty or bereavement leave with pay shall not be counted toward the accumulated time necessary for automatic increases.

Section 13. The second shift shall receive thirty-five cents (35¢) per hour above the regular rate of pay. The third shift shall receive ten cents (10¢) per hour above the regular hourly rate of pay for eight (8) hours, but shall work only six (6) hours and thirty (30) minutes for "eight (8)" hours' pay.

ARTICLE FOUR HOURS OF WORK AND OVERTIME

Section 1. The regular work week** shall consist of forty (40) hours of five (5) consecutive days, Monday through Friday. The work week for those employees assigned to the "boiler-house" operation may be any five (5) days. However, nothing in this Agreement shall be construed as a guarantee of hours of work per day or per week.

** See also, Appendix I, No. 1.

Section 2. The present established shifts will not be changed without a prior thirty (30) days' notice to the Union.

Section 3. For pay purposes only, the shift-starting time at which an employee is directed to report for work on a Monday (Tuesday when Monday is a holiday) shall establish 1) the employee's shift starting time for the week in which the Monday falls and 2) the "standard day" for the employee's regular work week for the purpose of determining overtime within each standard day. However, nothing in this Section shall preclude a change in the employee's shift and/or starting time during the week. Where an employee is assigned to hours other than those of an established shift, the employee will be considered to be on the shift in which the bulk of his/her first eight hours falls.

Section 4. On the first and second shifts eight (8) hours of work within nine (9) consecutive hours will constitute a regular day's work. On the third shift, six and one-half (6-1/2) hours of work within seven and one-half (7-1/2) hours shall constitute a regular day's work.

Section 5. The standard day shall be from the beginning of the established regular shift to the beginning of the same shift on the next working day, for each employee.

Section 6. For purposes of accounting, a seven (7) day period shall be established for hourly employees by fixing the time of the beginning of the pay period and the time of the ending of such periods at one hundred and sixty-eight (168) hours from the time of commencement.

Section 7. Work in excess of eight (8) hours on the first and second shifts shall be paid for at the rate of one and one-half (1-1/2) times the regular hourly rate.

Section 8. Work in excess of six and one-half (6-1/2) hours on the third shift shall be paid for at the rate of one and one-half (1-1/2) times the regular hourly rate.

Section 9. Work performed in excess of eleven (11) hours in a workday by first and second shift employees shall be paid for at double the regular hourly rate. Work performed in excess of nine and one-half (9-1/2) hours in a workday by third shift employees shall be paid for at double the regular hourly rate.

Section 10. Work on Saturday for the first and second shifts shall be paid for at the rate of one and one-half (1-1/2) times the regular hourly rate for the first eight (8) hours and two (2) times the regular hourly rate thereafter.

Section 11. Work on Saturday for the third shift shall be paid for at the rate of one and one-half (1-1/2) times the regular hourly rate for the first six and one-half (6-1/2) hours and two (2) times the regular hourly rate thereafter.

Section 12. Work performed on Sunday shifts shall be paid for at the rate of two (2) times the employee's regular hourly rate.

Section 13. The above provisions for premium pay for work performed on Saturday and Sunday shall not apply to those employees assigned to the "boiler-house" operation, however, their first regularly scheduled day off shall be considered as falling on their Saturday and their second regularly scheduled day off shall be considered as falling on their Sunday.

Section 14. When it becomes necessary for employees covered by this Agreement to work overtime, they shall not be laid off during regular working hours to equalize the time.

Section 15. Employees who attempt to take advantage of the overtime provisions and lay off without good cause during the straight time pay period may not be assigned to overtime work during that pay period.

Section 16. The Company will apply shift preference in the following manner:

(a) In Company originated moves, seniority will control within a department* on the shifts affected, as the basis for making shift transfers, where the employee has the ability to perform the job, except in cases where it is necessary to deviate from this practice because of:

(1) Special Ability (Not Superior Performance).

(2) To build up or properly balance an adequate workforce.

(b) When an employee is transferred into a department, neither the employee transferred nor the employees in the department will be given shift preference immediately, but will file a shift preference request which will be reviewed by the Company as provided in Paragraph (d) of this Section.

- (c) Any employee with a hardship will be considered at any time for a shift transfer, **and shift transfer requests under this Article Four, Section 16(c) will be granted for a period not to exceed twenty eight (28) calendar days in any twelve (12) month period provided that each steward and each manager on the affected shifts in the affected department agrees to grant the request. In no case will the granting of this request result in the involuntary displacement of an employee from one shift to another.**
- (d) The Company will establish a ninety (90) day review period** to review each employee's request for a shift transfer for reasons other than hardship, provided that the employee has not requested and been granted a shift transfer in the previous twelve (12) months. However, an employee who has been granted a shift transfer in accordance with this Paragraph (d) and who is later moved to another shift by the Company may immediately file another request for shift transfer. Each employee making such request for a shift transfer will submit his/her request in writing to his/her immediate supervisor within the first sixty (60) days of each ninety (90) day review period. The Company will make a serious effort to arrange such requested shift transfer within the last thirty (30) days of the ninety-(90) day period. A shift transfer request can be withdrawn through the Monday prior to the employee's move date.
- (e) An employee who is transferred into a department due to a reduction in force during the last thirty (30) days of a review period established in Section 16(d) shall be eligible to submit a request for shift transfer as outlined in Section 16(a) through (d) above except that the review periods established in Section 16(d) shall not apply to such employee, and, instead, the following "special" review periods shall apply:
- June 1 through August 31
 September 1 through November 30
 December 1 through February 28 or 29 (as applicable)
 March 1 through May 31
- (f) Employees who are in their probationary period will not be eligible to submit shift preference requests under this Section, **nor will they be displaced during the shift transfer process within the first thirty (30) days of their probationary period.**

* Where two or more departments are merged for seniority purposes, they shall be considered as "a department" for the purpose of this Section.

** The review periods are on a quarterly basis (90-day period) for all employees:

April 1 through June 30
 July 1 through September 30
 October 1 through December 31
 January 1 through March 31

- (g) During the third quarter of each year, an employee may request shift preference, crossing departmental lines within his/her classification, provided that the employee possesses the necessary certifications required to perform work in the classification within the new department at the time the shift change occurs. Requests shall be honored on basis of seniority. In no event shall the application of this section result in classification turnover exceeding ten percent (10%) in any single department.

Section 17. Records shall be kept of overtime worked by employees with the purpose in view of distributing overtime work as equally as possible among employees in an occupational group, capable of performing such available work. These records shall be made available to the various Committeemen in the department upon request. Employees from one classification or job from another department will not be called upon to work overtime in another classification or job in a department when employees in the classification or job in which the overtime is to be worked are available, except in case of an emergency over which the Company has no control.

Section 18. In the event an employee reports for work at the start of his/her scheduled shift, he/she shall receive at least four (4) hours of work or pay in lieu thereof, unless he/she was previously notified not to so report. In the event an employee has been absent for any reason the above provision of this paragraph shall not apply unless he/she first contacts his/her supervisor and is notified when to report for work. The Company shall not be required to offer work or pay an employee in lieu thereof in case of emergency shutdown arising out of conditions over which it has no control.

Section 19. In the event an employee is called back to work after he/she has completed his scheduled hours and after leaving the plant, he/she shall be guaranteed at least four (4) hours' work at the designated overtime rate and shall be paid the designated rate for all work after the first four (4) hours.

Section 20. In case of a layoff due to lack of work for an indefinite period, at least two (2) weeks' notice will be given. If such notice is not provided, eight (8) hours will be paid for each workday which notice is not provided, not to exceed eighty (80) hours. In the event, however, of an unforeseen emergency over which the Company has no control only eight (8) hours' notice need be given. In case of required absence due to lack of work of short duration for a definite period, eight (8) hours' notice or pay in lieu will be given except in emergency cases over which the Company has no control. The affected employees who are not present at the time the notifications are presented will be sent a telegram or registered letter to be delivered to the employee's last address shown on the Company's records and will not be paid eight (8) hours' pay in lieu of notification.

Section 21. If an employee shall fail to work his/her full shift, there shall be deducted from his/her pay the actual minute time that he/she fails to work.

Section 22. No Company rules shall be put into effect in violation of this Agreement.

ARTICLE FIVE HOLIDAYS

Paid Holidays

Section 1. The purpose of this Article (except as specifically provided in Section 8) is that no employee shall suffer loss of wages due to the fact that one (1) of the holidays listed below falls on a regularly scheduled work day for which such employee would have received straight time pay had such day not been observed as a holiday.

Section 2-A. 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

Section 2-B. By 30 April 2011, each employee in this bargaining unit who was on the active payroll on 16 April 2011 shall receive an additional eight (8) hours of time added to their vacation accrual balance.

Eligibility for Holiday Pay when Holiday Is Not Worked

Section 3. An employee assigned to a regular work week (Monday through Friday) shall be eligible for holiday pay when a day considered as a holiday under this Agreement falls on a regular work day of such regular work week, provided:

- (a) That he/she has been on the payroll for **thirty (30)** calendar days since his/her last date of hire, and

- (b) That he/she would otherwise have been scheduled to work on such day if it had not been observed as a holiday, and
- (c) That he/she has worked at least the equivalent of one (1) full regular shift during the work week in which the holiday occurs, and
- (d) That he/she was not scheduled to work on such holiday.

Effect of Absence

Section 4. Under no condition shall an employee receive pay for a holiday not worked which occurs during a leave of absence, layoff or any other absence, except that an employee on an authorized leave with pay shall be entitled to pay for a holiday which occurs during his/her period of authorized leave with pay. Such holiday pay shall be in addition to the vacation pay allowance otherwise provided for in this Agreement.

Section 5. When the Company deems it necessary for employees to work on a holiday, it will first ask for volunteers from the needed classification within the affected department, beginning with the low employee on the overtime list. If the overtime requirement is satisfied by volunteers, those who choose not to volunteer will not be excluded from holiday pay and will not be charged.

If there are not enough volunteers to fill the holiday work needs, the Company will then schedule employees in the affected classification and department to work, again beginning with the low employee on the overtime list. If an employee is scheduled to work on a holiday, he/she shall be notified at least twenty-four (24) hours in advance of the close of the regularly scheduled (Monday through Friday) workday immediately preceding the holiday. If he/she received such notification and fails to report for work on the holiday, he/she shall not be eligible for holiday pay.

Section 6. Holiday pay, or pay for a holiday not worked, as the terms are used in this Agreement, shall mean the product of the eligible employee's straight time hourly rate, multiplied by the number of hours that he/she would otherwise have been scheduled to work, not to exceed eight (8) hours, on such day if it had not been observed as a holiday.

Section 7. An employee who works on a day considered as a holiday for which he/she would be eligible for holiday pay under this Agreement shall receive holiday pay as described in Section 6, but shall, in addition, be compensated at double his/her regular hourly rate for all hours of work performed on the said holiday. This provision shall not apply to employees covered by Section 8, but will apply to employees covered in Section 3 (a).

However, an employee with less than **thirty (30)** calendar days since his/her last date of hire that is required to work on a day specified in Article 5, Section 2 shall receive his/her straight time hourly rate for hours worked and an additional eight (8) hours of holiday pay at his/her straight time hourly rate, provided that the employee works the full shift offered by the Company.

Section 8. An employee assigned to the "boiler-house" operation who is assigned to a work week other than a regular work week as provided for in Article Four, Section 1, "Hours of Work and Overtime," shall be eligible for eight (8) hours' holiday pay in addition to his/her regular pay for a weekly pay period during which a day considered as a Holiday occurred provided:

- (a) That he/she has been on the payroll for **thirty (30)** calendar days since his/her last date of hire, and
- (b) That he/she has worked at least the equivalent of one (1) full regular shift during the work week in which the holiday occurs, and
- (c) That he/she works on a holiday on which he/she is scheduled to work.

ARTICLE SIX
VACATION, SICK LEAVE AND BEREAVEMENT LEAVE

Vacations

Vacations shall be granted employees by the Company in accordance with the following regulations:

Section 1. Vacation begins to accrue for each employee on the first day of hire. Vacation will accrue at the monthly rate shown below for any calendar month or partial calendar month. An employee's vacation balance will be available for use immediately upon being credited with the preceding months' vacation accrual but no later than the first workday of the month following the month of accrual except that a probationary employee shall not receive any vacation credit until the successful completion of the probationary period. Time lost, not to exceed ninety (90) days, due to occupational illness or occupational injury shall be counted for the purpose of vacation accrual if the employee returns to the active payroll of the Company.

Section 2. Vacations shall be paid at the regular hourly rate of pay in effect for each employee at the time the vacation is taken.

Section 3. The vacation eligibility date of an employee hired prior to 14 April 2003 shall be established pursuant to the terms of the Collective Bargaining Agreement in effect 27 April 2000. The vacation eligibility date of an employee hired on or after 14 April 2003 shall be the calendar month and day of his/her last hire date.

Section 4. Vacation accruals are based on completed years of continuous service and become effective on an employee's next vacation eligibility date.

<u>Completed Years of Continuous Service</u>	<u>Vacation Accrual</u>
0 to 8 years	6.67 hours per month
9 years to 18 years	10 hours per month
19 years or more	13.34 hours per month

For each employee, when continuous service, and after reaching the next vacation eligibility date, results in the next greater level of vacation accrual during a calendar month, the greater accrual will be effective beginning the month following the month of the next vacation eligibility date.

Section 5. The maximum vacation accrual is 400 hours. However, each employee may continue to accrue vacation hours in excess of 400 hours, and at the end of the calendar year accrued hours in excess of 400 hours will be paid out (thereby, reducing the accrued balance to 400 hours to begin the new year). Payments for excess vacation hours will be distributed as early as practicable in the new calendar year, which will normally be on or before the third full pay period of the new calendar year. Any vacation time taken between the last accrual process run for the year and the payout of excess hours will be deducted from the balance prior to the payout.

Section 6. Each employee, upon his/her vacation eligibility date shall be paid sixteen (16) hours of pay at the employee's regular hourly rate of pay in effect at the time of the payment.

Section 7. If an employee has earned his/her vacation and has not taken same prior to terminating his/her employment with the Company, including termination by quitting, retirement, discharge, military service and layoff, then the vacation pay in lieu of time off, shall be given to said employee at the time of termination. Payment of the unused earned vacation shall be at the regular hourly rate of pay in effect at the time of the payment. At time of termination, an employee shall receive the wage equivalent of the portion of the sixteen (16) hour payment referenced above in Section 6, prorated at the rate of 1.33 hours per month since the employee's last vacation eligibility date.

Section 8. Production need shall be the determining factor in scheduling vacations.

Section 9. An employee should request a full week of vacation at least four weeks prior to the Monday on which he/she requests that his/her vacation start. Preference will be given in line with seniority, if practical, in scheduling vacations. If it is deemed impractical, because of production need, to grant an employee's vacation at the time requested, the employee may ask that his/her vacation be scheduled at another time. Employees will not be forced to take a vacation.

Section 10. An employee may request payment of earned sick leave and/or vacation benefits while on an approved leave of absence. **Such payments may be made only from those vacation and/or sick leave hours that were accrued in the same calendar year as the requested payment.** If such an employee has earned sick leave and/or vacation at the time he/she is placed on the leave of absence, such sick leave and/or vacation will be applied to the first of the absence period.

Requests for payment while on approved leave of absence of sick leave and/or vacation benefits accrued in prior calendar years will be granted only for reasons of financial emergency as may be determined by the Company in its sole and exclusive discretion in accordance with Internal Revenue Code section 409A.

Section 11. Absence from work with pay on authorized vacation, sick leave, bereavement leave, military leave, jury duty, or Grand Jury duty shall be considered as time worked for the purpose of computing vacation eligibility. In addition, unpaid full-day absences due to authorized leave for temporary union business will be considered as time worked for determining eligibility for vacation accrual when the temporary union leave is requested by the Union District Office and approved by the Company.

Section 12. An employee may take his/her vacation during his/her benefit year in weekly or one-(1) hour increments in accordance with the provisions of this Article.

Sick Leave

Section 13-A. Each employee shall be granted sick leave with pay in accordance with the following provisions.

Section 13-B. Sick leave begins to accrue for each employee on the first day of hire. Sick leave will accrue at the monthly rate of four (4) hours per calendar month or partial calendar month. The sick leave balance for each employee will be credited with the preceding month's sick leave accrual no later than the first workday of the month following the month of accrual except that a probationary employee shall not receive any sick leave credit until the successful completion of the probationary period. An employee's sick leave balance will be available for use immediately upon being credited but no later than the first day following the month of accrual. Time lost, not to exceed ninety (90) days, due to occupational illness or occupational injury shall be counted for the purpose of sick leave accrual if the employee returns to the active payroll of the Company.

Section 13-C. The maximum sick leave accrual **balance** is **sixty (60)** hours. However, each employee may continue to accrue sick leave hours in excess of **sixty (60)** hours, and at the end of the year accrued hours in excess of **sixty (60)** hours will be paid out (thereby, reducing the accrued balance to **sixty (60)** hours to begin the new year). Payments for excess sick leave hours will be distributed as early as practicable in the new year, which will normally be on or before the third full pay period of the new calendar year. Any sick leave time taken between the last accrual process run for the year and the payout of excess hours will be deducted from the balance prior to the payout.

Section 13-D. If an employee has earned his/her sick leave and has not taken same prior to terminating his/her employment with the Company, including termination by quitting, discharge, retirement, military service, death, and layoff due to a reduction in force because of lack of work, or is granted a leave of absence as provided in Article Ten, Section 2, then he/she shall be paid for each hour of unused, earned sick leave. Payment of the unused, earned sick leave shall be at the regular hourly rate of pay in effect at the time of the payment.

Section 13-E. Sick leave may be taken in one (1) hour increments. Sick leave time shall be paid at the regular hourly rate of pay in effect for each employee at the time the sick leave is taken.

Section 13-F. Sick leave pay is to compensate an employee due to absence resulting from illness or injury. Sick leave may be used to care for family members who reside in the employee's household or, from time to time rely on the employee for care. The sick leave days with pay for employees who have established eligibility therefore shall be taken as sick leave only and not as additional vacation. The Company may require the employee to present a doctor's certificate to the Company prior to payment of sick leave pay provided the employee is in Step III or higher of the Attendance Control Program.

Section 13-G. Absence from work with pay on authorized vacation, sick leave, jury duty, Grand Jury duty, bereavement leave or military leave shall be considered as time worked for purposes of computing sick leave eligibility. In addition, unpaid full-day absences due to authorized leave for temporary union business will be considered as time worked for computing sick leave eligibility when the temporary union leave is requested by the Union District Office and approved by the Company.

Bereavement Leave

Section 14-A. An employee shall be eligible for three (3) days bereavement leave with pay upon a death in his/her immediate family. To receive bereavement pay the leave must be taken not later than seven (7) days after date of the funeral. Bereavement pay will not be granted for Saturday, Sunday, and holidays or any day which the employee will otherwise be compensated by the Company. For purposes of this Section, immediate family shall mean: Mother, Father, Brother, Sister, Children, Spouse, Mother-in-law, Father-in-law, Brother-in-law, Sister-in-law, Stepmother, Stepfather, Stepbrother, Stepsister, Stepchildren, Half-brother, Half-sister, Grandparents, Grandchildren.

Section 14-B. An employee shall request such bereavement leave on a form to be provided by the Company. Such request shall be made before the absence due to death in the employee's immediate family when possible, or immediately upon the employee's return to work from such absence. Bereavement leave shall be granted upon receipt of the request form.

ARTICLE SEVEN
UNION REPRESENTATION AND
GRIEVANCE PROCEDURE

Section 1. The Grand Lodge or Business Representative of the Union shall have access to the Company's plants during working hours for the purpose of investigating grievances. He/she shall obtain from the Company specific authorization for each visit and such visit shall be subject to such regulations as may be made from time to time by the Company, the United States Air Force or other governmental agencies. The Company will not impose regulations which will render ineffective the intent of this provision.

Section 2. The number of stewards will be determined according to the following schedule, based upon the department's population of represented employees on a shift:

Up to 175 employees	1 Steward
176 to 350 employees	2 Stewards
351 to 500 employees	3 Stewards
501 to 650 employees	4 Stewards
651 to 800 employees	5 Stewards
801 to 950 employees	6 Stewards
951 to 1100 employees	7 Stewards

In large departments spread over a large area, a second Steward may be added when one hundred fifty-one (151) employees are regularly assigned to that department and shift. However, while ten (10) or more employees of a department are regularly assigned to work in an area physically separated from the majority of employees in their department, the Union, after consultation with the Company may appoint a Steward to represent such employees. Each department on each shift shall have at least one Steward provided that three (3) or more employees are regularly assigned to that department and shift. If a department and shift is reduced below three (3) employees, the Directing Business Representative and the Director of Employee Relations will jointly determine the arrangements that will be made in order to provide representation to affected employees. The Union will keep the Company currently informed in writing of the names of accredited Stewards including additions and deletions as they occur. Only persons so endorsed will be accepted by the Company as representatives of the Union.

Section 3. A Steward or Plant Grievance Committeeman or member of the Negotiating Committee or member of the Safety Committee shall not be transferred or loaned from his/her shift or department to another except in the interest of production and by prior agreement with the Union. The Union shall notify the Company in writing of the names of employees serving in such capacity.

Section 4. A Steward will be privileged to handle requests, complaints or grievances arising under this Agreement in his/her department during his/her working hours without loss of compensation provided that the time so spent is devoted to the prompt handling of requests, complaints or grievances in accordance with the Grievance Procedure of this Agreement and that Stewards at all other times continue to perform their assigned jobs.

Section 5. A Steward's Union activities on Company time shall fall within the scope of the following functions:

- (a) To consult with an employee regarding the presentation of a request, complaint or grievance which the employee desires him/her to present.
- (b) To present a request, complaint or grievance to an employee's immediate supervisor in an attempt to settle the matter for the employee or group of employees who may be similarly affected.
- (c) To present a grievance to an employee's department head in accordance with Step Two of the Grievance Procedure.
- (d) To investigate a complaint or grievance of record after presentation to the appropriate supervisor.
- (e) To meet by appointment with an appropriate supervisor or other designated representative of the Company, when necessary, to adjust grievances in accordance with the Grievance Procedure of this Agreement. The Company and the Union are in agreement that the minimum amount of time should be spent in the performance of these duties.

Section 6. A Steward or Plant Grievance Committeeman, before leaving his/her work station or department on Union business as provided for in this Agreement, shall request permission from his/her immediate supervisor and report to him/her upon return. Passes will be issued upon such occasions by the Steward's supervisor.

Section 7. The Company desires that unfairness to its employees shall not exist and that complaints shall be settled whenever possible with its supervisors in the department where the complaint or grievance originates.

Should differences arise between the Company and its employees, with respect to any of the terms, provisions, classifications or rates covered by this Agreement, there shall be no suspension of work, but an earnest effort shall be made to settle such differences promptly in the manner hereinafter outlined.

Section 8. The term "grievance" as used in this Agreement shall mean any alleged violation of the terms or provisions of this Agreement or differences of opinion as to its interpretation and/or application when reduced to writing on a fully executed form approved by the parties.

Grievances shall be signed by the aggrieved employee and his/her Steward, except that grievances pertaining to matters general in character which cannot be settled by an immediate supervisor or department head shall be valid when signed by the Business Representative or Grand Lodge Representative of the Union and submitted in Step Three to the Vice President of Human Resources.

Section 9. There shall be no responsibility on the part of the Company to make an adjustment on any grievance unless it is submitted within eight (8) working days from the date the aggrieved knew, or by reasonable diligence could have known, of the occurrence of the act or omission on which it is based, except as said time limits shall be altered by the following provisions:

- (a) Grievances related to misclassification because of work performed by the aggrieved shall be considered valid in respect to time limits if filed within thirty-five (35) calendar days from the date of the new job assignment(s) on which the grievance is based in any case where the occupational group is not changed, or, thirty-five (35) calendar days from the effective date of transfer in any case where the occupational group is changed.
- (b) Grievances regarding discharges must be filed in Step Two within **five (5)** working days from the date of the Company's notification to the employee. Failure to file such a grievance within the **five (5)** working days' time limit shall render the grievance void. However, a grievance filed within said time limit shall entitle the grievant, throughout the balance of the Grievance Procedure, including arbitration, to consideration in regard to the merits of the case for reinstatement, pay for time lost from date of discharge - (less any wages or compensation benefits he/she may have received in the intervening period) or any modification of the discharge penalties declared appropriate in the settlement in accordance with the Grievance Procedure of this Agreement.

STEP ONE

Section 10. In handling a request or complaint an employee and/or his/her steward may take up the request or complaint with the employee's immediate supervisor during working hours without loss of compensation. The immediate supervisor shall give his/her answer to the request or complaint within forty-eight (48) hours after presentation.

STEP TWO

Section 11. If a satisfactory settlement has not been reached in Step One within forty-eight (48) hours, the steward may present a grievance (as herein defined) to the department head (or his/her representative) of the employee involved.

A written answer to the grievance, signed by the immediate supervisor and department head, shall be due within three (3) working days. If the answer is not satisfactory, the grievance shall be considered unadjusted and may be presented on the Tuesday following the next regular meeting of the Plant Grievance Committee as hereinafter provided.

STEP THREE

Section 12. The Plant Grievance Committee in its regular meeting shall review the facts submitted on the unadjusted grievance and by mutual agreement at such meeting may interview persons concerned with the grievance or conduct a special investigation of said grievance. A

decision mutually agreed to at such meeting regarding any grievance shall become final and binding on the employees affected, however, if the Committee representing the Union and the Company is unable to reach an agreement on a particular grievance, the moving party shall be given a written answer by the other party within five (5) working days from the last scheduled discussion of the grievance. If the parties are not able to resolve a grievance within sixty (60) days of its being certified to Step 3, such grievance shall be automatically certified to Step 4.

STEP FOUR— ARBITRATION

Section 13. If the parties fail to reach a satisfactory settlement, then within nine (9) working days thereafter, the grievance may be submitted by one or both parties to arbitration, and if not submitted to arbitration within such limitations shall be considered settled.

Section 14. The parties themselves shall mutually agree upon a Permanent Arbitrator to hear and render a decision in each case submitted to arbitration in accordance with the Grievance Procedure described in this Article.

Section 15. Hearings of cases submitted to the Permanent Arbitrator shall be conducted in date sequence order. All cases certified to Step Four in any month shall be settled or arbitrated, as rapidly as the number in the procedure will permit, not later than the third month following the month in which the grievance entered Step Four, or as soon thereafter as practicable. Discharge for cause cases and those disciplinary grievances which were part of the progressive discipline leading to that discharge that have been certified to Step Four of the Grievance Procedure shall be heard by the Permanent Arbitrator in date sequence order of discharge prior to conducting hearings as specified above. Steward discipline cases will also be expedited. Unless provided for otherwise by mutual agreement, it is understood that normally the permanent arbitrator will be scheduled for two (2) hearing days per month. However, when there are sufficient discharge, committeeman discipline, physical code or recall cases involving employees off of work to justify a full day's hearing, the parties shall schedule the permanent arbitrator for an additional day of hearing to hear these cases.

Section 16. The expenses of arbitration including the fee for the arbitrator's services rendered and those expenses necessary for the provision of facilities for the hearing of cases shall be borne equally by the Company and the Union. All other expenses which the parties may incur individually are to be borne by the party incurring such expense. The cost of any transcript either required by the arbitrator or mutually agreed to by the parties shall be borne equally by the Company and the Union. If only one party requests a transcript, then that party shall individually bear the expense of its preparation.

Section 17. The arbitrator shall not have jurisdiction to arbitrate new provisions or new clauses into this Agreement, or to add to, or to modify, or to arbitrate away in whole or in part any provision of this Agreement. The arbitrator's decision shall be submitted in writing and shall be binding on both parties. **The arbitrator shall retain jurisdiction over the arbitrator's decision for a minimum period of sixty (60) days, following the issuance of the decision.** The arbitrator's decision shall be rendered within thirty (30) calendar days of the hearing date. Notice of any claims by either party that an arbitrator's award hereafter rendered hereunder is invalid in whole or in part shall be served in writing upon the other party within ten (10) days after receipt of the written award in question, and thereafter the party giving such notice shall proceed as promptly as possible with the institution of proceedings, seeking to modify or set aside the

award. The parties agree that if such notice is not given, such failure shall constitute a waiver of any legal objections to said award.

Section 18. Failure of the moving party to process a grievance within any of the time limitations specified in Steps One, Two and Three, and Four shall render the grievance void.

Section 19. The Grievance Committee referred to in Step Three of this Article shall be composed of three (3) members appointed by the Company and three (3) members appointed by the Union who shall be employees with at least one (1) year's seniority. None of the Union members so appointed shall be Stewards during their tenure of office on the Grievance Committee. The Union and the Company shall each designate a Chairman, whose functions shall be to prepare an agenda for the Grievance Committee. If it has any grievances to consider, the Grievance Committee will meet each Thursday at 10:00 a.m. and remain in session, if necessary, until the close of the shift. The Grievance Committee may reconvene at 10:00 a.m. the following day and shall continue during each work day as long as it is mutually agreed to be necessary to dispose of grievances that have been referred to it. The Grand Lodge Representative and/or Business Representative of the Union and the Vice President of Human Resources may participate at this Step. The time spent in scheduled meetings with Company representatives in Step Three by members of the Union's Plant Grievance Committee shall not result in loss of compensation for such employees because of time lost from their scheduled job assignments.

Section 20. Within five (5) days of the request by a discharged employee, the Company shall furnish in writing to the employee the reason for his/her termination. An employee who is discharged or given a disciplinary layoff shall be allowed to present his/her case to the Steward before leaving the plant unless in the Company's judgment circumstances necessitate his/her immediate removal from the premises, in which case the Steward, if requested, shall have the privilege of talking to the employee in a place designated by the Vice President of Human Resources.

Section 21. No grievance, the basis of which occurred prior to the date of the execution of this Agreement, shall be considered nor subject to adjustment, except those grievances currently pending in the process of adjustment.

Section 22. Any dispute between the Company and any employee or the Union regarding the application and/or interpretation of this Agreement shall be adjusted in accordance with the Grievance Procedure set forth in this Agreement.

Section 23. A newly hired employee's immediate supervisor will introduce him/her to his/her steward or alternate within the first week of his/her employment.

Section 24. When a Company representative is discussing disciplinary action against a steward, upon request the steward may have a Union business representative and steward of his/her choice to represent him/her. If the steward of his/her choice is not available, then the steward will be given the opportunity to select another steward of his/her choice to be present.

ARTICLE EIGHT

SENIORITY

Section 1. Seniority shall be computed by job classification within a department based upon length of service since last date of hire at or transfer to Lockheed Martin Aeronautics Company – Fort Worth and shall be applied as described in this Article.

Section 2. Employees are considered as probationary employees **for sixty (60) calendar** days after last day of hire and may be terminated by the Company without such employees having recourse through the Grievance Procedure. There shall be no responsibility for the recall of probationary employees if they are laid off or discharged during the probationary period.

Section 3-A. Except at the time of a mass layoff, which shall be governed by Section 4-A of this Article, and except in the event of a voluntary layoff, which shall be governed by Section 3-C of this same Article, if a reduction in force, because of lack of work, is necessary in a particular department, employees within an occupation having less than ninety (90) days' seniority shall be laid off in accordance with the following provisions:

- (a) Probationary employees in the affected occupation within the department shall be laid off first and considered as being terminated.
- (b) If further reductions are necessary, employees in the affected occupation within a department shall be regressed in order of least hire date seniority within the affected occupation, provided that employees retained are capable of performing the available work, and shall be placed on the highest rated job within the department they are "capable of performing," displacing the least senior employees if necessary, provided such job is not in a higher labor grade. Employees who are not placed under this Section or other provisions of this Article will be laid off. Employees who are assigned to lower rated jobs shall retain their current rate or be reduced to a maximum of the lower rated job whichever is lower. The effective date of an employee's rate change, if any, is the move date shown on the Notice furnished by the Company; his/her seniority is established in the new classification on the move date shown on the Notice.
- (c) In the application of this Section, an employee may accept a layoff instead of a reclassification to a lower rated job.

Section 3-B. Except in the event of a voluntary layoff which shall be governed by Section 3-C of this Article, if a reduction in force, because of lack of work, is necessary in a particular department, employees having ninety (90) days or more seniority shall be placed on the highest rated job within the bargaining unit they are capable of performing provided such job is not in a higher labor grade. Such employees shall replace the least senior employees if necessary. The effective date of an employee's rate change, if any, is the move date shown on the Notice furnished by the Company; his/her seniority is established in the new classification and/or department on the move date shown on the Notice.

Section 3-C. An employee may make application to the Company to be laid off out of line of seniority, provided the following procedure is followed, and subject to approval and mutual agreement of the **Senior Manager of Labor Relations** and the President/Directing Business Representative or their designated alternates:

- (a) In a department and classification where employees are scheduled for layoff, a senior employee in the same department and classification may make application for a voluntary layoff out of line of seniority replacing the senior most employee then scheduled for layoff.

- (b) The employee must submit an application for voluntary layoff to the Company's Labor Relations department. Applications must be received by the Labor Relations department no later than **four (4) days prior to the effective date of the announced layoff**. Applications for voluntary layoff will be granted, in seniority order, as soon as practicable.
- (c) An application for voluntary layoff may not be canceled by the applicant once received by the Company's Labor Relations department. In the event the layoff is canceled by the Company, or the application for voluntary layoff is not granted at the time of the request, the application will be considered canceled.
- (d) An employee granted layoff under this section will establish recall rights as provided for elsewhere in the labor agreement.

Section 4-A. Employees with ninety (90) days seniority who are laid off out of line of seniority at the time of mass layoff shall be recalled in line of seniority within ten (10) working days after layoff to jobs that are operating in the plant and which they are capable of performing, replacing less senior employees if necessary. Employees with less than ninety (90) days seniority who are laid off out of line of seniority at the time of mass layoff shall be recalled in line of seniority within fifteen (15) working days after layoff to jobs within their occupation that are operating in their department, replacing less senior employees if necessary. This Section can be used only in the event that ten percent (10%) or more of the employees in the bargaining unit is laid off at one time.

Section 4-B. Employees who are not recalled under Section 4-A will be recalled in line of seniority as openings occur which they are capable of performing. Employees shall be recalled in this manner before new employees are hired.

Section 5-A. "Capable of performing" as used in this Article shall mean that the employee has previously held at this Plant, as a matter of Company record, since last date of hire at or transfer to this Plant, the same classification and field of specialization for a continuous period in excess of thirty-five (35) days.

Section 5-B. In addition to the "capable of performing" rights set forth in this Article, an employee holding a classification within a "regression group" set forth in Appendix F, shall have the right at a time of reduction in force due to lack of work within his/her department, classification and field of specialization to transfer laterally or regress as set forth in his/her respective "regression group," seniority permitting. Regression rights under this provision are in addition to the rights which an employee has under Sections 3-A, 3-B, 5, 6-A and 6-B of this Article. Regressions under this Section shall be in accordance with the following:

1. An employee with less than ninety (90) days seniority may exercise regression rights within his/her "regression group" within his/her department.
2. In the event that an employee has regression rights under Sections 3-A, 3-B, or by other agreements between the parties to a classification or classifications in addition to his/her regression rights within his/her "regression group," the employee shall be placed in the highest classification and field of specialization to which he/she has regression rights under either system, displacing the least senior employee if necessary.

3. In view of the expanded regression rights set forth in this Section, employees may be reassigned laterally within or between departments to the same or other classifications within a "regression group." This provision will be used solely for the purpose of stabilizing the work force and then not until the Company has attempted to stabilize the work force by the use of Section 9-A of this Article. Employees so reassigned shall have their seniority established in the new classification and/or department on the move date shown on the Notice furnished by the Company. Prior to utilizing this provision, the Company will notify and consult with the District President. In the event the parties cannot agree that the transfer of employees under this provision is necessary in order to stabilize the work force, such disagreement shall be immediately referable to arbitration.

Section 6-A. Any employee placed on a job within the bargaining unit or whose job hereafter becomes a part of the bargaining unit or who is transferred to an occupation outside of the bargaining unit at the Fort Worth Company and who is later transferred into a classification within the bargaining unit shall serve a **sixty (60) calendar** day probationary period, and upon successful completion of such probationary period, shall have accumulated seniority from the last date of hire with the Company, or of transfer to the Company, at the Fort Worth Company, provided that if transferred from another bargaining unit at the Fort Worth Company, the bargaining unit from which transferred grants seniority rights to employees transferring into that unit. However, seniority credit will not be granted for service in other Lockheed Martin Aeronautics Company – Fort Worth bargaining units except through written Mutual Agreement between the Vice President of Human Resources and the President and Directing Business Representative of the Union.

Section 6-B. If the Company elects to return a supervisor or other salaried employee to the bargaining unit who was promoted from the unit, such employee shall be placed on the highest rated job the employee previously held in the unit, provided that the employee is "capable of performing" such job classification. If the returning employee's seniority will not permit return to such highest rated job classification, the employee will be regressed in accordance with the other provisions of this Article.

The bargaining unit seniority of an employee promoted to a supervisor or salaried position will be based on the actual time spent in the bargaining unit. An employee promoted to a supervisor or salaried position from the bargaining unit will no longer continue to accumulate bargaining unit seniority. Excluded from this provision is any employee promoted directly from the unit to a salaried or supervisory position for an international assignment and returned to the unit upon completion of the assignment.

If a bargaining unit, salaried or supervisor employee is regressed under Article Eight, Section 3-A, 3-B, 5-B, or 6-B and does not qualify for a classification to which he/she can regress under these provisions but he/she has held as a matter of Company record a lower classification which no longer exists, he/she will be placed on a comparable existing job, seniority permitting.

In the event that said employee's seniority will not permit him/her to hold a job classification within the unit under this provision, the employee will be laid off from the unit and will have recall rights as set forth in this Agreement.

Section 7. A current monthly seniority record shall be provided in each department. It shall include the name, last hiring date, and classification or code of all employees in the bargaining unit within the department by occupational groups. Employees having the same hiring dates shall

be listed in alphabetical order of their last names at the time of such hire date and employees having name changes shall retain their same position on the seniority record.* This record shall be made available to Stewards in the office of the Department Heads. A copy of the departmental seniority list will be provided to the Steward upon a proper request submitted to the Department Head. One copy of the monthly master seniority list for the P&M unit will be provided to the District President plus a combined classification seniority list. The Company shall notify a steward in the originating department of all layoffs and mass transfers as early as possible prior to layoffs or mass transfers except in cases of emergency over which the Company has no control and subsequently furnish the Union with a list of names of such employees laid off or transferred. The Company shall furnish the Union with a list of employees recalled after such recalls occur. The Company shall furnish to the Steward the name and classification of each employee within the bargaining unit voluntarily transferred from or to the department which he/she represents.

*See also, Appendix I, No. 3.

Section 8-A. An employee regressed under any of the provisions of this Article to a job in a lower labor grade, or one who is laid off and subsequently recalled, shall be recalled to higher rated job(s) which he/she is capable of performing in accordance with his/her hire date seniority as job vacancies occur in that job or jobs, if he/she so desires. Nothing contained in this Section shall be construed so as to give an employee the right to be recalled to a job which is in the same or a lower labor grade as that which the employee holds. An employee who refuses recall under this Section shall lose recall rights to the classification which he/she refuses and to other classifications in the same or lower labor grades. The effective date of an employee's rate change, if any, is the move date shown on the Notice furnished by the Company; his/her seniority is established in the new classification on the move date shown on the Notice.

Section 8-B. An employee who is voluntarily transferred by the Company in lieu of layoff or regression to a lower rated job, shall be offered the opportunity to return to the classification and field of specialization from which he/she was voluntarily transferred in line of seniority with employees who may have recall rights to the classification and field of specialization as openings occur.

Section 9-A. Employees shall not be transferred from one department to another without their consent, unless such transfer is necessary to utilize an employee's special ability or when necessary to build up or properly balance an adequate work force. In applying this Section, the following steps shall be taken:

- (a) Employees shall be promoted to available vacancies in accordance with Section 11 of this Article.
- (b) If there are employees who have recall and/or promotion rights to the classification in the department to which a transfer is to be made, the employee who is being transferred must be "capable of performing" the classification and must be more senior than the employees with promotion and/or recall rights before he/she can be voluntarily transferred to the classification and department.
- (c) If there are no employees who have recall and/or promotion rights to the classification in the department to which a transfer is to be made, the employee who is being transferred need not

be "capable of performing" the classification. However, every effort shall be made to transfer the most senior employees who are "capable of performing."

- (d) Seniority upon transfer shall be established in the new group after thirty-five (35) calendar days; the initial day of the thirty-five (35) calendar day period required for establishing seniority in the new classification and/or department is the move date shown on the Notice.
- (e) When an employee is voluntarily transferred to a classification that he/she is "capable of performing," seniority will be established on the move date shown on the Change in Employee Status and the employee shall be averaged into the overtime list upon the move date.

Section 9-B. An employee may be loaned from one department to another department, or within a department, for thirty-five (35) calendar days. Loans may be made where there is a temporary need for additional employees or where there is a temporary surplus of employees. Loans in excess of thirty-five (35) calendar days must be agreed upon between Union Business Representatives and Labor Relations. The Company will not make consecutive loans that continue beyond thirty-five (35) calendar days so as to deprive an employee of recall rights except by agreement between Union Business Representatives and Labor Relations. The Company will attempt to notify the Steward prior to loans being made.

Section 10. An employee shall lose seniority and employment will cease for any of the following reasons:

- (a) If the employee resigns.
- (b) If the employee is discharged and is not reinstated pursuant to operation of the Grievance Procedure.
- (c) If the employee, who has been laid off, fails to report for work in the job offered within seven (7) working days from the date of mailing of a registered letter addressed to the employee's last address shown on the Company's records. The employee is required to notify the Company's Employment Section by registered or certified mail of any change in his/her address. In the event of any question as to whether the employee properly notified the Company of a change in his/her address, the employee will be obligated to provide proof of such notification.
- (d) If the employee fails to return to work at the end of an authorized leave of absence.
- (e)(1) After an employee is absent due to layoff for a period of more than ninety (90) months. However only up to forty-two (42) months of said ninety (90) months shall be counted toward vesting and early retirement points under the Retirement Plan provided the employee retains recall rights during said period.

(2) After an employee is absent due to disability for a period of more than twenty-four (24) months.
- (f) If an employee is absent for more than five (5) consecutive working days without properly notifying the Company. However, in a case where the reason given by the employee for not

being able to so notify is not satisfactory to the Company, the Grievance Procedure may be used to establish the employee's inability to notify of his/her absence.

Section 11. When an opportunity for promotion arises within a department within the bargaining unit, covered by this Agreement, senior employees in the department shall be promoted from the ranks of the workers before any new employee or employees with less seniority are called in to fill such position or vacancy, provided such senior employee is available and has the necessary qualifications. The effective date of an employee's rate change, if any, is the move date shown on the Notice furnished by the Company. Upon promotion an employee's seniority in the new classification is established on the move date shown on the Notice.

Section 12. Under no circumstances is an employee to lose his/her seniority due to an authorized leave because of illness or accident which does not exceed twenty-four (24) months. The Company agrees to make every reasonable effort to reinstate such employee who has recovered from such illness or accident, if his/her case warrants it.

Section 13. Departmental, Plant Grievance Committeemen and members of the Negotiating Committee with one (1) year of service with the Company shall have top seniority within their respective departments as long as they remain officially in such capacity for the Union and work is available in their departments which they are capable of performing.

Section 14. Seniority shall accumulate during layoffs, subject to all of the provisions of Section 10 of this Article. However, the employee who chooses to decline the job offered in a lower rated classification than that from which he/she was laid off, but wishes to retain seniority, must notify the Company to this effect within **four (4)** working days after receiving notice of recall. All notices to the Company must be given by registered mail or telegram and addressed to the Company's **Labor Relations** Department.

Section 15. "Proper Notice" in case of reported absence shall mean a phone call to the plant (**Absence Reporting System**, 1-866-371-1323) where recording service will be made available twenty-four (24) hours a day, or a telegram addressed to the Company's **Labor Relations** Department. The time and date of a recorded phone call or of a telegram shall govern in regard to time limits. **Note: You Must Have Your LM People Number To Access The Absence Reporting System.**

Section 16. The Company agrees that when new employees in the bargaining unit enter its employment they shall be given a printed copy of this Agreement.

Section 17. The provisions of this Agreement shall not apply to temporary layoff of five (5) working days or less. An employee shall not be temporarily laid off under this Section more than once in any calendar year until all other employees in the same classification and field of specialization in the same department shall have been temporarily laid off once under this Section. Absences caused by the application of this Section shall not be counted for purposes of vacation or sick leave eligibility. The provisions of this Section shall apply only to layoffs caused by the following: Contract cancellation, temporary reduction of operating schedules, material shortages, equipment failure, power failure, fire, flood, Acts of God or other similar emergencies.

ARTICLE NINE

RIGHTS OF MANAGEMENT

Section 1. The management of the plant and the direction of the working force, including the right to hire, classify, promote, demote, suspend or discharge for proper cause, to transfer or relieve employees from duty because of lack of work, or for other legitimate reasons, is vested exclusively in the Company subject to all the provisions of this Agreement.

ARTICLE TEN LEAVE OF ABSENCE

Section 1. For just cause, the Vice President of Human Resources, or his designated representative, may grant employees leaves of absence without pay and without loss of seniority and for a period not to exceed thirty (30) working days during any one (1) year. The granting or disallowance of requests for leaves of absence shall be left entirely to the discretion of the Company.

Section 2-A. Employees of the Company who have been selected by the Union as full time Representatives of the Union for the purpose of serving District Lodge 776 shall be granted leaves of absence without pay for a period of one (1) year to take care of Union business provided that such employees have had twelve (12) months of prior continuous employment with the Company, and provided further that reasonable notice of request for leave is given. The time spent on such leaves shall be counted as days absent for purposes of determining vacation and sick leave eligibility and such eligibility shall be controlled by the provisions of Article Six of this Agreement. Such leave of absence may be renewed and extended from year to year upon written request from the Secretary of the Union ten (10) days prior to the expiration thereof.

Section 2-B. Requests for leaves of absence to serve as full time Union representatives for purposes other than serving District Lodge 776 will require special Company approval and will be considered on an individual basis. Effective 28 April 2003, the time spent on such leaves shall be credited as service under the Lockheed Martin Retirement Plan for Certain Employees (hereinafter "the Plan"); however, this amendment will operate prospectively only and under no circumstances will time spent on such leaves prior to the effective date of this amendment be credited as service under the Plan.

Section 3. Leaves of absence shall in no way jeopardize the standing or rights of employees except that the time absent shall be deducted in computing automatic increases and except as otherwise provided in Section 2 of this Article. Upon his/her returning to service, he/she shall be assigned to his/her former position, or to work at least comparable to the type of work which he/she did last prior to the leave of absence, if possible, and with seniority accumulated through his/her leave.

Section 4-A. The Company and the Union, recognizing the rights of employees under the Uniform Services Employment and Reemployment Rights Act of 1994, agree that nothing contained in this Agreement shall preclude the Company from re-employing such employees in compliance with its provisions or with related statutes.

Section 4-B. An employee who is unable to report for regular scheduled work because the employee is required to report for "service in the uniform services," as that term is defined in the Uniform Services Employment and Reemployment Rights Act of 1994, will be paid at the normal working rate less compensation received for such duty up to a maximum of ten (10)

workdays each fiscal year of the Government of the United States. Additional days of duty, if any, will be unpaid authorized leave. Such items as subsistence, rental and travel allowance will not be included in determining compensation received for the duty. The employee will submit the W-2 or pay voucher received to assist the Company in determining the amount of pay to be received.

Section 5. Employees who enter the service of the Peace Corps or VISTA, which have been established by the Congress of the United States, shall be granted a leave of absence without pay for a two (2) year period. An employee who leaves his/her employment with the Company for this purpose shall be paid all earned, unused sick leave as defined in Article Six of this Agreement, pro rata vacation and/or earned vacation and shall be entitled to reinstatement with seniority accumulated to date of reinstatement upon return from service in the Peace Corps or VISTA, provided that (1) the employee reports for reinstatement with the Company within ninety (90) days after the expiration of his/her period of service with the Peace Corps or VISTA, and (2) the employee satisfactorily passes the Company's medical examination. Reinstatement, seniority permitting, after service in the Peace Corps or VISTA, shall be on a current basis to the classification and field of specialization the employee would have held had he/she remained in the employ of the Company.

Section 6. The Company will notify the Union as early as possible, either verbally or in writing, of all leaves of absence.

Illness, Pregnancy and Disabling Injury Leaves

Section 7. Leaves of absence for illness, pregnancy or disabling injury shall be authorized for employees on the active payroll. Such leaves of absence shall be uniformly administered in the following nondiscriminatory manner:

Section 7-A. After an employee on the active payroll becomes aware of an illness, pregnancy or a disabling injury which requires immediate absence from work, or which in the future could require absence from work, then such employee, as soon as practical, shall report such illness, pregnancy or disabling injury to the Employee Services Section, and submit a statement signed by the employee's physician detailing the employee's condition and the approximate period of disability.

Section 7-B. Any leave of absence shall be limited to the length of time required to recover from the employee's condition. An extension will be granted when required by the employee's condition providing the employee complies with all notice and reporting provisions. The employee must return to work when it is determined that he or she is physically able to resume the normal duties of the employee's job. Failure to do so shall be considered a voluntary termination of employment. An authorized leave of absence under this Section shall not extend beyond twenty-four (24) months from the last day worked except as otherwise provided for in Article Eight, Section 10 (e)(2).

Section 7-C. When an employee returns from such authorized leave, upon passing the physical examination by qualified employees of the Company's Medical Services Section, the employee shall be reinstated to a job within the employee's last job classification, if such a job is available in accordance with the employee's seniority rights. If such job is not available, placement will be made in accordance with the applicable layoff, recall, regression or transfer provisions of Article Eight (Seniority).

Section 7-D. In cases where a professional disagreement between the Company's Medical Services Section and the employee's personal physician exists, then this matter shall be settled in accordance with the provisions of Article Seven (Union Representation and Grievance Procedure).

Section 7-E. The vacation eligibility date and sick leave eligibility date of the employee shall be established in accordance with Article Six of this Agreement.

ARTICLE ELEVEN STRIKES AND LOCKOUTS

Section 1. During the life of this Agreement no work stoppages, strikes (including sympathy strikes) or slowdowns shall be caused or sanctioned by the Union, and no lockouts shall be made by the Company.

Section 2. Any employee, or employees, individually or collectively, who shall cause, or take part in, any strike (including sympathy strikes), work stoppage, interruption, or any impeding of work, during the life of this Agreement, may be disciplined or discharged by the Company subject to the Grievance Procedure in Article Seven. Any such grievance shall be instituted in Step Three of the above described Article.

Section 3. In the event that any employee or employees refuse to handle or perform any work, or handle materials or machinery or equipment because of the sources of supply or the Union affiliation or non-affiliation of the labor engaged in such work, the Union agrees that they will, through their good offices, promptly notify such employee or employees that this is a violation of this Agreement. Any employee or employees who engage in such action may be disciplined or discharged by the Company subject to the grievance procedure in Article Seven. Any such grievance shall be instituted in Step Three of the above described Article.

Section 4.

(a) If the Company alleges that any violation of Section 1 of this Article has occurred or is occurring, it shall be entitled to obtain immediate arbitration of the violation. In this event, notice shall be made by telegram to the Union and to the Federal Mediation and Conciliation Service (FMCS). The arbitrator selected shall hold a prompt hearing within forty-eight (48) hours after receipt of the notice from the Federal Mediation and Conciliation Service and shall render an award within twenty-four (24) hours after the hearing. In such case, the arbitrator shall make findings of fact concerning the alleged violation; and if a violation shall be found to have occurred or is occurring, he shall order the party or parties or employee or group of employees to desist from any action in violation of this Article. In the event the arbitrator enters an order to desist from a violation of this Article, it is agreed that the arbitrator shall make as part of the order a provision in the award to the effect that if the arbitrator finds there is, thereafter, a continuing violation of this Article during the term of this Agreement, it shall automatically be deemed to be subject to the desist order entered by the arbitrator in such proceeding. When the arbitrator presents to the parties a finding that a violation of this Article was or is occurring, the employer may proceed forthwith to secure a court order to confirm and/or enforce said desist order.

(b)Whenever a violation of this Article shall be alleged by the Company, notification by telegram shall be made by the Company to the Federal Mediation and Conciliation Service. The Federal Mediation and Conciliation Service shall maintain a permanent panel of five (5) arbitrators whose selection has been approved in advance by the parties. If the parties are unable to agree upon the selection of such a panel of permanent arbitrators by December 1, 1981, the permanent arbitrator as selected by the parties under Article Seven shall be appointed to hear any dispute under this Article. In the event the permanent arbitrator is not available, either party to this Agreement may notify the Federal Mediation and Conciliation Service and the Federal Mediation and Conciliation Service shall appoint the arbitrator. Cost of arbitration shall be shared equally by the Company and the Union.

(c)The remedy contained in this Section for violation of the no-strike clause shall be in addition to any other remedy the Company may have in either law or equity in any federal or state jurisdiction and shall not be construed as the Company's exclusive remedy.

ARTICLE TWELVE BULLETIN BOARDS

Section 1. The Company shall supply on its premises and in prominent places sufficient Bulletin Boards for the use of the Union. The Union agrees to sign all its notices and present them to the Vice President of Human Resources for his approval. The Company agrees to post promptly all approved notices on such Bulletin Boards. Such notices shall be confined to the following:

- (a)Notices of Union Recreational and Social Affairs
- (b)Notices of Union Elections
- (c)Notices of Union Appointments and Results of Union Elections
- (d)Notices of Union Meetings

ARTICLE THIRTEEN CLEANUP PERIOD

Section 1. When it becomes necessary for an employee to wash his/her hands because of exposure to work causing more than usual uncleanliness, or to clean machinery or benches or for the employee to return tools and equipment to the tool crib, sufficient time will be permitted for this purpose before the end of the shift.

Section 2. Employees who are temporarily assigned outside their regular work area and away from their time clock shall be granted sufficient time to return to their clock area by the end of their shift.

ARTICLE FOURTEEN NURSES AND FIRST AID STATIONS

Section 1. There shall be maintained on all working shifts registered nurses and first aid stations to adequately administer to the needs of the employees in the case of accident or emergency illness except where regular full shifts are not operating, such as weekends, holidays, or where shifts have been discontinued, in which case adequate medical service will be provided.

ARTICLE FIFTEEN
SABOTAGE AND SECURITY REGULATIONS

Section 1. The Union agrees to report to the Company any acts of sabotage or damage to the property of the Company, Government, Customer, other person or employee, and the Union further agrees, if any such acts occur, to use its best efforts to assist in apprehending the guilty person.

Section 2. Nothing in this Agreement shall require the Company to employ or to continue in its employment, or to give access to any plant, factory, or site, any person or persons whom either the Secretary of Defense or the Secretary of the Army, or the Navy, or the Air Force, or any of their duly authorized representatives may designate in writing, in the interest of security against espionage, sabotage or subversive activity.

ARTICLE SIXTEEN
INVENTIONS

Section 1. Shop rights which the Company may have are not waived by this Agreement; however, the Company shall not exact or require as a condition of employment, or as part of its contract of employment, that any invention or improvement made by an employee shall belong to the Company and/or the government except as provided in the "Invention Agreements," which Agreements are made part of this Agreement, or required by federal statutes, executive orders or governmental regulation. Copies of the said Agreements shall be distributed to employees upon request.

ARTICLE SEVENTEEN
APPRENTICESHIP

Section 1. In the event the Company employs apprentices under this Agreement, the Company and the Union will negotiate an apprenticeship agreement.

ARTICLE EIGHTEEN
EDUCATIONAL FACILITIES AND NEW TECHNOLOGY

Section 1. The Company will cooperate with the Union to make educational facilities available to its employees in order that they may receive training to qualify them for work in more than one department in the plant if they so desire.

Section 2. Every effort shall be made to train senior employees within a classification and field of specialization within a department where such training is necessitated by the introduction of new machines or processes within the department, provided such senior employees are available, have the ability to absorb such training, and are physically qualified to utilize such training.

New Technology/Job Security

Section 3. The Company and the Union agree that it is to their mutual benefit and a sound economic goal to utilize the most efficient machines, processes, methods and materials. In this way the Company will be able to remain competitive in the aerospace aircraft industry and continue to provide economically secure jobs for its employees.

Section 4. A Technology Change Committee comprised of three Union representatives and three Company representatives shall be formed. This Committee shall be notified by the Company as far in advance as possible on when the decision is made of any planned introduction of equipment or machines that will have a major impact on bargaining unit members.

Section 5. The Technology Change Committee will be briefed in detail on the impact of the new technology on Union members. During the briefings, the Company will inform the Committee of anticipated schedules of new technology introduction; estimated numbers of employees directly affected and if related training is feasible, necessary and appropriate.

Section 6. Whenever the Company determines that employee training will be feasible, appropriate and necessary to qualify employees to perform the new or changed work resulting from new technology introduction, such training programs will include the Technology Committee's appropriate recommendations. The Company shall first consider training senior employees in the department and field of specialization affected by new technology providing such senior employees have the ability to absorb such training and are physically qualified.

Section 7. When existing job duties are affected by the new technology, the Company will advise the Committee of the necessary changes to be made; the proposed job description, appropriate classification and labor grade in accordance with the terms of Article Three, Section 2, New Job Classifications. Grievances, if any, unresolved in Step III will be certified to arbitration and shall be heard by a mutually selected ad hoc arbitrator.

Section 8. Employees who will be regressed or laid off because of new technology shall, if they possess the necessary qualifications, be offered the opportunity to be retrained to learn new skills, and placed in a new classification when the Company is in a labor build-up mode, or when there is a shortage of skills in existing areas where the Company is in need of additional labor.

In the event new technology will displace current employees in a department with employees on different classifications in a different department, the Committee shall meet to provide for orderly transition of employees from the current department to the new department on an availability and requirement basis.

Section 9. The more senior employees in the classifications affected will have the first opportunity to transfer. If additional training is required, it will be provided.

Section 10. All current or revised job classifications in the bargaining unit which are changed as a result of technological change shall remain within the bargaining unit.

Section 11. The New Technology Committee meetings are scheduled for the 3rd Wednesday of the month, bi-monthly.

ARTICLE NINETEEN
SALARIED EMPLOYEES

Section 1. Foremen or other supervisors shall act in a supervisory capacity only, and they shall not perform work of a production nature or operations performed by a regular workman or operator at any time whatsoever except:

(a) in cases of emergency over which the Company has no control, or

- (b)research work of an experimental or special mechanical nature when necessary, or
- (c)to properly instruct the employees, but they shall not displace any employee.

Section 2. Professional and Administrative and other salaried employees shall not perform work of a production nature or operations performed by a regular workman or operator at any time whatsoever except:

- (a)in cases of emergency over which the Company has no control, or
- (b)research work of an experimental or special mechanical nature when necessary, or
- (c)to properly instruct the employees, but they shall not displace any employee.

**ARTICLE TWENTY
FLIGHT PAY**

Section 1. All hourly paid employees shall be compensated for all time spent in flying required in the performance of the duties of adjusting, recording or operating equipment during test flights at the rate of (1) five dollars (\$5.00) per hour for propeller-driven aircraft or combination propeller-driven and jet-powered aircraft and (2) eight dollars (\$8.00) per hour for all jet-powered aircraft, in addition to their regular wages. A minimum of one (1) hour's flight pay will be paid for the first ascension on any calendar day. For additional ascensions on the same calendar day, flight pay shall be at the rate specified above computed to the actual minute worked.

**ARTICLE TWENTY-ONE
JURY DUTY**

Section 1. When an employee is absent from work for reason to serve as a juror, or to serve on a Grand Jury, or to report to the court in person in response to a jury duty summons, or when an employee has been legally subpoenaed as a witness in a case in a court of law to which the employee is not a party directly or indirectly or as a member of a class, or to report for jury examination, he/she shall be granted pay for those hours for which he/she is absent from work during his/her regular eight-hour day or regular five-day work week for such reason. However, if an employee is subpoenaed to testify against the Company or the Union, the employee will not be eligible for such pay. Upon mutual agreement between the Company and the Union, exceptions to the exclusions for subpoenaed witness pay may be made in cases of employees subpoenaed by the District Attorney to testify for the prosecution in criminal cases. Pay for such work time lost shall in no event exceed for any one employee, a total of thirty (30) regular eight-hour work days in any one calendar year. Pay for such work time lost shall be computed at the employee's regular base rate of pay at the time of such absence excluding any overtime, shift bonus, or any other premium. In no case will payment be made for jury duty performed on the sixth or seventh day of an employee's regular assigned work week or for hours in excess of the employee's regular eight-hour workday. Employees will not be compensated for subpoenas issued as a result of other employment.

Section 2. This will confirm our discussions during negotiations concerning Article Twenty-One, Jury Duty. In the event an employee is required to be absent from work to serve on jury duty for

more than thirty (30) days in a calendar year, the employee's situation will be reviewed on an individual basis.

Section 3. If an employee assigned to the night shift or third shift is absent from his/her work on such shift on the calendar day he/she serves as a juror, such absence shall be deemed to be an absence from work in order to serve as a juror.

Section 4. Pay for work time lost by an employee will be paid only when he/she cannot serve as a juror, report to the court in person in response to a jury duty summons or legal subpoena, or report for jury duty examination on his/her own time.

Section 5. To receive pay for work time lost an employee must promptly notify his/her supervisor of any notice he/she receives to report for jury examination or to report for jury duty and must provide the Company with a statement filed by an official of the court certifying as to the employee's service as a juror or appearance in court for that purpose, and the date or dates of attendance.

ARTICLE TWENTY-TWO ASSIGNMENT

Section 1. This Agreement shall be binding upon the successors and assigns of the Company, and no provisions, terms, or obligations herein contained shall be affected or changed in any respect by the consolidation, merger, sale, transfer, or assignment of the Company, or affected or changed in any respect by any change in the legal status, ownership, or management of the Company, or by any change geographically by or otherwise of the location of the Company's business in respect to the Company's Fort Worth, Texas plant.

ARTICLE TWENTY-THREE PER DIEM, TRAVEL AND MILEAGE ALLOWANCE

Employees will be reimbursed for transportation and travel expenses while on travel status, excluding vacations and authorized leaves of absence without pay, in accordance with the provisions of this Article.

Per Diem and Travel Allowance

Section 1-A. Employees on domestic assignments of less than eleven (11) months' duration shall be paid an allowance for miscellaneous and incidental expenses (M&IE), in accordance with the per diem rates set forth by the Federal Government and periodically revised and updated in the Federal Register, plus reasonable actual lodging expense.

Section 1-B. A reduced allowance shall be paid to employees utilizing government quarters at various bases, test centers, and other locations where low-cost or Company financed lodging is available. In lieu of the allowance specified in Section 1-A, employees shall be paid only the per diem rate for miscellaneous and incidental expenses (M&IE).

Transportation Allowance

Section 2. If travel by public transportation is authorized by the Company, first-class train fare plus Pullman lower berth or scheduled tourist or coach airline fare including extra charge for jet travel will be allowed.

If travel by personal automobile on Company business is authorized by the Company, reimbursement will be at the current allowable mileage reimbursement rate as defined by the Internal Revenue Service (IRS), not to exceed the mileage of the most direct route as shown in the most recent edition of the Rand-McNally Highway Mileage Chart will be allowed.

Complaints regarding the interpretation and/or application of this Article shall be referred to the Vice President of Human Resources, or his designated representative, by the IAM District President.

ARTICLE TWENTY-FOUR EQUAL OPPORTUNITY

The Company agrees to continue its present non-discriminatory policy offering equal opportunities for available jobs to qualified employees without regard to sex, race, creed, color, national origin, age, or disability.

Neither the Company nor the Union, in carrying out their obligations under this Contract, shall discriminate in any manner whatsoever against any employee because of sex, race, creed, color, national origin, age, or disability.

ARTICLE TWENTY-FIVE GROUP INSURANCE AND HEALTH EXPENSE BENEFITS

Section 1. Employee and Dependent Coverage

All group insurance and health expense benefits which include medical, dental, prescription drug coverages and employee premium payments or equivalent established under the terms of the contract between the Company and the Union in effect immediately prior to the effective date of this Agreement, shall remain in full force and effect for the duration of this Agreement, except as and until modified by the agreed upon amendments set forth in Appendix C-1, C-2, C-3, C-4, C-5, C-6 and C-7 or the further provisions of this Article.

Section 2. Determination of Employee Premium Rate for Optional Life Insurance

The employee weekly contributions for the amounts of optional life insurance set forth in the Life Insurance Schedules in Appendix C-1 shall be based upon estimated future experience as determined by the insurance carrier in accordance with accepted actuarial principles. The rate for the current coverage shall remain in effect until 1 January **2010**, at which time such rate will be reviewed and may be increased or decreased according to past and estimated future experience as determined by the insurance carrier in accordance with accepted actuarial principles. Again on 1 January **2011**, and 1 January **2012**, the rates in effect for optional life insurance coverages for the previous policy year will be reviewed and may be increased or decreased according to past and estimated future experience as determined by the insurance carrier in accordance with accepted actuarial principles.

Section 3. The Company shall have the responsibility for the administration of the group insurance and the health expense benefits program.

Section 4. No matter respecting the group insurance and health expense benefits program or any differences arising thereunder, including the rates which are established by the insurance carrier, shall be subject to the Grievance Procedure established in this Agreement.

Section 5(a). Health Maintenance Organizations (HMO)

The Company will offer to the employees to which this Agreement relates, when and to the extent required by P. L. 93-222, being the Health Maintenance Organization Act of 1973, such optional provisions for the furnishing of health services as may be required by the Act. The Company cost of its health benefits plan to be allowable toward the cost of the HMO plan elected by any employee shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated health benefits since the last review and shall be applicable for the ensuing twelve months until the next annual review. Any employee contributions described in Appendix C-1, Section F of this Agreement are in addition to such cost determined pursuant to this Section.

Effective 1 January **2010**, prescription drug benefits will be provided by the HMO. Retail pharmacy will be available for up to a 30 day supply at a \$5.00 copay per covered generic prescription, a **\$20.00** copay per covered preferred prescription and a **\$40.00** copay per covered non-preferred prescription. Prescription Drug Mail Order service will be available for up to a 90 day supply at a \$10.00 copay per covered generic prescription, a **\$40.00** copay per covered preferred prescription, and a **\$80.00** copay per covered non-preferred prescription. Effective 1 January **2010**, physician visits copays will be **\$20.00**, emergency room copays will be **\$75.00** (waived if admitted to hospital) and inpatient hospital copays will be **\$150.00** per admission for covered employees and their covered dependents.

Section 5(b). Point of Service (POS)

The Company will offer to the employees to which this Agreement relates the option to elect a Point of Service for medical coverage for which the Company has contracted. The terms of the Plan will be summarized in a separate Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan. The Company cost of its health benefits plan to be allowable toward the cost of the POS plan elected by any employee shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated health benefits since the last review and shall be applicable for the ensuing twelve months until the next annual review. Any employee contributions described in Appendix C-1, Section F of this Agreement are in addition to such cost determined pursuant to this Section.

Section 5(c). Preferred Provider Organization (PPO)

The Company will offer to the employees to which this Agreement relates the option to elect a Preferred Provider Option for medical coverage for which the Company has contracted. The terms of the Plan will be summarized in a separate Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan. The Company cost of its health benefits plan to be allowable toward the cost of the PPO plan elected by any employee shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated health benefits since the last review and shall be applicable for the

ensuing twelve months until the next annual review. Any employee contributions described in Appendix C-1, Section F of this Agreement are in addition to such cost determined pursuant to this Section.

Section 6(a). Prepaid Dental Plans

The Company will offer to the employees to which this Agreement relates the option to elect a Prepaid Dental Plan for dental care coverage to the extent that such coverage is available for which the Company has contracted with for such coverage. The cost of such Prepaid Dental Plan shall be paid by the employee to the extent that the cost of such elected Prepaid Dental Plan exceeds the company contribution for the Comprehensive Dental Plan under this Agreement based on either single or family coverage, whichever is applicable to the employee so electing such Prepaid Dental Plan. The Company cost of its Comprehensive Dental Plan to be allowable toward the cost of the Prepaid Dental Plan elected by any employee shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated dental benefits since the last review and shall be applicable for the ensuing twelve (12) months until the next annual review.

Section 6(b). Dental Plans

The Company will offer to the employees to which this Agreement relates the option to elect dental care coverage from either a Comprehensive Dental Plan or a Comprehensive Plus Dental Plan for dental coverage for which the Company has contracted. The cost of the Comprehensive Dental Plan shall be entirely company paid. The cost of the Comprehensive Plus Dental Plan shall be paid by the employee to the extent that the cost of such elected Comprehensive Plus Dental Plan exceeds the company contribution for the Comprehensive Dental Plan under this Agreement based on either single or family coverage, whichever is applicable to the employee electing such Comprehensive Plus Dental Plan. The Company cost of the Comprehensive and Comprehensive Plus Dental Plans shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated dental benefits since the last review and shall be applicable for the ensuing twelve (12) months until the next annual review.

Section 7. Vision Plans

The Company will offer to the employees to which this Agreement applies the option to elect vision care coverage from either the Vision 24 Plan or the Vision 12 Plan for which the Company has contracted. The cost of the Vision 24 Plan shall be entirely company paid. The cost of the Vision 12 Plan shall be paid by the employee to the extent that the cost of such elected Vision 12 Plan exceeds the company contribution for the Vision 24 Plan under this Agreement based on either single or family coverage, whichever is applicable to the employee electing such Vision 12 Plan. The cost of the Vision 24 and Vision 12 Plans shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This cost shall be applicable for the ensuing twelve (12) months until the next annual review.

Section 8. Federal or State Health Requirements

If during the term of this Agreement, there is established by federal or state government, a program such as national health insurance that affords to employees covered by this Agreement similar benefits (such as but not limited to medical, surgical, hospital, major medical, dental and prescription drug benefits) to those that are afforded by this Agreement, benefits afforded by this

Agreement shall be modified in whole or in part to the extent required so as to integrate or so as to eliminate any duplication of such benefits with the benefits provided under such governmental program with the intent to provide from all sources at least the level of benefits agreed upon under this Agreement. The Company shall make whatever amendments or changes to the health benefit plans and their operation necessary to assure continued compliance with the law.

Section 9. Continuation of Health Insurance

Continuation of health benefits (under Medical/Dental/Vision Plans, as appropriate) will be offered for the periods described in the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) to those employees and dependents who lose coverage as a result of "a qualifying event", as defined under the Act. The full cost of such coverage continuation plus applicable administration fees will be paid by the employee or dependent(s).

ARTICLE TWENTY-SIX RETIREMENT PLAN

Section 1. The Retirement Plan agreed to between the Company and the Union and in effect immediately prior to the effective date of this Agreement shall remain in full force and effect for the duration of this Agreement except as and until modified by the agreed upon changes set forth in Appendix B or the further provisions of this Article.

Section 2. The Company shall have the responsibility for the administration of the Retirement Plan except as otherwise specifically provided in any separate Agreement relating to the Retirement Plan and its administration in effect between the Company and Union.

Section 3. No matter respecting the Retirement Plan or any differences arising thereunder shall be subject to the Grievance Procedure established in this Agreement.

ARTICLE TWENTY-SEVEN LOCKHEED MARTIN CORPORATION HOURLY EMPLOYEE SAVINGS PLAN PLUS AND LOCKHEED MARTIN CORPORATION HOURLY EMPLOYEE BASIC BENEFIT PLAN

A. HOURLY EMPLOYEE SAVINGS PLAN PLUS

1. The Lockheed Martin Corporation Hourly Employee Savings Plan Plus (the Plan or HSP) agreed to between the Company and the Union, as described in this Article, shall remain in force for the duration of this Agreement.
2. The Company shall have the responsibility for the administration of the Lockheed Martin Corporation Hourly Employee Savings Plan Plus.
3. No matter respecting the Lockheed Martin Corporation Hourly Employee Savings Plan Plus or any differences arising thereunder shall be subject to the Grievance Procedure established in this Agreement.
4. Government Approvals: The Lockheed Martin Corporation Hourly Employee Savings Plan Plus as agreed to between the Company and the Union shall be contingent upon approval by the Internal Revenue Service and its compliance with all applicable

provisions of the Employee Retirement Income Security Act of 1974 (ERISA), subsequent amendments, and any other laws affecting qualified retirement plans and the regulations and orders issued pursuant to such laws. The Company shall make whatever amendments or changes to the Plan and its operation necessary to assure continued compliance with the law and continuation as a tax qualified plan.

5. The terms of the Plan are summarized in a separate Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

6. **Effective 20 April 2009 the Plan will be amended to eliminate the requirement to complete at least six months of service with the Company. These changes will be effective as soon as administratively feasible after the ratification of the agreement.** All employees who are (or become) eligible to make contributions to the Plan may elect the following:

a. Employee Basic (Matched) Contributions

Employees may elect to contribute up to **\$54** weekly in \$1 increments. Contributions may be in 401 (a), **Roth 401 (k)** and/or 401 (k) or a combination.

b. Employee Supplemental (Unmatched) Contributions

Employees may elect to contribute up to **\$150** weekly in \$1 increments. Contributions may be in 401 (a), **Roth 401(k)** and/or 401 (k) or a combination.

c. Company Matching Contributions

Each dollar of Basic (Matched) Contributions will be matched by the Company at 60% in cash.

d. **The current** Investment Options, plus the Self-Managed Account are described in the Summary Plan Description. The Lockheed Martin Investment Management Company (LMIMCO) monitors and manages these funds in their fiduciary capacity. LMIMCO in its fiduciary capacity may deem it appropriate to change the funds from time to time to ensure that funds provided are performing in the best interest of Plan participants. Additional detailed information is provided in the Summary Plan Description.

7. **Savings Plan distributions will comply with the minimum required distribution regulations of the Internal Revenue Code.**

B. HOURLY EMPLOYEE BASIC BENEFIT PLAN

1. The Lockheed Martin Corporation Hourly Employee Basic Benefit Plan (the Plan or BBP) agreed to between the Company and the Union, as described in this Article, shall go into effect for employees hired on or after 10 April 2006 and remain in force for the duration of this Agreement.

2. The Company shall have the responsibility for the administration of the Lockheed Martin Corporation Hourly Employee Basic Benefit Plan.

3. No matter respecting the Lockheed Martin Corporation Hourly Employee Basic Benefit Plan or any differences arising thereunder shall be subject to the Grievance Procedure established in this Agreement.
4. Government Approvals: The Lockheed Martin Corporation Hourly Employee Basic Benefit Plan as agreed to between the Company and the Union shall be contingent upon approval by the Internal Revenue Service and its compliance with all applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA), subsequent amendments, and any other laws affecting qualified retirement plans and the regulations and orders issued pursuant to such laws. The Company shall make whatever amendments or changes to the Plan and its operation necessary to assure continued compliance with the law and continuation as a tax qualified plan.
5. For each employee hired on or after 10 April 2006, the Company will make a quarterly contribution of **\$35.00**.
6. The terms of the Plan are summarized in a separate Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

ARTICLE TWENTY-EIGHT EMPLOYEES ON TRAVEL STATUS

Pursuant to the National Labor Relations Board certifications set forth in Article One, Recognition, the Company and Union agree that the provisions of the Company-Union Agreement (Production and Maintenance Unit) dated 20 December 1993 shall apply to full-time hourly rated employees within the bargaining unit or units set forth in said Agreement who are assigned to travel status by the Company, except as modified below: Employees on assignments contemplated to last less than eleven (11) months shall be paid per diem, travel and mileage allowance in accordance with Article Twenty-Three.

Article Eight – Seniority

The Company will first attempt to fill its requirements by selecting employees for travel status for those classifications which the Company deems necessary, on a voluntary basis. However, the Company may, at its discretion, hire employees at or for a location outside of Tarrant County, Texas.

1. Each employee on travel status shall accrue seniority for the duration of his/her individual assignment. During such period of time he/she shall not be affected by the application of seniority provisions at the Fort Worth, Texas, facility.
2. When it is determined by the Company that the travel status of the employee is completed and the employee is returned by the Company to his/her permanently assigned location, he/she shall be placed in his/her last department, section, and upon the classification he/she held immediately prior to his/her assignment to travel status.
3. If the employee was assigned from and returned to the Company's Fort Worth, Texas, plant and his/her seniority will not hold in his/her department and upon the classification and field

of specialization he/she held immediately prior to his/her assignment to travel status, he/she will be regressed or laid off on a current basis from such classification and field of specialization under the applicable provisions of the Company-Union Agreement.

Pursuant to our discussions in negotiations regarding the application of Article Twenty-Eight, the Company confirms its intent that in the selection of employees for off-site assignment under this Article, the Company will attempt to follow seniority of the qualified volunteers from within the classification and field of specialization to be utilized on the assignment provided such selections do not conflict with customer requirements, affect production schedules or affect the efficiency of the operation.

Further, in the selection of employees for return from an off-site assignment, the Company will consider employees in line of seniority from among volunteers within the affected classification and field of specialization provided their selection would not conflict with customer requirements or affect the efficiency of the operation.

Nothing contained herein modifies or affects the Company's right to hire employees at or for a location outside of Tarrant County, Texas.

ARTICLE TWENTY-NINE PERMANENT OFF-SITE ASSIGNMENTS

The Company and the Union agree that the provisions of the Company-Union Agreement shall apply to employees within the bargaining unit set forth in the Recognition Article of said Agreement who are permanently transferred to or hired for the Company's Off-Site Base at Edwards Air Force Base, California, or any other domestic off-site base outside of Tarrant County, Texas, that may be established for the F-111 Flight Test Program, the F-16 Flight Test Program, A-12 Flight Test Program, the YF-22 Flight Test Program, or NASP Flight Test Program for which Lockheed Martin Aeronautics Company – Fort Worth is responsible to which employees are permanently transferred under this Agreement, except as modified by the following provisions.

I. Definition

- A. An employee is permanently transferred from the Fort Worth, Texas, facility to the off-site base when the Company expects such transfer to be in excess of eleven (11) months and thereby deems the employee permanently transferred.
- B. This Agreement is not applicable to an off-site assignment contemplated to last less than eleven (11) months. An off-site assignment which the Company contemplates will last less than eleven (11) months will be covered by the provisions of Article Twenty-Three and Article Twenty-Eight of the Company-Union Agreement.

II. Article Three – Job Classifications and Wage Rates

- A. An employee assigned to a classification in Factory Labor Grade 01 through 15 and Technical and Office Labor Grades 01 through 14 at an off-site base under the provisions of this Agreement will receive a field rate of 75¢ per hour above his/her regular hourly rate of pay while assigned to and working at the off-site base. This field rate shall become effective the first Monday following his/her acquiring a residence at the off-site base. This

field rate shall cease the first Monday following the first day of travel upon temporary assignment away from the base, (and begin again the first Monday following return to the base), the first Monday following the first day of travel upon permanent assignment to another base and shall cease upon the first Monday following the first day of travel on permanent transfer to the Fort Worth, Texas, facility.

III. Article Seven – Union Representation and Grievance Procedure

- A. Section 9 – Applicable as written except that the time limits set forth in the first paragraph shall be fifteen (15) working days rather than eight (8) working days. The time limits set forth in sub-paragraph (b) shall be fifteen (15) working days rather than three (3) working days.
- B. Grievances not settled in Step III at the base shall be certified to Step IV of the Grievance Procedure at Fort Worth within fourteen (14) calendar days from the date answered in Step III at the base.

IV. Article Eight—Seniority

The parties agree that the following shall apply:

A. Selection of Employees for Off-Site Bases

- 1. The Company will attempt to fill its requirements for employees at a permanent off-site location by selecting employees for classifications the Company deems necessary on a voluntary basis. However, the Company may, at its discretion, hire employees at or for a permanent off-site base.
- 2. Employees recalled from layoff status at the Fort Worth, Texas, facility for permanent assignment to the off-site base, will be governed by the following:
 - (a) Employees will be recalled in line of seniority subject to their agreeing to accept a permanent off-site assignment. A refusal of recall under this procedure will not affect the employee's recall status for jobs at the Fort Worth, Texas, facility.

B. Provisions Applicable at Off-Site Bases

- 1. An employee hired for or permanently transferred to an off-site base shall not be deemed a part of any seniority group at the Fort Worth, Texas, facility or at any other off-site base during the period of such assignment. An employee permanently transferred to an off-site base will accumulate seniority from the last date of hire at the Fort Worth, Texas, facility while assigned to the off-site base. An employee hired for an off-site base will accumulate seniority from last date of hire at the base. An employee transferred from another Lockheed Martin Company to an off-site base will accumulate seniority from last date of transfer from another Division to the base. Seniority rights will be exercised as provided below:
- 2. An off-site base employee who is permanently laid off at an off-site base and who has recall rights at the off-site base shall have recall rights at the Fort Worth, Texas, facility to jobs he/she is capable of performing in Factory Labor Grades 01 through 05 and

Technical and Office Labor Grades 01 through 04 for a period of ninety (90) calendar days from the date he/she was permanently laid off at the off-site base, provided that such employee shall not displace a more senior employee with recall or promotion rights at the Fort Worth, Texas, facility.

The following provisions will be applicable to employees with recall rights under the above language:

- a. An employee who is permanently laid off at the off-site base and wishes to exercise recall rights at the Fort Worth, Texas, facility must submit such request to the Company in writing.
- b. Such employee will be eligible for recall to openings which occur after the Fort Worth, Texas, facility has been notified that said employee requests recall rights at the Fort Worth, Texas, facility.
- c. Such employee who is offered recall to a job at the Fort Worth, Texas, facility will have fourteen (14) working days from the date of his/her telegram in which to report to the job at the Fort Worth, Texas, facility. An employee who chooses to decline the Fort Worth offer but wishes to retain recall rights to the off-site base must so notify the Fort Worth facility by telegram or registered mail within three (3) working days after receiving notice of recall.
- d. An employee who is not recalled to a job at the Fort Worth, Texas, facility within the ninety-(90) day time limitation specified above shall retain recall rights to the off-site base under the provisions of this Article.

C. 1. An employee permanently transferred to an off-site base from the Company's Fort Worth, Texas, facility shall be returned to the Fort Worth, Texas, facility in lieu of indefinite layoff at the off-site base, in accordance with the following:

- a. Production need permitting, when it is necessary to lay off employees at the base within a classification and field of specialization, employees hired at or for the base shall be laid off prior to requiring employees transferred from the Fort Worth, Texas, facility to return to the Fort Worth, Texas, facility.
- b. When it is necessary that employees within a classification and field of specialization who have been transferred from the Fort Worth, Texas, facility be returned to the Fort Worth, Texas, facility, senior volunteers will be selected for such return, production need permitting.
- c. Based upon the classification, field of specialization, and department to which he/she was assigned at the time of his/her permanent off-site assignment, it will be determined if he/she would have been advanced to a classification in a higher labor grade than the last classification held at the off-site base under the application of the Company-Union Agreement had he/she remained at the Fort Worth, Texas, facility. If said employee would have attained and retained said higher classification as provided above, he/she will be placed on such classification on a current basis, displacing a less senior employee if necessary.

- d. If it is determined that the employee will not qualify for a higher classification under sub-paragraph (a) above, he/she will then be placed in the last classification and field of specialization held at the off-site base, seniority permitting, displacing a less senior employee if necessary.
- e. If the employee cannot be placed under sub-paragraphs (c) and (d) above, then the current Fort Worth Company-Union Agreement shall be applied on a current basis.

V. Travel and Expense Allowance--Permanent Off-Site Assignment

Employees permanently transferred to an off-site base will be reimbursed for transportation and relocation expense under the provisions of this Section V.

A. Definitions

1. Permanent Travel Assignment-An assignment to Edwards Air Force Base, California or any other domestic off-site base outside of Tarrant County, Texas, that may be established for the F-111 Flight Test Program or the F-16 Flight Test Program to which employees are permanently transferred under this Agreement, which is expected to exceed eleven (11) calendar months.
2. Dependents-The employee's spouse and unmarried children (minor children under twenty-one years of age) who receive more than one-half of their support from and who reside with the employee.

B. Transportation Allowances

Employees and their dependents shall receive transportation allowances in accordance with the provisions set forth:

1. Actual cost of first-class train fare plus Pullman lower berth or scheduled air coach fare including extra charge for jet travel.
2. If by personal automobile, reimbursement will be at the current allowable mileage reimbursement rate as defined by the Internal Revenue Service (IRS), plus toll costs based on the most current edition of the Rand-McNally Standard Highway Mileage Chart. An employee is permitted to travel in a privately owned vehicle when specifically authorized by the Company on the Travel Order. Claims for reimbursement require itemized statements of mileage traveled and hour of departure and arrival at each destination.
3. Travel time by highway is the actual travel time required, but not to exceed an amount computed by dividing 350 into the mileage of the most direct route as shown in the most current edition of the Rand-McNally Standard Highway Mileage Chart. Where a fraction of 350 occurs, a full day is added if the fraction is greater than 1/2 (greater than 175 miles). Nothing is added if the fraction is 1/2 or less.
4. Travel time by rail or air shall not exceed that of the scheduled carrier.

5. An employee traveling as a passenger in an automobile used for an authorized trip does not receive mileage allowance. The driver's name must be stated on the Travel Order.
6. If dependents travel with an employee by public transportation, actual cost is paid on the same basis provided the employee. If travel of the employee and dependents is by automobile, no additional mileage allowance is paid because of the dependents riding as passengers.
7. If the dependents do not travel with the employee, actual costs of public transportation are paid on the same basis as provided for the employee. If the dependents travel by personal automobile, the same automobile mileage allowance is made as if it had been driven by the employee. No additional mileage allowance is paid for other dependents riding with the driver.
8. Under no circumstances will mileage allowance be paid an employee for transportation of himself/herself and his/her dependents on more than two automobiles.

C. Relocation Allowance

No per diem subsistence or other expenses are paid an employee placed on a permanent travel assignment, except as listed below:

1. An employee with dependents is entitled to a relocation allowance for miscellaneous and incidental expenses (M&IE), in accordance with the per diem rates set forth by the Federal Government, plus reasonable actual lodging expense until the employee acquires his/her off-site residence, but not to exceed thirty (30) calendar days plus actual travel time.
2. An employee with no dependents is entitled to a relocation allowance for miscellaneous and incidental expenses (M&IE), in accordance with the per diem rates set forth by the Federal Government, plus reasonable actual lodging expense until the employee acquires his/her off-site residence, but not to exceed fifteen (15) calendar days plus actual travel time.
3. An employee who concurrently takes his/her dependents with him/her or whose dependents subsequently join him/her on his/her permanent travel assignment through the application of Paragraph F below is entitled to a relocation allowance for miscellaneous and incidental expenses (M&IE), in accordance with the per diem rates set forth by the Federal Government, reduced to 75% of the per diem amount for his/her spouse and for each dependent child 12 years of age or older, and reduced to 50% of the per diem amount for each dependent child under 12 years of age plus reasonable actual lodging expense for dependents. The employee is entitled to this allowance for dependents only at the time dependents are physically relocated. These allowances are paid until the employee acquires his/her off-site residence, but not to exceed thirty (30) calendar days plus actual travel time.

D. Movement of Household Goods

The following costs only will be paid:

1. Actual normal packing, drayage and transportation expenses including all risk insurance for present day replacement value less normal depreciation of household goods, not to exceed 11,000 pounds gross, plus storage expenses at point of origin or point of destination (but not both) for a maximum total of thirty (30) calendar days.
2. Expedited service charges made by van line carriers for handling shipment of household goods and furniture of less than 5,000 pounds.
3. Trailer rental fees up to, but not exceeding, the cost of van line charges for the maximum weight limit.
4. Drayage charges for moving household furniture from storage to place of residence.
5. Receipts covering moving expenses must be attached to Travel Reports.
6. Thirteen cents (13¢) per mile will be paid, which is in addition to the mileage allowance for travel by personal automobile, if an individually owned utility trailer is towed by the employee for the purpose of moving personal effects.

E. Movement of Housetrailers

1. If in lieu of movement of household goods, a house trailer is transported by common carrier, reimbursement will be made for actual cost, but not to exceed what it would have cost to transport 11,000 pounds gross of household goods by common carrier and provided no other household moving costs are paid.
2. The current allowable mileage reimbursement rate as defined by the Internal Revenue Service (IRS), per mile will be paid, which is in addition to the mileage allowance for travel by personal automobile, if a housetrailer is moved by the employee and no other household moving costs are paid.
3. There is no allowance provided for preparation for movement, or damage, repair or service to housetrailer and/or its contents.

F. Dependents of an employee on a permanent travel assignment who subsequently join him/her on such assignment may, upon prior approval of the Company, qualify for transportation, travel and relocation allowances under this Section V, provided they move to the new location with an intent to relocate within an eleven (11) month period following the start of the employee's assignment.

G. Consecutive Permanent Travel Assignment and Other Business Travel

1. An employee moving from one permanent off-site assignment to another is eligible for benefits provided under Paragraphs B, C, D, E, and F above.

H. Other Business Trips

1. An employee who is required to go on temporary assignment away from his established place of residence is entitled to allowances specified in Article Twenty-Three of the Company-Union Agreement.

I. Return From Permanent Off-Site Assignment

1. Employees permanently transferred from the off-site base to the Fort Worth, Texas, facility under the provisions of this Agreement shall be eligible for benefits under the provisions of Paragraphs B, C, D, E, and F above.

J. Change From Temporary Assignment Of Less Than Eleven Calendar Months To Permanent Travel Assignment

1. If an employee is placed on a temporary travel assignment under the provisions of Article Twenty-Eight of the current Company-Union Agreement and it later is decided by the Company to convert the employee's travel status to permanent assignment to an off-site base, and the employee volunteers for such assignment, the employee's dependents will be eligible to be moved and relocated under the provisions of this Article.

K. Employee Termination

1. An employee transferred to an off-site base, or transferred from one off-site base to another who terminates his/her employment within six (6) months from the date he/she reports for work at the location to which transferred, will be required to reimburse Lockheed Martin for all expenses incurred by the Company in connection with his transfer except for the cost of his/her own personal transportation.

L. Complaints regarding the interpretation and/or application of this Section V shall not be subject to the Grievance Procedure or arbitration but shall be referred to the Vice President of Human Resources by the I.A.M. District President.

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.

APPENDIX A – PART I
FACTORY CLASSIFICATIONS

Labor Grade	Occupation	Occupational Grade
03	Aircraft Mechanic	A
05	Assembler Aircraft- Electrical Systems	A
05	Assembler Aircraft – Structures	A
09	Assembler Electrical & Radio Bench	A
01	Avionics Technician	A
04	Bonding & Composite Equipment Operator	A
05	Bonding & Composite Fabricator	A
05	Bonding & Composite Mechanic	A
04	Bonding & Composite Manufacturing Development Specialist	A
04	Carpenter	A
06	Crater Packer	A
03	Electrical & Electronics Laboratory Mechanic	A
03	Electrical & Radio Mock-Up Person	A
01	Electronics Test Equipment Technician	A
10	Equipment Service Person	A
01	Field & Service Mechanic	A
01	Field & Service Mechanic A&P	A
06	Hazardous Waste Worker	A
03	Industrial Automotive Mechanic	A
03	Inspector - Assembly	A
04	Inspector - Composite, Prefit & Layup	A
05	Inspector - Electrical Bench	A
03	Inspector - Electrical/Mechanic Mock-Up	A
01	Inspector - Electronics	A
01	Inspector - Flight Operations	A
05	Inspector - Material / Detail	A
01	Inspector - Tooling	A
01	Instrumentation Mechanic	A
01	Instrumentation Research & Development Technician	A
15	Janitor	
01	Machinist - General	A
01	Maintenance Mechanic	A
03	Metal Buildup Mechanic	A
08	Metal Cutting & Finishing Operator	A
06	Metal Fitter Assembler	A
04	Metal Forming Operator	A
04	Metal Shaping Operator	A
03	Metal Worker Mechanic	A
04	Mobile Operator Rigger	A
04	Overhead Operator Rigger	A
05	Painter Finish	A
04	Painter – Maintenance	A
04	Painter – Tooling	A
05	Parts Fabricator & Finisher Mechanic	A
02	Plumber Maintenance	A
05	Portable Tool & Equipment Repair Person	A
01	Quality Assurance Nonconforming Material Analyst	A

14	Service Attendant	A
02	Service Tool Die Maker and Cutter Grinder	A
*	Set Up Person	
06	Shape Charge Assembler	A
02	Sheet Metal Worker - Maintenance	A
05	Silk Screen Processor	A
01	Stationary Engineer	A
01	Stem Operator	A
03	Structures & Hydraulics Laboratory Test Mechanic	A
01	Technician - Electronic Repair Center	A
03	Tool Maker - Metal & Wood	A
*	Apprentice Tool Maker - Metal & Wood	
01	Tool Maker - Plastic	A
*	Apprentice Tool Maker - Plastic	
05	Truck Driver - Utility	A
06	Tube Bender & Assembler	A
03	Tube Mock Up Person	A
04	Utility Layout & Guide Person Maintenance	A
02	Welder Aircraft	A
02	Welder - Maintenance	A

APPENDIX A – PART II
TECHNICAL & OFFICE CLASSIFICATIONS

Labor Grade	Occupation	Occupational Grade
08	Chauffeur	A
04	Chemical Processor	A
03	Cyclic Inventory Analyst - Material	A
06	Hazardous Waste Worker	A
07	Industrial Property Person	A
01	Inspector - Non-Destructive Test	A
07	Material Handler	A
01	Metrology Technician	A
01	Model Builder	A
*	Apprentice Model Builder	
06	Motor Transportation Dispatcher	A
05	Packaging Planner	A
05	Parts Requirements Person - Portable Tools	A
07	Planning Control Person	A
07	Planning Requirements Clerk	A
03	Quality Control Field Operations Analyst	A
05	Quality Control Records Analyst	A
09	Sanitation Supply Clerk	A
10	Shop Clerk	A
06	Shop Clerk Senior - Maintenance	A
01	Tool Maker	A
*	Apprentice Tool Maker	
02	Waste Treatment Operator	A

LABOR GRADE STRUCTURE
FACTORY CLASSIFICATIONS

Effective 20 April 2009

<u>Labor Grade</u>	<u>Base Rate Minimum</u>	<u>Base Rate Maximum</u>
1	18.54	30.66
2	18.22	30.14
3	17.99	29.83
4	16.64	29.56
5	16.41	29.26
6	16.10	28.96
7	15.88	28.74
8	15.68	28.47
9	15.30	28.21
10	14.92	27.22
11	14.76	26.94
12	14.55	26.70
13	14.49	26.51
14	14.38	26.40
15	8.92	18.11

**LABOR GRADE STRUCTURE
TECHNICAL & OFFICE CLASSIFICATIONS**

<u>Labor Grade</u>	<u>Base Rate Minimum</u>	<u>Base Rate Maximum</u>
1	18.33	31.37
2	18.01	30.96
3	17.89	30.20
4	16.32	29.89
5	16.16	29.61
6	15.88	29.34
7	15.60	28.79
8	15.44	28.55
9	15.14	28.05
10	15.08	27.11
11	14.78	26.77
12	14.63	26.62
13	14.46	26.24
14	14.30	25.89

APPENDIX B – PART I
RETIREMENT PLAN FOR HOURLY EMPLOYEES

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the Retirement Plan in effect immediately prior to the effective date of this Agreement shall remain in full force and effect for the duration of this Agreement except as modified by the agreed upon changes set forth below. Changes are applicable to all covered hourly employees who are actively at work on or after the effective date of this Agreement unless otherwise indicated. A full description of the Retirement Plan features is provided in the Summary Plan Description.

A. RETIREMENT BENEFIT:

1. The monthly normal retirement benefit of an employee who retires or terminates with a vested benefit on or after **the first day of this Agreement** will be equal to **seventy-nine dollars (\$79.00)** a month per year of credited service to date of retirement or termination.
2. Credited service restored under the bridging provision set forth in Section F of this Appendix B will not be used in determining the normal retirement benefit described in Section A of this Appendix B. The benefit computed for the restored credited service will be added to the normal retirement benefit determined in accordance with paragraphs 1 and 2 of this Section A.

B. **DISABILITY BENEFIT:** The monthly disability benefit of an employee who qualifies for a disability retirement on or after **the first day of this Agreement** shall be equal to the normal retirement benefit earned to the date of disability based on credited service and benefits at such disability retirement date in accordance with Sections A and F of this Appendix B.

C. **NOTICE FOR ELECTION OF OPTIONAL FORMS OF RETIREMENT BENEFITS:** Shall be in compliance with 417(a) of the Internal Revenue Code.

D. **POSTPONED RETIREMENT:**

1. Effective on the first day of this Agreement, any employee who continues employment beyond the Plan's normal retirement age of 65:
 - a. Shall continue to accrue credited service under the plan while employed with the company until the employee actually retires.
 - b. Shall not be entitled to monthly retirement benefits until such employee actually retires; and
 - c. Shall not be required to elect a retirement benefit payment option upon reaching age 65 but will be treated, upon retirement, as a regular retirement pursuant to standard plan procedures, and may elect any payment option upon actual retirement and, if married, will otherwise be

covered by the Plan's existing pre-retirement surviving spouse death benefit protection until actual retirement.

2. Employees who continue employment beyond age 70 and ½ will not be required to commence receiving retirement benefits. However, employees may elect to commence receiving retirement benefits by 1 April of the year following the attainment of age 70 and ½. **Retirement distributions will comply with the minimum required distribution regulations of the Internal Revenue Code.**
3. Employees who are actively at work and are over age 65 on the date of this Agreement will receive credited service for all periods of active employment worked with the company after the employees attained age 65.

E. **GOVERNMENT APPROVALS:** The Retirement Plan as agreed to between the Company and the Union shall be contingent upon approval of the Internal Revenue Service and its compliance with all applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA), subsequent amendments, and any other laws affecting qualified retirement plans and the regulations and orders issued pursuant to such laws. The Company shall make whatever amendments or changes to the Plan and its operation necessary to assure continued compliance with the law and continuation as a tax qualified plan.

F. **BRIDGING OR PRIOR CREDITED SERVICE FOR PENSION:**

Employees actively at work on the first day of this Agreement with one (1) or more years of continuous service or on the completion of one (1) year of continuous service will be eligible for bridging of lost credited service subject to the following rules:

1. Break in service occurred prior to 1 January 1976.
2. Benefit level for restored credited service will be equal to **twenty-nine dollars (\$29.00)** a month per year of restored credited service.

APPENDIX B – PART II

ACTIVE EMPLOYMENT AFTER THE ATTAINMENT OF AGE 65

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is mutually agreed by and between the parties that there is no mandatory retirement solely by reason of an employee's age.

It is further understood that if an employee continues employment following the attainment of age 65; the employee shall not be entitled to monthly retirement benefits until such employee actually retires, except as provided in Appendix B, Part 1, Section D for employees attaining age 70 and 6 months. The employee shall accrue credit under the Retirement Plan for service rendered after the attainment of age 65 only as provided in Appendix B, Part 1.

The parties further understand that the government agencies administering the age discrimination laws recognize that costs of such benefit plans as group life insurance, optional life insurance, accidental death and dismemberment insurance, health expense benefits program (including

medical and prescription drug), accident and sickness coverage, and dental program may increase for those employees age 65 or older. Interpretations concerning provision of those benefit plans to employees age 65 and over have been issued. In accordance with these interpretations, the Company plans are amended as follows:

- (1) Basic Life Insurance paid by Company:
Continue same basis as prior to age 65.
- (2) Group Universal Life and Dependent Optional Term Life:
Continue on same basis as prior to age 65.
- (3) Accidental Death and Dismemberment Insurance paid by Company:
Continue on same basis as prior to age 65.
- (4) Special Accident Plan:
Continue on same basis as prior to age 65.
- (5) Accident & Sickness Weekly Disability Benefits:
 - A. Employees covered under California law - Continue same coverage and employee cost as set by State of California.
 - B. Employees not covered under California law - Continue equivalent coverage as established for employees under age 65 but integrate benefits payable with any Social Security payments received while on disability.
- (6) Dental Plan:
Continue on same basis as prior to age 65.
- (7) Medical Plan:
 - A. Employee age 65 and older; spouse age 65 and older will continue on the same basis as prior to age 65.
 - B. Spouses under age 65, regardless of the employee's age, will be covered under the company's medical coverages for dependents of active employees under age 65.
 - C. Spouses 65 and over of employees under age 65 will be covered under the company's medical coverages for dependents of active employees under age 65.
- (8) Prescription Drug Plan:
Continue on same basis as prior to age 65.
- (9) Retirement Plan for Hourly Employees:
Coverage as set forth in Appendix B, Part 1, Section D and the second paragraph of this Part 2.
- (10) Lockheed Martin Corporation Hourly Employees Savings Plan Plus :
Continue on same basis as prior to age 65 except as provided under Article Twenty-seven, Paragraph 7.

- (11) Other benefits such as vacation, holidays, sick leave and bereavement as set forth in the collective bargaining agreement:
Continue on same basis as prior to age 65.

From time to time the company will review its experience and determine if the per capita cost to provide a benefit or insurance program (other than medical benefits coverage) for employees 65 or older is greater than the per capita cost for the hourly employees under age 65 (in the age class specified by government regulations) and employed by the company. If the cost for any one such benefit or insurance program is greater, then the company will, at its option, have the right to change that benefit or insurance program, adjust or eliminate any payments or reimbursement so that, to the extent permitted by law, the cost to the company shall be no greater than the cost it incurs for the hourly employees under age 65 (in the age class specified by government regulations) and employed by the company.

APPENDIX C

GROUP INSURANCE AND HEALTH EXPENSE BENEFITS

This Appendix is a statement of the Group Insurance and Health Expense Benefits applicable to employees at work on the effective date of this labor agreement. A detailed summary plan description of the benefits will be provided to the employee. A brief summary of the benefits is described in this Appendix "C". This Appendix replaces in their entirety the Group Insurance and Health Expense Benefits provisions contained in Appendix "C" of the **10 April 2006** labor agreement, as well as any other agreement and they shall remain in full force through 31 December **2009**, except as modified herein.

APPENDIX C – 1

LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT, MEDICAL, AND DISABILITY

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the following changes are applicable to the Group Insurance and Medical expense benefits for new employee and dependent coverages and claims incurred on and after the effective dates shown below for those eligible employees actively at work or on COBRA on and after such dates.

A. LIFE INSURANCE – Effective 1 January **2010**

Basic Life Insurance	\$29,000	Company Paid
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The amount of basic life insurance is subject to disability payment in the event of total and permanent disability prior to age 60.

Retirement Life Insurance

Effective 22 September 1975, employees with five or more years of service who retire at early or normal retirement age will be entitled to \$1,000 of post-retirement life insurance.

Group Universal Life Insurance (GUL)

Employee may choose from one (1) to six (6) times annual base pay

The cost of coverage per \$1,000 is based on the employee's age and salary as of December 1 of the prior plan year or hire date if later. The premium amounts are shown on each individual's personalized annual enrollment form.

Proof of Insurability required for:

1. Any multiple of insurance for an employee who enrolls after their initial eligibility date has passed (or who drops coverage and then re-enrolls at a later date)
2. Multiples of three (3) to six (6) times annual base pay for a newly eligible employee and amounts over \$500,000

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

The amount of Group Universal Life Insurance is not subject to disability payment in the event of total and permanent disability prior to age 60.

Dependent Optional Term Life (DOTL) Insurance

Employee may elect coverage for spouse – one (1), two (2), or three (3) times employee's annual base pay. Spouse is required to provide Proof of Insurability (POI) if elect three times employee's annual base pay or if employee enrolls spouse after **30** days of employee's or spouse's first day of eligibility. Employee may elect \$5,000, \$10,000 or \$25,000 for eligible dependent child(ren).

The cost of coverage per \$1,000 is based on the employee's age and salary as of December 1 of the prior plan year or hire date if later for spouse coverage and is a flat rate per \$1,000 for child(ren) coverage. The premium amounts are shown on each individual's personalized annual enrollment form.

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

B. ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE:

Amount of Accidental Death and Dismemberment Insurance:

Effective 1 January **2010**: **\$29,000**

C. ELIGIBILITY FOR GROUP INSURANCE AND MEDICAL PLAN COVERAGE:

New hires on or after 20 April 2009 are required to complete ninety (90) days of continuous service before being eligible for coverage under the Group Life Insurance, Accidental Death and Dismemberment Insurance, and Medical Plan Coverage. **The 90 day waiting period only applies to new hires. For purposes of this Appendix, new hires are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.**

- D. Effective 1 January **2010**, the Company will offer the Lockheed Martin Preferred Provider Organization (PPO) plan, the summary is provided below.

	LOCKHEED MARTIN PPO PLAN
Lifetime Maximum per person	\$2,000,000 and includes payments from all Company sponsored plans and includes medical, prescription drugs, mental health and substance abuse benefits. (HMOs and network POS medical benefit payments are not included)
Calendar Year Deductible	Applies to network and non-network covered expenses except routine physical exams and well-child care
Individual	\$750 per person
Family	\$2,250 (not to exceed \$750 per person)
Calendar Year Out-of-Pocket (OOP) Maximum (excludes the deductible)	Applies to network and non-network covered expenses.
Individual	Network: \$2,500 / Non-network: \$5,000
Family	Network: \$2,500 per person; \$5,000 maximum Non-network: \$5,000 per person; \$10,000 maximum
Reimbursement Levels (normally, with a few exceptions)	Network: 90% after the deductible Non-Network: 70% after the deductible
Hearing aid benefit	
Hearing exam	Network: 90% after deductible Non-Network: 70% after deductible Combined network and non-network maximum of \$100 for one exam in any 3 consecutive years
Hearing aid	Network: 90% no deductible Non-Network: 70% no deductible Combined network and non-network maximum of \$1,000 per hearing aid per ear in any 3 consecutive years
Prescription Drugs	
At network retail Pharmacies	For up to a 30 day supply, <i>you pay</i> a copay per prescription; per refill:
Generic drugs	10% copay – up to maximum \$25 copay

Brand name drugs	30% copay –up to maximum \$75 copay for preferred brand
	50% copay – no maximum for non-preferred brand
At non-network pharmacies	You pay for the prescription/refill and file a claim for reimbursement <i>with the prescription drug claims administrator</i> . You will be responsible for:
Generic drugs	50% of the retail price
Brand name drugs	50% of the retail price
Mail Order	Up to a 90 day supply per Rx/per refill
Generic drugs	10% copay – up to maximum \$50 copay
Brand name drugs	30% copay –up to maximum \$150 copay for preferred brand
	50% copay – no maximum for non-preferred brand
Mental Health and Substance Abuse	Network: All inpatient and outpatient care except routine office visits must be approved in advance by the Mental Health and Substance Abuse claims administrator
Mental Health Inpatient	Network: 90% after the deductible; precertification required Non-Network: 70% after the deductible
Outpatient	Network: 90% after the deductible; precertification required Non-Network: 70% after the deductible
Substance Abuse Inpatient	Network: 90% after the deductible; precertification required Non-Network: 70% after the deductible
Outpatient	Network: 90% after the deductible; precertification required Non-Network: 70% after the deductible

- E. Effective 1 January **2010**, the Company will offer the Lockheed Martin Point of Service (POS) plan, the summary is provided below.

	POINT of SERVICE PLAN
Lifetime Maximum per person	\$2,000,000 includes payments from all Company sponsored plans and includes medical, prescription drugs, mental health and substance abuse benefits. (HMOs and network POS medical benefit payments are not included)
Calendar Year Deductible	Applies to covered <i>non-network</i> expenses only.
Individual	\$750
Family	\$2,250 (not to exceed \$750 per person)
Calendar Year Out-of-Pocket (OOP) Maximum	Applies to covered <i>non-network</i> expenses only. Excludes the deductible.
Individual	\$5,000
Family	\$10,000
Inpatient Hospital Charges	Network: 100% after a \$150 copay per admission Non-Network: 70% after the deductible
Physician Office Visits	Network: 100% after you pay a \$20 copay per visit Non-Network: 70% after the deductible
Diagnostic X-ray/Lab test	Network: 100% Non-Network: 70% after the deductible
HEARING AID BENEFIT	
Hearing exam	Network: 100% after you pay a \$20 copay per visit Non-Network: 70% after deductible Combined network and non-network maximum of \$100 for one exam in any 3 consecutive years
Hearing aid	Network: 100% no copay Non-Network: 70% after deductible

	Combined network and non-network maximum of \$1,000 per hearing aid per ear in any 3 consecutive years
PRESCRIPTION DRUGS	
At network retail Pharmacies	For up to a 30 day supply, <i>you pay</i> a copay per prescription; per refill:
Generic drugs	10% copay – up to maximum \$25 copay
Brand name drugs Preferred brand	30% copay – up to maximum \$75 copay
Non-preferred brand	50% copay – no maximum
At non-network pharmacies	You pay for the prescription/refill and file a claim for reimbursement with the prescription drug claims administrator. You will be responsible for:
Generic drugs	50% of the retail price
Brand name drugs	50% of the retail price
Mail Order	Up to a 90 day supply per Rx/per refill
Generic drugs	10% copay – up to maximum \$50 copay
Brand name drugs Preferred brand	30% copay – up to maximum \$150 copay
Non-preferred brand	50% copay – no maximum
MENTAL HEALTH AND SUBSTANCE ABUSE	
	Network: All inpatient and outpatient care <i>except routine office visits</i> must be approved in advance by the Mental Health and Substance Abuse administrator
Mental Health Inpatient	Network: 100% after a \$150 copay per admission; precertification required Non-Network: 70% after the deductible
Outpatient	Network: 100% after a \$20 copay per visit; precertification required

	Non-Network: 70% after the deductible
Substance Abuse Inpatient	Network: 100% after a \$150 copay per admission; precertification required Non-Network: 70% after the deductible
Outpatient	Network: 100% after a \$20 copay per visit; precertification required Non-Network: 70% after the deductible

TERMS OF THE PLAN: The terms of the PPO and POS Plans will be summarized in a Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of the Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

F. EMPLOYEE CONTRIBUTIONS

Effective 1 January **2010**, each employee who elects coverage under any of the medical plans shall pay a weekly Section 125 pre-tax contribution (via payroll deduction) to obtain that coverage. The amount of the weekly contribution required for coverage under any of the medical plans will be as follows:

The Company will pay 87% of the cost of the medical plan selected. The Employee will contribute 13% of the cost of the medical plan selected.

The costs for Company self-funded medical plans will be calculated annually using Lockheed Martin standard rating methodology. The costs for any insured medical plan will be the premium charged by the plan. It will be calculated separately for employees and dependents based on each group's claim experience.

The current weekly contribution formula and maximums in effect immediately prior to the effective date of this Agreement shall remain in full force and effect through December 31, **2009**.

Effective 1 January **2010**, the maximum weekly contribution will be:

\$27.00 Employee / **\$68.00** Family

G. WEEKLY DISABILITY BENEFITS:

Effective 1 January **2010**, the weekly disability benefit will be 55% of base weekly wages not to exceed **\$310** benefit per week.

Waiting Period Days: First three days of any disability period (except that if you are an inpatient in a hospital for at least twenty-four consecutive hours, this will not apply to the

day on which each confinement begins or to any day thereafter during that disability period. In addition, if a surgical procedure is performed as Ambulatory Surgery, this will not apply to the day on which surgery is performed or any day thereafter during that disability period).

H. MEDICAL COVERAGE FOR EARLY RETIREES UP TO AGE 65:

1.

- a. Employees whose last hire date is prior to 1 January 1994 and who retire from active employment under either Early Retirement or Age 55 Disability Retirement with a retirement commencement date on or after 1 January 1994 who have five (5) years of continuous service or Disability Retirement under age 55 with ten (10) years of continuous service (as defined in Section H, paragraph 3 below) may elect to have coverage under the Early Retiree Medical Plan, Point of Service Plan or continued coverage under a Lockheed Martin offered HMO which provides for retiree coverage.
- b. Subject to limitations in Section H, paragraph 1.d., employees who retire on or after 1 January 1994 on Early Retirement and whose last hire date is on or after 1 January 1994 who retire on Disability Retirement, who have ten (10) years of credited service (as defined in Section H, paragraph 3 below), may elect to have coverage under the Early Retiree Medical Plan, Point of Service Plan or continued coverage under a Lockheed Martin offered HMO which provides for retiree coverage.
- c. Subject to limitations in Section H, paragraph 1.d., employees who retire on or after 1 January 2004 on Early Retirement or who retire on Disability Retirement, who have ten (10) years of credited service, may elect to have coverage under the Early Retiree Preferred Provider Organization (PPO) Plan, Point of Service (POS) Plan or continued coverage under a Lockheed Martin offered HMO which provides for retiree coverage.
- d. Except as provided in Section H, paragraph 1.e., employees hired on or after 10 April 2006, will not be eligible for retiree medical insurance coverage.
- e. Employees, with a hire date prior to 10 April 2006 in another bargaining unit, who are transferred into this bargaining unit at the request of the Company and who had eligibility for retiree medical insurance coverage immediately prior to their transfer shall continue to be eligible.
- f. Employees hired on or after 10 April 2006 shall not be eligible for retiree medical insurance coverage but shall be eligible for the Lockheed Martin Corporation Hourly Employee Basic Benefit Plan as described in Article Twenty-Seven, Section B.

2. EARLY RETIREE MEDICAL CONTRIBUTION FORMULA

A retirees share of pre-age 65 retiree medical costs are based on the retiree's years of retirement credited service. As shown in the table below. The retiree cost sharing percentages apply for the total monthly cost for the pre-age 65 medical benefits plan under which the retiree is covered to a maximum of \$441.00 (i.e., 90%

of a total monthly cost of \$490.00) for single coverage, \$661.50 (i.e., 90% of a total monthly cost of \$735.00) for single + 1 or \$882.00 (i.e., 90% of a total monthly cost of \$980.00) for family coverage. The retiree's cost sharing percentage increases to 100% for costs which exceed that ceiling amount. **Effective 1 January 2010, only for employees retiring on or after the first day of this Agreement, the maximum cost sharing ceiling for the Company will be \$441.00 (i.e. 90% of a total monthly cost of \$490.00) for single coverage, or \$882.00 (i.e. 90% of a total monthly cost of \$980.00) for family coverage. The retiree's cost sharing percentage increases to 100% for costs which exceed that ceiling amount.**

Years of Service	Last Hire Date Prior to 1 January 1994 Retiree Percentage of Plan Costs	Hire Date Is On or After 1 January 1994 Retiree Percentage of Plan Costs	Hire Date Is On Or After 10 April 2006
0-4	not eligible	not eligible	Not Eligible For Retiree Medical Coverage, but Eligible For The Lockheed Martin Corporation Hourly Employee Basic Benefit Plan As Described In Article Twenty-Seven, Section B
5-9	100%	not eligible	
10	85%	85%	
11	80%	80%	
12	75%	75%	
13	70%	70%	
14	65%	65%	
15	60%	60%	
16	56%	56%	
17	52%	52%	
18	48%	48%	
19	44%	44%	
20	40%	40%	
21	37%	37%	
22	34%	34%	
23	31%	31%	
24	28%	28%	
25	25%	25%	
26	22%	22%	
27	19%	19%	
28	16%	16%	
29	13%	13%	
30 or more	10%	10%	

3. Subject to limitations in Section H, paragraph 1.d., employees with a retirement commencement date on or after 1 January 1994 under the provisions of the Lockheed Martin Aeronautics Company – Fort Worth retirement plan will be eligible subject to the following conditions:
 - a. The employee must be at least age 55, but not age 65 or older and must be receiving benefits from the Retirement Plan for Hourly Employees.
 - b. The employee eligible for Early Retirement (excludes deferred vested retirement) whose last hire date is before 1 January 1994 must have continuous service equal to at least five (5) years.

- c. Retirees eligible for Lockheed Martin Early Retiree Medical coverage may delay enrollment in a plan if they are covered under another group health care plan. The retiree may later activate enrollment in the plans, if the delayed enrollment is made within **30** days following termination of coverage under the other plan. Active medical coverage is not required at time of retirement in order to begin or delay coverage in a retiree medical plan.
 - d. The employee eligible for Early Retirement (excludes deferred vested retirement) whose last hire date is on or after 1 January 1994 must have ten (10) years of credited service.
4. Effective 1 January **2010**, the HMO, PPO and POS plans for early retirees up to age 65 are the same plans as for active employees except the PPO deductibles are fixed dollar amounts as follows:

PPO	Individual	Family
Calendar Year Deductible	\$500	\$1,000

The terms of the Early Retiree Preferred Provider Organization and Point of Service Plans will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

I. MEDICAL COVERAGE FOR RETIREES ELIGIBLE FOR MEDICARE

- A. Except as provided in Section I, paragraph B, employees hired on or after 10 April 2006, will not be eligible for retiree medical insurance coverage.
- B. Employees, with a hire date prior to 10 April 2006 in another bargaining unit, who are transferred into this bargaining unit at the request of the Company and who had eligibility for retiree medical insurance coverage immediately prior to their transfer shall continue to be eligible.
- C. Employees hired on or after 10 April 2006 shall not be eligible for retiree medical insurance coverage but shall be eligible for the Lockheed Martin Corporation Hourly Employee Basic Benefit Plan as described in Article Twenty-Seven, Section B.
- D. Subject to limitations described above in Section I, paragraph A, employees retiring from active employment on or after 1 January 2004 who:
 - 1. Are eligible for Medicare and who have ten (10) years of credited service; or,
 - 2. Retire before age 65 who thereafter become eligible for Medicare and have ten (10) years of credited service may elect to have medical coverage under the Medicare Eligible Retiree Medical Plan (MERMP) or a Senior HMO.

The MERMP provides medical benefits for the retiree and the spouse after age 65 by supplementing coverage under Medicare. The spouse is eligible to participate after reaching age 65. Dependents under age 65 may be covered through the Early Retiree medical coverage.

3. The retiree may elect single or family coverage under the MERMP or a Senior HMO. The retiree cost for either of these coverages will be a flat monthly contribution amount, but is also subject to a maximum monthly Company subsidy amount. The flat monthly contribution is:

Single	Family
\$10	\$20

Effective 1 January 2010, only for employees retiring on or after the first day of this Agreement, the flat monthly contribution will be:

Single	Family
\$20	\$40

Lockheed Martin will share in the cost of the MERMP or Senior HMO up to a maximum monthly Company subsidy amount. The maximum monthly Company subsidy amount is \$275.00 for single coverage or \$550.00 for family coverage. **Effective 1 January 2010, only for employees retiring on or after the first day of this Agreement, the maximum Company subsidy will be \$330.00 for single coverage or \$660.00 for family coverage.** The cost to the retiree for either of these coverages will be the flat monthly contribution as long as the Medicare Eligible Retiree Medical Plan (MERMP) or the Senior HMO premium is equal to or less than the maximum monthly Company subsidy amount. The retiree's flat monthly contribution cost sharing increases by 100% of the MERMP or Senior HMO costs that exceed the maximum monthly Company subsidy amount. If the Senior HMO cost becomes greater than the MERMP cost, but is less than the maximum monthly Company subsidy amount, the retiree's flat dollar cost sharing amount will increase by 100% of the difference between the MERMP cost and the Senior HMO cost.

4. The terms of the Medicare Eligible Retiree Medical Plan (MERMP) will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

Effective 1 January 2010, the following provides a summary of the Medicare Eligible Retiree Medical Plan (MERMP).

	MEDICARE ELIGIBLE RETIREE MEDICAL PLAN (MERMP)
Medicare Parts A and B	MERMP supplements your Medicare Parts A&B coverage. Medicare is primary and reimbursement under the Company plan is reduced for any amounts payable from Medicare Parts A&B regardless of the enrollee's actual Medicare

	MEDICARE ELIGIBLE RETIREE MEDICAL PLAN (MERMP)
	enrollment
Lifetime Maximum	\$500,000 (no annual restoration)
Calendar Year Deductible	\$200 per person; \$400 per family Applies to all covered medical expenses except routine physical exams and prescription drugs (retail and mail order)
Out-of-Pocket Maximum	\$5,000 per individual (excludes the deductible)
Skilled Nursing Facility	Plan pays 80%, after the deductible, for up to 120 days per calendar year
Outpatient Physician	Plan pays 80%, after the deductible
X-ray/Lab	Plan pays 80%, after the deductible
Routine Physical Exam	Plan pays 80%, no deductible; limits apply
Hearing Aid	Not covered
Home Health Care	Plan pays 80%, after the deductible, for up to 120 visits per calendar year
Hospice Care Program	Plan pays 80%, after the deductible, for up to 210 days per calendar year
Mental Health and Substance Abuse Inpatient	Plan pays 80%, after the deductible
Outpatient	Plan pays 80% , after the deductible
PRESCRIPTION DRUGS	Medical plan deductible does not apply
At network retail pharmacies	For up to a 30 day supply, <i>you pay</i> a copay per prescription; per refill:
Generic drugs	10% copay – up to maximum \$25 copay
Brand name drugs	30% copay – up to maximum \$75 copay for preferred brand 50% copay – no maximum for non-preferred brand
At non-network pharmacies	You pay for the prescription/refill and file a claim for reimbursement <i>with the prescription drug claims administrator</i> . You will be responsible for:

	MEDICARE ELIGIBLE RETIREE MEDICAL PLAN (MERMP)
Generic drugs	50% of the retail price
Brand name drugs	50% of the retail price
Mail Order	Up to a 90 day supply per prescription; per refill
Generic drugs	10% copay – up to maximum \$50 copay
Brand name drugs	30% copay –up to maximum \$150 copay for preferred brand
	50% copay – no maximum for non-preferred brand
Generic Substitution	If you request a brand name drug when your physician permits a generic drug substitution, you will pay the 10% generic drug copay plus the difference between the generic and brand name cost
Formulary	Open formulary
Copays	Three tier – generic, preferred brand and non-preferred brand name drugs
Prior Authorization – list is subject to periodic review and update by the claims administrator	Included

5. Senior HMOs provided by HMOs will be offered when they are available to be offered by the Company. Individuals may enroll in such plans at retirement. An annual enrollment will be provided to change plans of enrollment to any other age 65 and over retiree plan offered at that location, subject to any restrictions on location of domicile.

J. CONTINUING COVERAGE AFTER RETIREMENT:

1. At the time of retirement, retirees may enroll in the Early Retiree Preferred Provider Organization Plan, Point of Service Plan or the Medicare Eligible Retiree Medical Plan, or any HMO or Senior HMO as applicable and available to retirees.
2. Retirees enrolled in a Company retiree medical plan will annually be provided the option to change their plan of enrollment to any other Company provided plan subject to service area availability.
3. Retirees eligible for coverage as described above in Section J. paragraph 1. may delay enrollment in a plan if they are covered under another group health care plan. The retiree may later activate enrollment in one of the above retiree plans if the

delayed enrollment is made within **30** days following termination under the other group health care plan.

4. Active Medical coverage is not required at time of retirement in order to begin or delay coverage in a retiree medical plan.

K. CONTINUATION OF BENEFITS DUE TO DEATH:

1.
 - a. **In the event of the death of an active employee on or after 20 April 2009, medical, dental and/or vision coverage for enrolled surviving spouse and/or surviving dependent children will continue for six months from the date of death at no cost to them. The length of time coverage is continued for dependents will be included as part of the total length of time coverage may be continued as applicable under COBRA.**
 - b. **If at the time of the death, an active employee qualifies for retiree medical coverage, in addition to the continuation of coverage for six months as described in Section K, paragraph 1.a., and if retiree medical coverage is elected, the active medical coverage for enrolled surviving spouse and/or surviving dependent children will continue to the end of the sixth calendar month from the date of death.**
2. In the event of the death of a retiree on or after 10 April 2000, coverage for the surviving spouse and/or dependent children will continue as long as they remain eligible or until the surviving spouse remarries.

L. COORDINATION OF BENEFITS (Applicable to all medical plans):

Coordination with Other Plans is described in the respective Summary Plan Descriptions of the Plans.

APPENDIX C – 2 DENTAL PLAN

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the **dental plans** in effect immediately prior to the effective date of this Agreement shall remain in full force and effect for the duration of this Agreement, except as modified herein.

ELIGIBILITY: New hires on or after 20 April 2009 are required to complete 90 days of continuous service before being eligible for coverage under a Dental Plan. **The 90 day waiting period only applies to new hires. For purposes of this Appendix, new hires are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.**

This Appendix C-2 is changed to reflect the Comprehensive Dental Plan and the Comprehensive Plus Dental Plan effective 1 January **2010**.

Effective 1 January **2010**

	COMPREHENSIVE DENTAL	COMPREHENSIVE PLUS DENTAL
Calendar Year Maximum	\$1,300	\$1,700
Lifetime Maximum	None	None
Calendar Year Deductible	\$50 per person; applies to Basic Services and Major Services only	None
Preventive and Diagnostic Services	100%	100%
Basic Services	80%	90%
Major Services	60%	80%
Orthodontia	50%; \$1,000 lifetime; For children and adults	50%; \$1,500 lifetime; for children and adults
TMJ Lifetime	80%; \$300 lifetime	80%; \$500 lifetime

TERMS OF THE PLANS: The terms of the Plans will be summarized in a separate Summary Plan Description. The terms of the plans in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

APPENDIX C – 3
PRESCRIPTION DRUG PLAN

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the Prescription Drug Plan in effect immediately prior to the effective date of this Agreement shall remain in full force and effect for the duration of this Agreement, except as modified herein. The Company Prescription Drug Plans are included with and described respectively in the Preferred Provider Organization (PPO) and the Point of Service (POS) Summary Plan Descriptions. Employees who elect Health Maintenance Organization (HMO) coverage will have the prescription drug benefit provided through the HMO.

Effective 1 January **2010**, the Company Prescription Drug Plan for the PPO **and** POS plans shall have network and non-network benefits as follows.

A. Network Benefits

For covered prescription drug expenses incurred during a calendar year (not subject to deductible) the participant pays:

1. Ten percent (but not to exceed a maximum copayment of **\$25.00**) for each generic drug prescription; or refill furnished by a network pharmacy.
2. **Thirty** percent (but not to exceed a maximum copayment of **\$75.00**) for each preferred brand name drug prescription or refill furnished by a network pharmacy.
3. Fifty percent (with no maximum) for each non-preferred brand name drug prescription or refill furnished by a network pharmacy.

4. Ten percent (but not to exceed a maximum copayment of **\$50.00**) per generic prescription, **Thirty** percent (but not to exceed a maximum copayment of **\$150.00**) per preferred brand and Fifty percent (no maximum) per non-preferred brand prescription drugs furnished by a company approved mail order network pharmacy.

B. Non-Network Benefits

For covered prescription drug expenses incurred during a calendar year (not subject to deductible) the participant pays:

1. Fifty percent for each generic drug prescription furnished by a non-network pharmacy.
2. Fifty percent for each preferred or non-preferred brand name drug prescription furnished by a non-network pharmacy.

TERMS OF THE PLAN: The terms of the Plan will be summarized in the medical Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

APPENDIX C – 4
SPECIAL ACCIDENT PLAN

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the Special Accident Insurance Plan in effect immediately prior to the effective date of this Agreement shall remain in full force and effect for the duration of this Agreement, except as modified herein.

ELIGIBILITY: New hires on or after 20 April 2009 are required to complete 90 days continuous service to be eligible for participation. The 90 day waiting period only applies to new hires. For purposes of this Appendix, new hires are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.

TERMS OF THE PLAN: The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

Effective 1 January 2004 the following schedule is applicable.

SPECIAL ACCIDENT PLAN - Optional		
Employee	Spouse	Child
\$25,000	\$10,000	\$10,000

SPECIAL ACCIDENT PLAN - Optional		
\$50,000	\$25,000	\$25,000
\$100,000	\$50,000	\$50,000
\$200,000	\$100,000	
\$300,000	\$150,000	
\$400,000	\$200,000	
\$500,000	\$250,000	
<p>(1) Salary limit of 10 times annual pay if amount above \$300,000 is desired.</p> <p>(2) Employee must be enrolled in order to elect spouse and/or child coverage.</p> <p>(3) If more than one child is covered, the employee only pays for the cost of one child -- but all children are covered for the same amount of insurance selected by the employee. Different amounts for children are not permitted.</p>		

During **2009** the premium rate for the Special Accident insurance set forth above is based upon the rate of \$.020 per month per \$1,000 for employee coverage, \$.028 for spouse coverage and \$.035 for child coverage. Each 1 January the rates will be reviewed and may be increased or decreased according to past and estimated future experience as determined by the insurance carrier in accordance with accepted actuarial principles.

APPENDIX C – 5
HEARING AID BENEFIT PLAN

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the Hearing Aid benefit plan shall remain in full force and effect for the duration of this Agreement, except as modified herein.

Effective 1 January **2010**, the Hearing Aid benefit plan will be included in the Preferred Provider Organization (PPO), Point of Service (POS) and Health Maintenance Organizations (HMO). The HMO benefit will be the POS Network benefit where available. If not available, the HMO Hearing Aid benefit will be the filed plan (including copays) that is the nearest to the POS plan.

ELIGIBILITY: New hires on or after 20 April 2009 are required to complete 90 days of continuous service, to be eligible under the plan. The 90 day waiting period only applies to new hires. For purposes of this Appendix, new hires are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.

The following is a brief summary of the benefits.

The reasonable and customary charge of hearing and audiometric exams are payable at the network and the non-network benefit levels below, not to exceed the maximum of \$100 for both exams.

Network:

POS will pay 100% after you pay **\$20.00** copay per visit

PPO will pay 90% after deductible

Non-network:

POS will pay 70% after deductible

PPO will pay **70%** after deductible

The reasonable and customary charge for a hearing aid or aids are payable as described below provided that such aids were purchased by a network or non-network physician certified as an otolaryngologist. Maximum covered expense per hearing aid per ear will be \$1,000.

Network:

POS will pay 100%, no copay

PPO will pay 90%, no deductible

Non-network:

POS will pay 70%, after deductible

PPO will pay **70%**, no deductible

TERMS OF THE PLAN: The terms of the Plan will be summarized in the PPO and POS Summary Plan Descriptions. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

LIMITATIONS: The number of hearing aids will be limited to one per ear per covered employee or covered dependent during any period of three consecutive years.

Replacements are covered only if the hearing aid being replaced has been in use for at least three years and such replacement is made upon the written recommendation of a physician certified as an otolaryngologist.

The number of hearing and audiometric exams will be limited to one each per covered employee or covered dependent during any period of three consecutive years.

APPENDIX C – 6

VISION PLAN

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the **vision plans** in effect immediately prior to the effective date of this Agreement shall remain in full force and effect for the duration of this Agreement, except as modified herein.

ELIGIBILITY: **New hires on or after 20 April 2009 are required to complete 90 days of continuous service to be eligible for coverage under a vision plan. The 90 day waiting period only applies to new hires. For purposes of this Appendix, new hires are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.**

This Appendix C-6 is changed to reflect the current Vision 24 Plan and effective 1 January 2007, the option to elect the Vision 12 Plan.

OVERVIEW:

VISION 24	Frequency	Plan Pays	
		Network provider	Non-network provider
Eye examination	Once every two calendar years	Covered in full after \$10 copay	Up to \$30
Corrective Prescription Lenses	Once every two calendar years	Covered in full after a \$20 copay for standard lenses and/or frames, excluding additional costs for non-covered lens options (tints, coatings, progressive lenses, etc)	\$30
Single vision			\$50
Bifocals			\$70
Trifocals			\$115
Lenticular			
Frames	Once every two calendar years	Covered up to an established frame allowance after a \$20 copay for standard lenses and/or frames	Up to \$35
Contact lenses (in lieu of eyeglass frames and lenses):	Once every two calendar years	Up to \$85 Covered in full after a \$20 copay	Up to \$65 Up to \$150
<ul style="list-style-type: none"> • Elective • Medically necessary* 			
*Medically necessary lenses are covered with advance approval from the vision plan claims administrator.			

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of the SPD will be furnished to the Union and to each employee eligible for the Plan.

OVERVIEW:

VISION 12	Frequency	Plan Pays	
		Network provider	Non-network provider
Eye examination	Once every calendar year	Covered in full	Up to \$25
Corrective Prescription Lenses	Once every calendar year	Covered in full for standard lenses and/or frames, excluding additional costs for non-covered lens options (tints, coatings, progressive lenses, etc)	\$40
Single vision			\$80
Bifocals			\$80
Trifocals			\$80

Lenticular			\$125
Frames	Once every two calendar years	Covered up to an established frame allowance for standard lenses and/or frames	Up to \$45
Contact lenses (in lieu of eyeglass frames and lenses):	Once every calendar year		
<ul style="list-style-type: none"> • Elective • Medically necessary* 		Up to \$105 Covered in full	Up to \$85 Up to \$170
*Medically necessary lenses are covered with advance approval from the vision plan claims administrator.			

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of the SPD will be furnished to the Union and to each employee eligible for the Plan.

**APPENDIX C – 7
SPENDING ACCOUNTS**

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that Health Care and Dependent Care Spending Accounts shall remain in full force and effect for the duration of this Agreement, except as modified herein. The Health Care and Dependent Care Spending Accounts will be subject to the following provisions:

ELIGIBILITY: New hires on or after 20 April 2009 are required to complete 90 days of service. The 90 day waiting period only applies to new hires. For purposes of this Appendix, new hires are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.

OVERVIEW: The Health Care and Dependent Care Spending Accounts are pre-tax benefit plans. Contributions are deducted from participating employee’s paychecks before taxes are taken out. The Health Care and Dependent Care Spending Accounts are subject to rules and regulations set forth by the Internal Revenue Service.

BENEFIT:

Health Care Spending Account (HCSA)

- Annual Contribution Elections
- Minimum annual contribution \$100
- Maximum annual contribution \$5,000

Claim Filing Minimum \$5

Claim Filing Deadline April 30th of the following year

Dependent Care Spending Account (DCSA)

Annual Contribution Elections	
Minimum annual contribution	\$100
Maximum annual contribution	\$5,000

Claim Filing Minimum \$5

Claim Filing Deadline April 30th of the following year

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

APPENDIX D APPLICATION AGREEMENT

1. The job descriptions, their evaluations and labor grade assignments, as listed under Appendix “A,” Part I and Part II, shall remain in effect for the duration of this Agreement.
2. All job classifications, their descriptions and labor grade assignments, under Appendix “A,” Part I and Part II, shall become effective **20 April 2009**. No employee will be reclassified retroactively, nor will he/she receive any retroactive adjustment as a result of reclassification.
3. Automatic increases will continue to be made in accordance with the applicable provisions of this Agreement.

Employees who have been subject to automatic increases and who are placed in a new classification and a higher labor grade or who are upgraded and as mutually agreed to are still subject to automatic increases shall retain the same automatic bring up date that was in effect under the old Agreement.

Employees who were at the maximum rate of their classification immediately prior to **20 April 2009** and who are placed in a new classification and a higher labor grade or who are upgraded will commence automatic rate progression on that date.

4. (a) Employees in a job classification that was upgraded will remain at their current rate and will be eligible for automatic rate progression.

Such employees will retain their same automatic progression date unless they are not currently in automatic progression, in which case their automatic progression date will be set at **20 April 2009**.

- (b) Employees in a job that was combined with a higher grade classification of that they are already “capable of performing” will have their pay established in accordance with the provisions of Appendix “I,” Mutual Agreement #7 - Part 2 of the Company-Union Agreement.

5. Group Insurance

- (a) Revised group insurance coverage for employees will be effective on the dates specified in the Labor Agreement dated **20 April 2009**. In any instance in which an employee is absent from work on the effective date of any revised group insurance benefit due to illness or injury, then the effective date for the revised group insurance coverage will be deferred until the date the employee returns to full-time work.
- (b) Revised group insurance coverage for dependents will be effective on the dates specified in the Labor Agreement dated **20 April 2009**. In any instance in which a dependent is disabled (illness or injury) on the effective date of any revised group insurance benefit, then the effective date for the revised group insurance coverage will be deferred until the date the disability (illness or injury) of the dependent ceases.

6. Wage Payments

- (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 two thousand (\$2000.00) provided that the Company's proposal dated **17 April 2009** is ratified no later than **19 April 2009**; otherwise, Article Three, Section 4-A shall be void. **This entire payment may be deferred, without Company matching contributions, to the Hourly Savings Plan Plus (401K) upon completion of the appropriate election form which is available at the Payroll office, and must be returned to the Payroll office no later than 08 May 2009.**
- (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 **four percent (4%)** computed to the nearest one cent (1¢) increment.
- (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 **three percent (3%)** computed to the nearest one cent (1¢) increment.
- (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 **three percent (3%)** computed to the nearest one cent (1¢) increment.
- (e) Effective **10 April 2010**, and after the application of the action prescribed in Section 4-C, 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 Article Three, Section 5-A.
- (f) 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 Article Three, Section 5-A.
- (g) 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.

- (h) Effective **10 April 2010**, and after the application of the action prescribed in Section 4-C, for each employee on the active payroll, their individual COLA float (if any) accumulated after **20 April 2009** shall be incorporated into their base wage rate.
 - (i) 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.
 - (j) 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.
 - (k) 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 **eight hundred dollars (\$800)**.
 - (l) 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 **eight hundred dollars (\$800)**.
 - (m) 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 **eight hundred dollars (\$800)**.
 - (n) **The payments in Article Three, Section Eight (8), paragraphs eight (8), nine (9), and ten (10), may be deferred, without Company matching contribution, to the Hourly Savings Plan Plus (401K) upon completion of the appropriate election form which is available at the Payroll office, and must be returned to the Payroll office no later than sixty days prior to the specified payment dates. A deferral election will remain active for the duration of this agreement unless cancelled by the employee.**
7. Employees on authorized leaves of absence without pay on **20 April 2009** will receive increased and/or new benefits when they return to the active payroll.
8. Unless otherwise specified herein, or in the new Labor Agreement, all provisions of the new Agreement shall be effective **20 April 2009**, subject to signing the complete Agreement and all supplements thereto.

APPENDIX E

EMPLOYER-EMPLOYEE COMMUNICATIONS PROGRAM

The parties to this Agreement mutually agree to adopt and use the Federal Mediation and Conciliation Service "Preventive Mediation Program" for the duration of this Agreement.

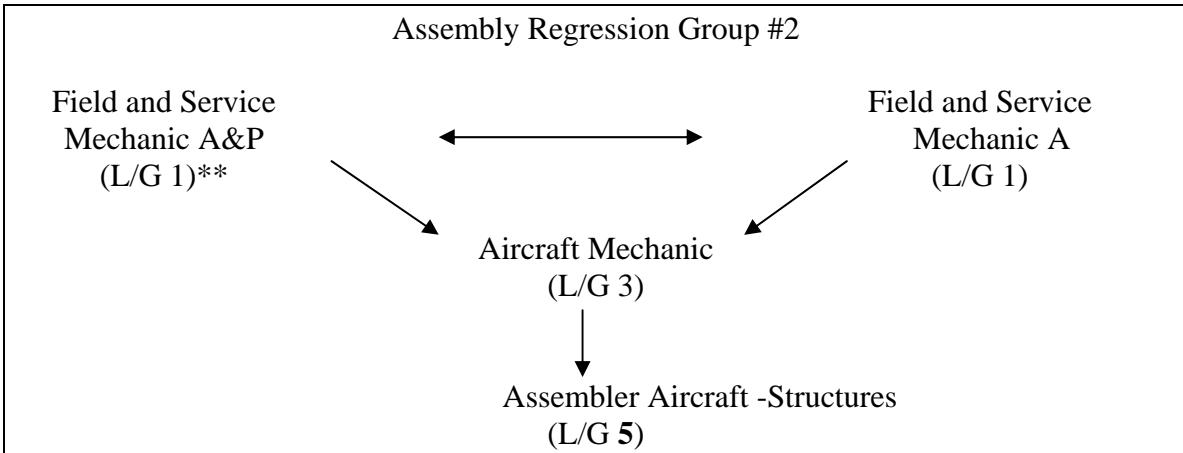
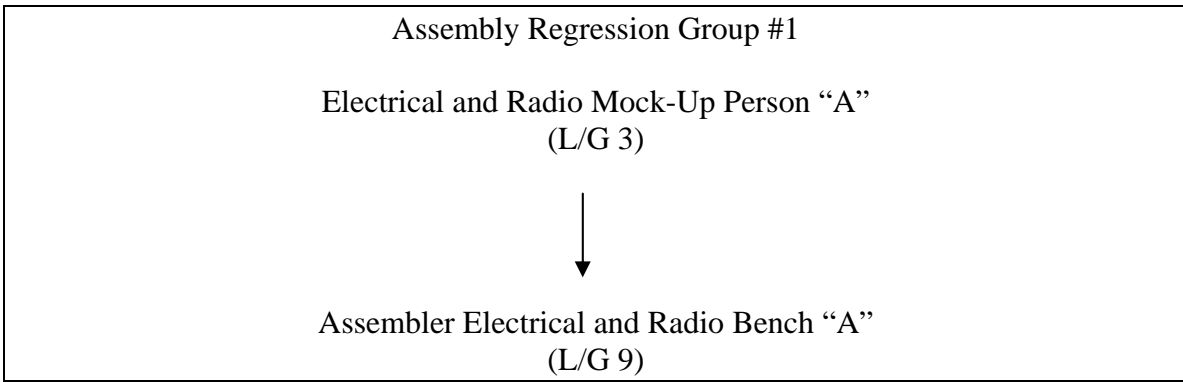
This communications program is for the purpose of achieving improved employer-employee relations, and to instill better day-to-day communications practices between the parties.

This program is specifically designed to help develop and maintain relationships that will effectively avoid controversy in the future.

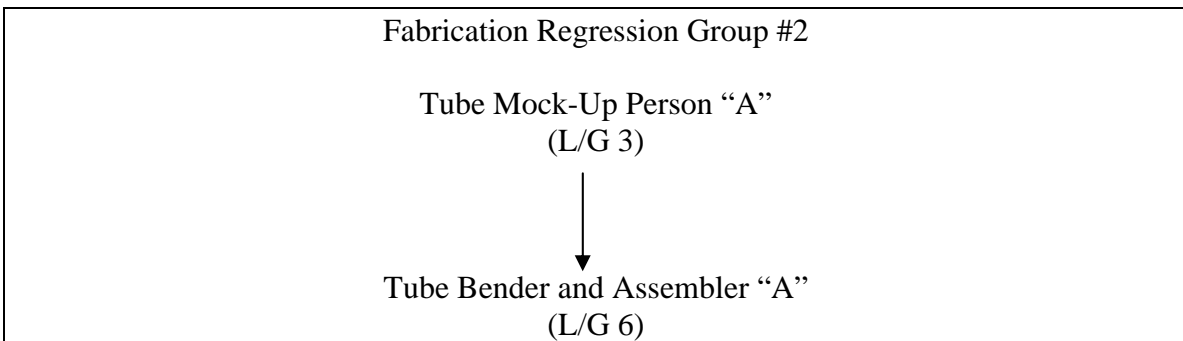
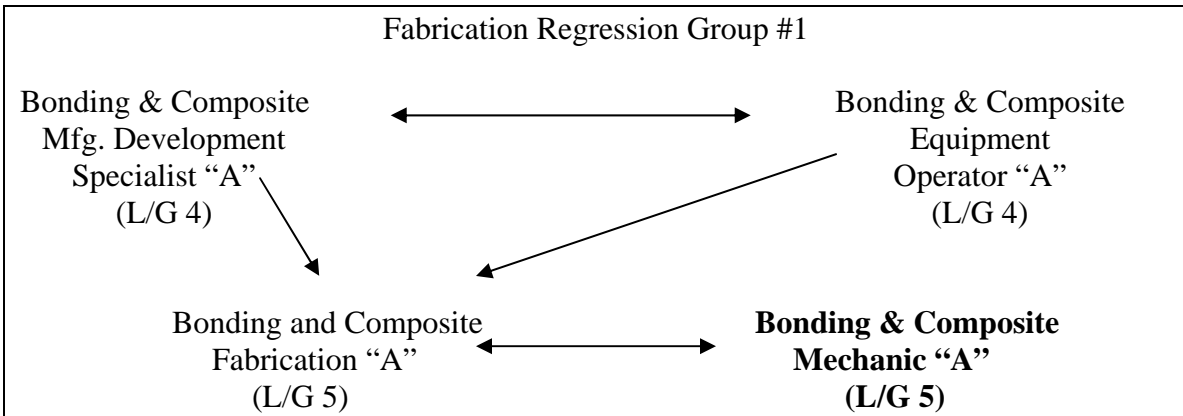
This will be accomplished by leadership and training in periodic, mandatory meetings attended by representatives of the Federal Mediation and Conciliation Service, the Union and the Company

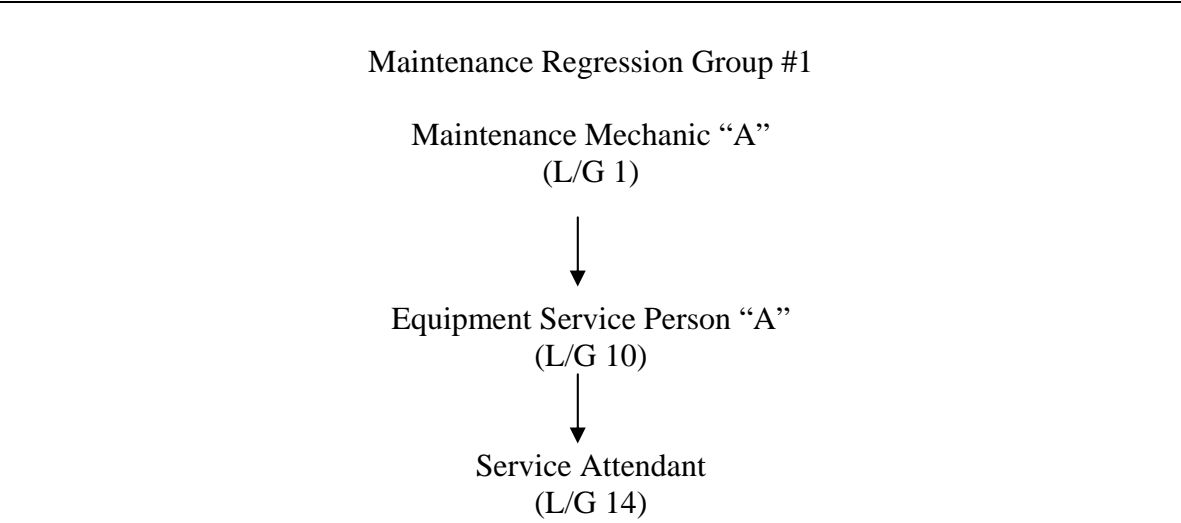
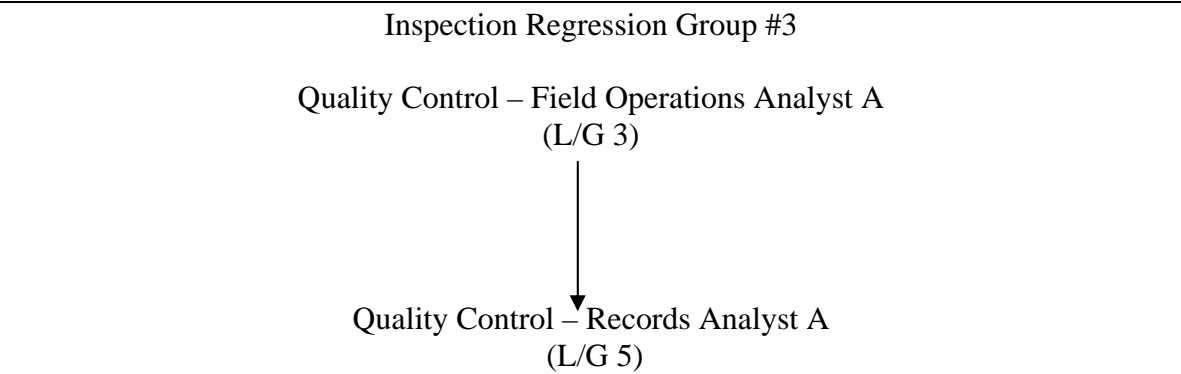
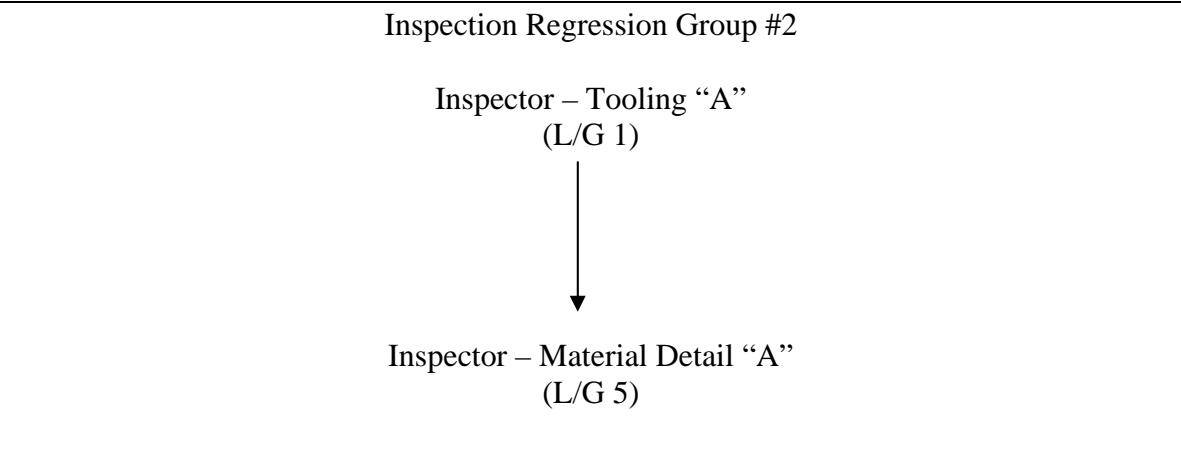
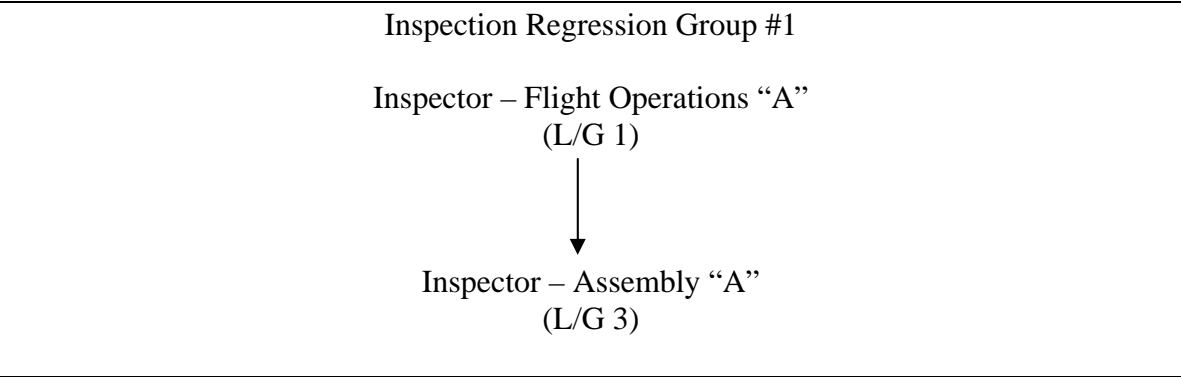
APPENDIX F

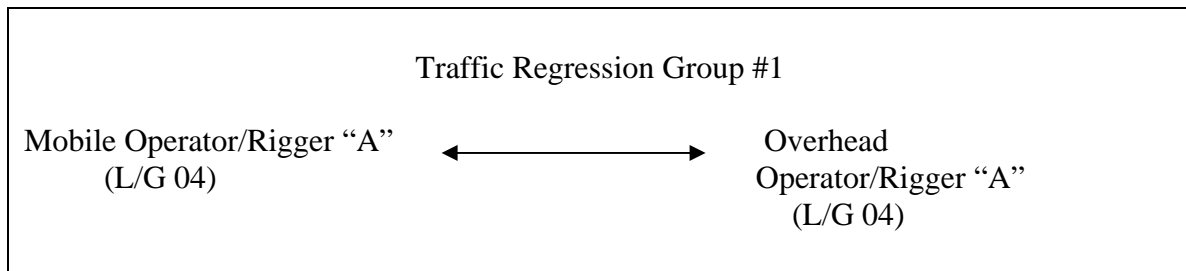
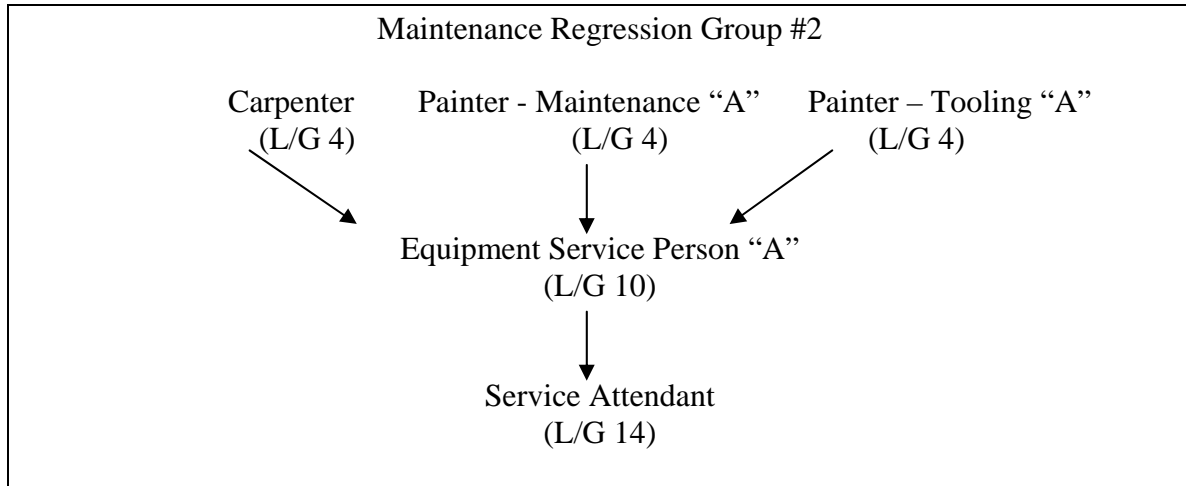
REGRESSION GROUPS



***Per Mutual Agreement #65 (old number from 1990)*







APPENDIX G
GLOSSARY OF TERMS
USED IN WRITING JOB DESCRIPTIONS

The following terms and words are given definition and meaning to indicate the common and consistent interpretation to be placed in them by all persons using the descriptions:

1. ADAPT TOOLING

Means to modify, alter or change furnished tooling to fit it for a specific need without altering its basic design.

2. AND/OR

Means that the employee is to perform one or the other of the work operations or may perform both.

3. ANGLE, COMPOUND

Means the angle between the two non-coinciding sides of two oblique angles which are in different planes and have a vertex and one side in common. Making a compound angle usually presents a coordinating tolerance problem since it results from the holding within tolerances of two adjoining component angles. After the compound angle is formed, its measurement with protractor square or sine bar is exactly the same as for any other angle and no more difficult.

4. AS DIRECTED

Means that determinations connected with the work operation described are usually and normally made by others and are given or made known to the worker directly concerned with the assignment. Use of this term does not mean that the details and determinations involved need be repeated each time an identical or very similar work assignment is made or work operation performed.

5. AS REQUIRED

Means that the work operation function or job duty is usually and normally performed after or as direct result of an order, work assignment or request from recognized supervisory personnel and/or has been used in some instances to mean an occasional or incidental job requirement. The intended meaning is evident from the level of difficulty defined in the job description for the classification in which it is used.

6. ASSEMBLY JIGS

Are those which facilitate holding and aligning a set of parts for fabrication or assembly operations.

7. ASSISTS, ASSISTS "A" (and/or "B")

Means to help or aid other employees in the performance of certain work but not exceed the level of difficulty set forth in the job description as per his classification. The assisting worker is not expected to work wholly independently but rather cooperatively and, further, is entitled to and should receive the guidance and instruction considered usual and normal under such circumstances.

8. BLUEPRINTS, DETAIL

Are any class of blueprints which give necessary detailed information for fabricating one or more parts.

9. BLUEPRINTS, DETAIL ASSEMBLY

Are blueprints which provide information for assembling parts together with the necessary information for making some or all of the individual parts.

10. BLUEPRINTS, DETAIL PARTS

Are blueprints which give the necessary information for making one part in any required number, all of which must be interchangeable.

11. BLUEPRINTS, MAJOR ASSEMBLY AND INSTALLATION

Are blueprints which provide information for the installation and/or assembly of fabricated and accessory parts into the airplane during final assembly, and for the construction of such major assemblies as fuselage, wing, empennage and engine control stand.

12. CAPACITY

As used with regard to the operation of machine tools and fabrication machines, means the full utilization of the particular category of tools and equipment specified in accordance with custom and current operating and maintenance practices throughout the plant. It is recognized that the above will not necessarily include every machine or fabrication operation for which any particular type of equipment was designed by the machine tool or fabrication machine manufacturer.

13. CHECK, CONTINUITY

Means to check electrical harness for the flow of electrical current or to check hydraulic or other pressure lines for flow and absence of leaks. Continuity checks are made without ships power and are accomplished by means of visual check or standard techniques.

14. CHECK, FUNCTIONAL

Means to determine or ascertain whether a unit or portion of a system performs the function for which it is intended and if not, whether rework, alteration or replacement is required. Checks of this nature include the preliminary checking of response to controls on individual components such as doors, landing gears, steering system, engine controls, control surfaces, etc., through the use of auxiliary sources of power.

15. CHECK, OPERATIONAL

Means making a complete final check of an entire completed independent system or a major unit thereof and always takes place on a completely assembled or installed system. Examples include a complete electrical system, hydraulic system, surface control system or the engine controls. It implies as necessary a thorough knowledge of the shop theory involved.

16. CHECK, VISUAL

Means detecting with the naked eye, or with such aids as mirrors, obvious defects and imperfections; its use implies sufficient knowledge and familiarity on the part of the worker to make the required identification. Such check would uncover incomplete assembly (missing parts or operations) visible surface cracks, badly driven rivets, and similar conditions.

17. COMPOSITE MATERIALS

Any combination of plastics/resins possibly containing graphite/fiberglass reinforcement that is hand/machined layed and then cured to final part shape.

18. CONTOUR

Means a curved surface having radii of different lengths all of which lie to parallel planes or the same plane, such planes being perpendicular to the curved surface, or means a curved line having radii of different lengths all of which are in the same plane. The surface of a cone or section thereon, a typical airfoil surface, the curved edge of a profiled plate and the curved layout line guiding the making of a router block are examples. Contour surfaces composed

of sections of cylinders and edges whose profile is a section of a circle are excluded since the radii are the same length.

19. CONTOUR, COMPLEX

Means a curved surface of unusual intricacy and variability.

20. CONTOUR, COMPOUND

Means a curved surface having radii of different lengths which lie in nonparallel planes. Compound contours are typical of stretch press and drop hammer dies. The surface of a sphere or section thereon would be a regular compound contour and was meant to be excluded.

21. CONTOUR, REVERSE

Means a compound contour that reverses its curvature so that it has both concave and convex portions.

22. CONTOUR, SEVERE

Means a contour which necessitates a high degree of care or skill to properly perform the work operations referred to as compared to the same work operations on flat or slightly contoured surfaces.

23. COORDINATED TOLERANCES, COORDINATED DIMENSIONS

These expressions are used only when exacting tolerances are implied, i.e., exacting tolerances are to be associated always with "coordinated dimensions" "coordinated tolerances" unless modified expressly. It should be understood that the mere location of a point by two or more reference dimensions may not in itself mean that the dimensions themselves are coordinated. An example of coordinated dimensions is shown in the following: The precision dimensions between two holes must be held while at the same time the precision dimensions locating each of the holes must also be held with respect to another reference point or lines.

24. DRAW, DEEP

Means the relation of depth of draw to its other dimensions is such that it is distinguished from moderate or shallow draws by custom.

25. DRAW, DRAWING

Means the forming of sheet metal or other material by pressing it into a die. May at the same time retard movement of the metal into the die by mechanical holding as with draw rings.

26. FABRICATES COMPLETELY

Means to perform all necessary fabrication operations required to produce a finished article ready for use in an assembly, airplanes or the plant.

27. FABRICATION, FABRICATES

Means work operations on raw materials and partially manufactured parts which increase its or their value and utility.

28. HAND TOOLS

These include hand tools normally used by the workmen in the performance of the occupation.

29. HOLDING FIXTURES

Refers to tooling designed to hold the work so that machining, installations, assembly or layout operations are facilitated.

30. HOLDING FIXTURES, PRODUCTION

Are those designed to hold or align one part or one assembly. Holding jigs are included in this class.

31. HOLDING FIXTURES, STANDARD

Are those which can be used on a wide variety of parts and which are usually found in all well equipped shops of similar nature. They are a portion of the Standard Tooling category concerned principally with holding the work.

32. IMPROVISES AND ADAPTS STANDARD TOOLING

Means to use standard tooling (see definition) in such manner as to secure and align part or otherwise aid or expedite fabrication. It implies that exercise of skill and ingenuity may be required and the problems involved are not solved by standard means.

33. IMPROVISE TEMPORARY TOOLING

See "Improvise Tooling." Means, in addition, that the tooling is intended for temporary use only and is made or adapted from equipment, material and tooling on hand.

34. IMPROVISE TOOLING

Means that a worker, to accomplish a given task, recognizes the need for and exercises his ingenuity and skill to create a production aid which will permit doing the work with greater exactness, rapidity and/or facility.

35. LAYOUT (n), LAYS OUT (v)

Means the actual marking of locating and/or reference points and lines on material, parts, tool or assembly worked on. Layout in itself does not imply a high level of difficulty or skill since it can be a simple work operation such as measuring a length on a piece of lumber and marking a line or point at which it is to be sawed, marking lines on pavement with a chalk

line preparatory to painting, or scribing around a furnished template laid on flat stock. On the other hand, layout can be a difficult work operation which requires much skill, knowledge and experience to make the necessary computations, part setup, precise measurements and marking, and interpretation of complex blueprints such as on a complex die or casting requiring layout to establish locations for coordinated hole patterns, compound angles and/or irregular contours.

36. LAYOUT OF PART

Means the marking of points and/or lines which will determine the exact nature and dimensions of the part after machining or fabrication operations have been performed. Layout of this nature is an integral and necessary step in the fabrication of the part.

37. LAYOUT OF REFERENCE LINES AND POINTS

Means the marking of points and lines to aid or guide the workman in performing a given operation. It often indicates points and lines from which precision measurements will be taken although the points and lines themselves need not have been located exactly. Layout of this nature is often optional rather than necessary as it may serve to reduce the number of measurements, limit gross errors, or to permit working to closer than specified tolerances.

38. MANUFACTURING OUTLINES SHEETS

These sheets or cards furnish all or some of the following information; the order or sequence in which operations are to be performed, the tools to be used, the production tooling available and its tooling identification number, machine feeds and speeds, and special manufacturing instructions, if any. This refers to operation sequence sheets, process sheets, operations sheets or cards, manufacturing operation cards, and other written information furnished the operator of the same nature and for the same use and purpose.

39. MAY

The word "may" preceding any sentence in the Work Performed section of the job description shall indicate work operations which are not necessarily performed in all the departments in which the job classification is found or occasional duties performed only a portion of an employee's time or work operations which are incidental to other work described. Work operations, when preceded by the word "may" shall not indicate a job requirement in order to be upgraded to the job classification.

40. MODIFICATION

Means to alter or change aircraft, their assemblies, furnishings, equipment, accessories, systems or parts to conform with changed specifications.

41. PRODUCTION AIDS

Are devices initiated voluntarily and made by the worker to facilitate work operations, increase production or reduce elements or fatigue or strain. Such devices are usually simple but ingenious in nature.

42. PRODUCTION ILLUSTRATIONS

Are blueprints or sketches which are used as an aid in visualizing parts and/or their assembly and are usually isometric, perspective, pictorial or three dimensional projection drawings. Blueprint dimensions might be shown also.

43. PICKUP WORK: PICKUP

Means the performance out of usual or normal sequence of work operations which have been omitted by intention or of necessity (as part shortage or rushed schedule) or by oversight (as failure to drill a hole, make a cutout, or install a part). Pickup work does not of itself establish a high or higher level of difficulty since work done out of sequence is very often of the same difficulty or within the same level of difficulty as when done in sequence. Therefore, the level of difficulty intended is to be determined from the composite job description and compared with the actual pickup work in question.

44. REPAIR

Means to restore a part or assembly to its original state or utility after it has been damaged by accident or by wear. It does not have the same meaning as "Rework."

45. REWORK

Means to undo and then do over work previously accomplished by the same or by other workers in order to correct errors or make it conform to specifications. Rework can be simple or difficult according to its nature and variety; therefore, the level of difficulty intended is to be determined from the composite job description. (See Repair.)

46. SETUP (n), SETS UP (v)

Is a broad term which becomes specific only according to its usage and application to machines and/or operations concerned. It includes the various necessary physical work operations or steps (other than layout) which must be accomplished before actual fabrication can proceed. Setup of a machine might include securing material to machine bed at the proper angle for cutting, selecting, aligning and setting cutting tool, setting speeds and feeds, adjusting coolant flow, or perhaps oiling the machine itself. In most assembly operations, setup (e.g., positioning parts, obtaining parts) is so closely intermingled with fitting and joining together that setup is not customarily designated as such, this is generally true of operations where machine operation is not the primary job factor.

47. SHOP PRACTICE

Means the generally accepted method of performing a basic, common or usual operation under specified conditions. It covers the knowledge which is common to the classification itself. Besides knowledge and ability to use required handtools and equipment, it includes knowledge of general safety practices, good housekeeping and care of equipment.

48. SHOP PROCEDURE

Means the way in which work is customarily and normally performed. It covers or implies having sufficient knowledge of organization, management, and physical details of the company to perform satisfactorily the required work in a generally harmonious manner.

49. SHOP THEORY

Means the comprehensive occupational knowledges and special skills associated with the particular classification and related knowledge without which advanced work of high quality, quantity, and uniformity may not be performed. A thorough knowledge of shop theory is considered necessary to accomplish the more difficult and diversified work of an occupation and includes a real understanding of the capacities as well as limitations of the machines and skills used in the classification. It implies a knowledge of "why" as well as "how" a given task should be done. It is acquired by a combination of observation, experience or schooling.

50. STANDARD IN DESIGN

Means that construction and purpose are common to the company or shop. It implies that a lower level of difficulty is involved than when "not standard in design" is used.

51. TECHNOLOGY – NEW

Is defined as industrial robots, computer based machines (NC/CNC), flexible manufacturing systems, new or different methods of operations, CAD/CAM (Computer Aided Design/Computer Aided Manufacturing) and composite material automation.

For the purpose of this section, an industrial robot is a programmable, multifunctional manipulator, designed to move materials, parts, tools, or specified devices through variable programmed motions for the performance of a variety of tasks.

Flexible or automated manufacturing systems (FMS or AMS) is a grouping of manufacturing/processing equipment mechanically linked by transport, storage and handling equipment, and controlled through a computer network to provide an integrated machining, assembly or measuring system for a particular family or part configurations and materials.

CAD/CAM is the application of computers to the design, fabrication and assembly process as it relates to the geometry of a part, assembly or installation.

52. TOLERANCES, CLOSE

Means those tolerances which are held by the machine, operator and/or fixture without special care, effort or skill on the part of the workman. This term expresses a level of difficulty rather than a preciseness of linear, angular or other measurement.

53. TOLERANCES, EXACTING

Means those tolerances which require special care and attention on the part of a skilled workman to obtain or hold. These tolerances would be difficult, if not impossible, for a semi-skilled or unskilled workman to hold consistently at a good production rate. This term expresses a level of difficulty rather than a preciseness of linear, angular or other measurement.

54. TOLERANCES, LIBERAL

Means those tolerances which are left to the judgment of the workman and are of such nature that variation by the workman will not result in appreciable spoilage, damage or uneconomic operation. This term expresses a level of difficulty rather than a preciseness of linear, angular or other measurement.

55. TOLERANCES, MODERATE

Means those tolerances which must be observed to maintain proper standards of workmanship or economy, but which require only reasonable care or skill to hold. This term expresses a level of difficulty rather than a preciseness of linear, angular or other measurement.

56. TOOLING, PRODUCTION

Is specially designed tooling to facilitate production operations on any number of the same or similar parts. This type of tooling is developed to hold regular and irregular shaped parts in proper machining position, and to minimize or eliminate setup and layout. This is a general term usually associated with machining operations on lot or mass production parts and assemblies.

57. TOOLING, STANDARD

Means those tools or tooling used on the same or different types of machines or operations, principally in making a setup of either layout or machining and occasionally for bench or assembly work and which further are found commonly in nearly all shops and industries performing similar operations. In the machine shop it would include Vee-blocks, parallel bars, angle plates, chucks, collets, machine vises, a wide variety of clamps, bolts, locks and wedges. In bench or assembly work it would include surface plates, table vises, and various common attachments used on portable and stationary tools to permit holding the work or increasing the scope of the tool.

58. UNUSUALLY AND IRREGULARLY SHAPED

Means that the parts are of such shape as to require exercise of ingenuity and creative thinking to properly and satisfactorily fabricate them.

59. VARIABLE

Means a different degree or form of the same kind of thing or operations, when used to describe work operations. This term also means that the work operations are not highly repetitive.

60. WHEN REQUIRED

Means that the work operation, function or job duty is usually and normally performed after or as a direct result of an order or request from recognized supervisory personnel and/or means that it is required or necessary only rarely or when exceptional circumstances exist.

APPENDIX "H"
PROMOTION – FABRICATION AND INSPECTION –
ASSEMBLY OCCUPATIONS

PART 1
FABRICATIONS OCCUPATIONS

Effective 10 April 1995, Article Eight will be modified and applied as follows to Departments 30, 31, 34, and 39.

1. Promotions

All classifications are combined for the purpose of promotion.

2. Reduction in Work Force

At time of reduction in the work force, an employee with less than two years seniority shall be permitted to regress to any job he/she is capable of performing.
All prior mutual agreements and arbitration awards are modified to the extent of these changes enumerated herein.

PART 2
PROMOTION
INSPECTION ASSEMBLY FAMILY

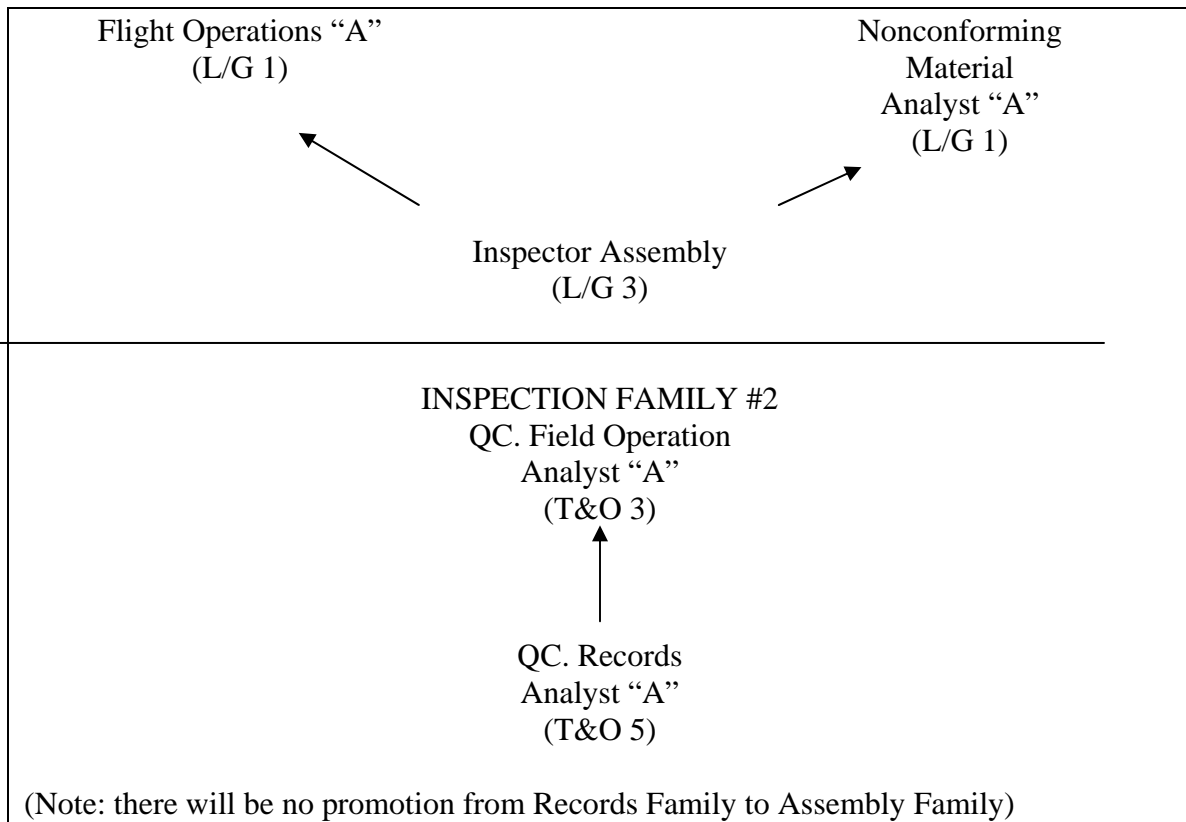
The parties agree that the guidelines for promotion under Article Eight, Section 11, within the inspection assembly family classifications shall be as follows:

1. Employees shall be promoted in line of seniority to the classification of Quality Control Field Operation Analyst from the classification of Quality Control Records Analyst provided:
(1) that the employee has one year verifiable jet aircraft flight line experience, (2) and has held the above classification for a period of six months.
2. Employees shall be promoted to Inspector Flight Operations and Quality Assurance Nonconforming Material Analyst in line of seniority from Inspector Assembly provided:
(1) that the employee has held the above classification for a period of six months,
(2) or previously had one year prior jet aircraft flight line experience.

All prior mutual agreements and arbitration awards are modified to the extent of those changes enumerated herein.

Nothing contained in the Appendix shall be construed as affecting any existing regression rights.

INSPECTION FAMILY #1
Inspector Quality Assurance



APPENDIX "I"
MUTUAL AGREEMENTS

No. 1

TIME COMPUTATION

For all Production and Maintenance employees except those assigned to an irregular work week:

- A. The accounting work week starts at midnight **Friday** and continues for one hundred sixty-eight (168) hours until midnight the following **Friday**. **2nd shift employees shall remain on their standard Friday workday until their normal shift concludes on the calendar Saturday at 12:15 a.m.**
- B. The regular work week consists of forty (40) hours of five (5) consecutive days (32.5 hours for third shift) Monday through Friday.
- C. Saturday—An employee is considered to be working Saturday if he/she reports for scheduled work during the calendar Saturday—midnight Friday to midnight Saturday.
- D. Sunday—An employee is considered to be working Sunday if he/she reports for scheduled work during the calendar Sunday—midnight Saturday to midnight Sunday.
- E. Continuous Working Hours—When an employee continues working after completion of his/her regularly scheduled shift hours, all continuous hours for the remainder of the standard day are to be computed as a part of that standard day for overtime purposes.
- F. Holidays—An employee is considered to be working during a holiday if he/she reports for the scheduled work during that calendar holiday from midnight to midnight.

G. The effective date for all rate changes within this bargaining agreement shall be the beginning of the accounting work week as defined in paragraph “A” of this Appendix “I”, Mutual Agreement No. 1.

EXAMPLES

Example I:

M thru F	Sa	Su	M	T	W	Th	F
7:00 7:00				5:00	5:00	7:00	7:00
3:45 3:45			3:45	3:45	3:45	3:45	3:45

How Paid:

The first eight (8) hours, from 5:00 a.m. to 1:45 p.m., on the second Monday and Tuesday are paid at straight time, and the last two (2) hours each day, from 1:45 p.m. to 3:45 p.m., are paid at time-and-one-half (hours over eight).

Example II:

M thru F	Sa	Su	M	T	W	Th	F	Sa	Su
			1:45						
		3:45	3:45	3:45	3:45	3:45	3:45		
12:15 12:15		12:15	12:15	12:15	12:15	12:15	12:15		

How Paid:

The hours from 3:45 p.m. Sunday to 12:15 a.m. Monday are paid at double time (Sunday Shift).

On Monday, the first eight (8) hours, from 1:45 p.m. to 10:15 p.m. are paid at straight time, and the last two (2) hours, from 10:15 p.m. to 12:15 a.m., are paid at time-and-one half.

Example III:

M thru F	Sa	Su	M	T	W	Th	F	Sa	Su
					5:00	5:00			5:00
7:00 7:00			7:00	7:00			7:00		
									1:45
3:45 3:45			3:45	3:45	3:45	3:45	3:45		

How Paid:

On Wednesday, the two (2) hours from 5:00 a.m. to 7:00 a.m. are paid at time-and-one-half for Tuesday (in excess of eight hours in standard day beginning 7:00 a.m. Tuesday). The hours from 7:00 a.m. to 3:45 p.m. are paid at straight time.

On Thursday, the two (2) hours from 5:00 a.m. to 7:00 a.m. are paid at time-and-one-half for Wednesday (in excess of eight hours in standard day beginning 7:00 a.m. Wednesday). The hours from 7:00 a.m. to 3:45 p.m. are paid at straight time.

On Sunday, the eight (8) hours from 5:00 a.m. to 1:45 p.m. are paid at double time.

Example IV:

Employee A

Employee B

M thru Th	F	Sa	M thru Th	F	Sa
		12:15			12:15
7:00 7:00	A	7:00	7:00 7:00		7:00
	B				
	S				
	E				
3:45 3:45	N		3:45 3:45	3:45	
	T				

How Paid:

Both employees are paid for Saturday as such when they begin work on Saturday.

No. 2

AGREEMENT CONCERNING AUTOMATIC PROGRESSION WITHIN RATE RANGES

This interpretation shall be effective on 6-14-54 and shall be recognized as an understanding of intent in the application of Article III, Sections 12-a, 12-b and 12-c of the Company-Union Agreement effective April 26, 1954:

Any employee who is subject to automatic increases by reason of the provisions found in Article III, Section 12-a of the Company-Union Agreement shall have his/her automatic increase bring-up date reset only if:

- (a) the employee is absent three (3) or more continuous calendar work weeks within his/her sixteen (16) week automatic progression period, which are not covered by authorized vacation or sick leave with pay, or
- (b) the employee is promoted to a job in a higher labor grade. Following such promotion to a different labor grade the employee's sixteen (16) week period for automatic increase shall be reset beginning with the move date on the notice furnished by the Company.

No. 3

ALPHABETICAL SENIORITY

- 1. Employees who changed names after 15 September 1970 shall, for seniority purposes only, retain their former position on the seniority list.
- 2. Employees who had name changes prior to 15 September 1970 shall be returned to their former seniority position when called to the attention of the Company.
- 3. The Company shall have no liability on name changes prior to 15 September 1970.

No. 4

RE-EMPLOYMENT

If the Company decides to re-employ an employee who is on layoff status to a job the employee is not "capable of performing" as defined in Article VIII, Section 5, it should be accomplished as follows:

1. The employee will be paid the minimum rate for the classification in which he/she is placed. However, in some cases the Company may at its discretion place the employee in an ingrade position.
2. During the first thirty-five (35) days, the Company will have the right to let the employee go if it concludes that he/she will not be able to perform the job. If not retained, the employee will be returned to his/her layoff status in his/her original occupation.
3. If retained, he/she shall, upon completion of thirty-five (35) days, receive 10¢ above the minimum of his/her new classification or his/her rate at the time he/she was laid off, whichever is lower, but in no event lower than the minimum of his/her new classification. The retained employee shall be entitled to automatic progression from the date of his/her re-employment and shall receive his/her original hiring date for seniority purposes.

No. 5

APPLICATION OF CONTRACT TERMINOLOGY RELATED TO GENDER

Any reference in this Agreement, job descriptions, mutual agreements or other documents executed by the parties, relating to employees of either sex shall be considered as being equally applicable to employees of both sexes.

No. 6

MAINTENANCE OF OVERTIME RECORDS

In the absence of specific departmental agreements, the following will be a guideline for the maintenance of overtime records, and is to be used for that purpose only.

Contractually scheduled overtime hours worked or refused will be recorded as equivalent straight time hours. Fractions of hours worked or charged will be recorded to the nearest full hour.

The method for arriving at the charge of equivalent hours for an employee will be to compute the average hours in his/her overtime group. Where there is a large number of employees (forty or more) within an overtime group, the equivalent hour charge will be determined by adding the hours for every fourth employee in the group, beginning with the fourth employee in the overtime records. Stewards' overtime will not be averaged in as part of the equivalent hour charge.

1. The effective date for an overtime charge of equivalent hours will be on the date the employee establishes seniority in the classification and/or agreed to overtime group. New hires will be given an equivalent hour charge in their overtime group upon completion of their probationary period. Probationary employees will not work overtime unless all employees in his/her overtime group have been given an opportunity to work.

- 2(a) Upon changing shifts an employee will be given a new equivalent hour charge. In the event he/she is returned to his/her former shift within the succeeding thirty (30) calendar days, he/she will be given his/her former charge plus any hours he/she may have **been offered** while on the other shift.
- 2(b) Upon changing shifts due to an approved “hardship shift change” the employee will be placed at the bottom of the overtime list for the shift to which he/she has been placed for the duration of the hardship period (not to exceed 28 calendar days). Upon being returned to his/her regular shift, the employee will be given his/her former overtime charge plus any hours he/she may have been offered while on the other shift.**
3. Employees absent due to illness for thirty (30) calendar days or less will not be charged for overtime during this period even though they would have been scheduled had they been present. After an absence of thirty (30) days or more, they will be given an equivalent hour charge upon their return to the overtime group.
 4. No charge will be made for overtime not worked by an employee on authorized vacation except in cases where all available employees in his/her overtime group are called in to work. This includes the weekend just prior to the effective date of his/her vacation and the weekend just prior to his/her return to work. If the employee desires to work the weekend just prior to the effective date of his/her vacation and is scheduled to work, he/she will be charged.
 5. Work performed on holidays, or refused, will be charged in the same manner as regular overtime. An employee who chooses not to volunteer will not be considered as having refused for purposes of overtime charging. This agreement in no manner affects or modifies the Company's right to assign employees to holiday work.
 6. Employees may not trade their scheduled overtime with other employees but must work their regularly scheduled overtime or be charged as having worked.
 7. Overtime for employees serving as stewards will be administered as follows:
 - A. When elected to a steward position, the employee will remain on the departmental overtime list as a regular employee, but will also be listed on a separate steward overtime list.
 - B. (1) When overtime assignments arise, the steward will first be considered for overtime as a regular employee from the regular department overtime list along with other employees in the department. If the steward is offered overtime during this step, he will be charged for overtime worked or refused on the departmental overtime list.
 - (2) If the steward is not offered overtime from the regular departmental overtime list and the steward overtime requirements stated in paragraph 9 of this mutual agreement are met, he will be offered overtime under that agreement as a steward. Overtime worked or refused during this step will be recorded on the steward overtime list.
 - (3) Overtime worked by an employee appointed as a temporary steward will be recorded following the same procedure established in paragraphs B(1) and B(2).

- C. The refusal of an offer of overtime work from the steward overtime list by a steward or a temporary steward shall fulfill the Company's overtime obligation to offer that employee this overtime assignment.
8. Employees who must turn down overtime assignments because of required attendance at reserve drills will not be charged for such overtime. This provision will not be subject to modification by departmental supervision and stewards.
 9. To provide representation during overtime days, a steward will be offered an opportunity to work scheduled overtime in his department when:
 - (1) Ten (10) or more employees in a department are assigned to the particular overtime concerned, and
 - (2) The jobs operating on the overtime basis require one or more employees of the classification of the steward, and
 - (3) The steward concerned is capable of performing such available work, and
 - (4) The selection of a particular steward will not cause the ratio of stewards to employees to exceed that set forth in Article Seven, Section 2, namely one (1) to one hundred seventy five (175) or major fraction thereof.

It is understood that a steward who is selected to work on an overtime day is brought in as a needed employee, not as an additional employee to handle Union problems, and the steward should restrict his activities to problems arising on that particular overtime day.

It will be recognized in the acceptance of this interpretation that provisions of Article Four, Section 17, in regard to overtime, will be modified by actual practice as stewards operating under the above interpretation may receive more overtime than other employees. It is further recognized where several stewards are concerned in a department that a reasonable rotation of Company offers to stewards to work overtime will be the practice.

No. 7

MEMORANDUM OF UNDERSTANDING
ON ESTABLISHING RATES

TRANSACTION	RATE
I. Regression	
A. A regression within an occupation ("A" to "B," to "C", or "A" to "C")	Shall retain current rate or be reduced to the lower rated classification, whichever is lower.
B. A transfer due to a reduction in force across occupational lines to a lateral labor grade (e.g., Mod, Assr. "A" to	Shall retain current rate; or receive the former rate he/she held in the same classification, plus general increase, if any, whichever is higher.

Assr. Air. "A")

- C. A regression across occupational lines to a classification in a lower labor grade (e.g., Dynamic Etch Proc. "A" to Comb. Plater Proc. "B")
- Shall retain current rate or be reduced to the maximum of the lower rated classification, whichever is lower.

II. Recall

- A. Recall under Article Eight, Section 4-B to same or a lower labor grade than that from which laid off.
- Shall receive the rate which he/she held at time of layoff plus general increases, if any, or the maximum rate of the classification, whichever is lower.
- If a "re-employed" employee is recalled under this section before completing his/her thirty-five day re-employment period, the following policy shall apply:
1. The employee's rate of pay shall be effective on the day of his/her physical move to the recalled job.
 2. The employee's Kardex record sheet shall be posted showing the classification to which he/she has been recalled on the day of his/her physical move.
- B. A recall under Article Eight, Section 4-B to a higher labor grade than that from which laid off.
- Shall receive former rate in the classification to which recalled, plus general increases, if any.
- C. A recall under Article Eight, Section 8-A
- Shall receive the highest rate previously held in the occupation to which he/she is being recalled plus general increases, if any, or his/her current rate, whichever is greater, but under no circumstances shall he/she receive more than the maximum rate of the classification to which being recalled.
- D. A recall under Article Eight, Section 8-A to a classification which he/she has not previously held, but which he/she is "Capable of Performing," as a result of being "Capable of Performing" higher classification in the same occupation.
- Shall upon recall to the lower classification in the subject occupation receive his/her old rate in the next higher of the subject occupation plus general increases, if any, or the maximum of the classification to which recalled, whichever is lower.

III. Recall or Regression

- A. A recall or regression to a classification not previously held, but which he/she is deemed "Capable of Performing" as a result of being "Capable of Performing" a higher classification in the same
- Rate shall be determined by the rate held in classification used to deem him "Capable of Performing" in the new classification, but under no circumstances shall the employee receive more than the maximum

occupation.

of the classification to which assigned.

IV. Promotion

A. A promotion to the same classification previously held.

Shall receive current rate plus the first automatic increase on the effective date of promotion or his/her former rate held in the classification plus general increases, if any, whichever is higher.

NOTE: The above does not apply to "rehires" whose previous employment period terminated over six (6) years prior to their "rehire" date.

B. A promotion to a classification not previously held.

Shall receive current rate plus the first automatic increase on the effective date of promotion or the minimum rate of the classification to which he/she is being promoted, whichever is higher.

V. Reclassification to jobs which Company is not required by Contract to make (voluntary transfers, etc.)

Such rates shall be determined by the Company.

VI. Employees who are rehired

Such rates shall be determined by the Company.

VII. New Hires

Such rates shall be determined by the Company.

VIII. A. Starting rate for employees who are re-employed

To be determined in accordance with Arbitration Award No. 146.

B. Rate after thirty-five (35) days for employees who have been re-employed

IX. Supervisors or other employees coming into the bargaining unit under Article Eight, Section 6

Such rates shall be determined by the Company

X. Factory and Technical and Office Labor Grades

In regression where the Factory Grades and Technical and Office labor grade structures are involved, the labor grade number shall control in determining whether or not an employee has been regressed to a job in a lower labor grade for the purpose of Article Eight, Section 8-A.

XI. Loaned Employees

Employees loaned to a higher classification will receive their current rate, the former

rate held in the classification to which loaned, plus general increases, or the minimum rate of the classification to which loaned, whichever is higher.

A. Vacation Relief Assignment

Relief employee's rate shall not be changed in a vacation relief assignment within an occupation not exceeding four weeks.

APPENDIX J
SAFETY AND SANITATION

It is the intent of the Company to continue to maintain a safe and sanitary place to work. The Union may appoint a Safety Committee of not more than six (6) employees as follows:

- Three (3) from the first shift
- Two (2) from the second shift
- One (1) from the third shift

Both the Company and Union recognize their respective obligations to assist in the prevention, correction, and elimination of all hazardous and unhealthy working conditions and practices.

The designated Union Safety Representative shall not suffer any loss in pay from time spent during his or her normal working hours in joint Union-Management discussions of Safety and Health problems or in joint Union-Management investigation of Safety and Health problems or in OSHA walk-around inspections. The Safety Committeeperson shall be allowed to make independent investigations in conjunction with the guidelines for the Safety and Sanitation Committee's operation.

This Committee may meet upon request not more than once each month, with representatives of Human Resources to discuss Safety or Sanitation matters as they apply to bargaining unit employees. This Article shall not be subject to the provisions of Article Seven, Section 13.

The parties mutually agree that a Union Safety Committeeperson and Company Safety Engineer may jointly investigate specific major safety items in conjunction with the guidelines for the Safety and Sanitation Committee's operation. Such a joint investigation may be initiated by the Union Safety Committeeperson calling the Company Chairperson of the Safety Committee requesting that such an investigation be scheduled. The Company will notify the Chairperson of the Union Safety Committee of accidents which result in time lost as well as industrial health problems which might develop into time lost.

In agreeing to the preceding procedure, the parties recognize that such investigations should be kept to a minimum and agree that if the procedure is abused the parties will meet to reevaluate and revise this agreement as necessary.