COLLECTIVE BARGAINING AGREEMENT

Between

UNITED SPACE ALLIANCE, LLC

And

THE INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS LOCAL LODGE 2061

Effective Dates: August 28, 2010 – July 19, 2013

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PREAMBLE

This Agreement, between the Company and the Union, evidences the desire of the parties hereto to promote and maintain harmonious relations between the Company and its employees, and the Union as their representative.

ARTICLE I - GENERAL PROVISIONS

Section 1 - Recognition and Jurisdiction

United Space Alliance LLC recognizes the International Association of Machinists and Aerospace Workers (IAM&AW), AFL-CIO and its District Lodge 166 and Local Lodge 2061 as the exclusive representative for purposes of collective bargaining in respect to rates of pay, wages, hours, and other conditions of employment of hourly-paid employees occupying job classifications listed in Article VIII of this Agreement who are employees of the Company assigned to the John F. Kennedy Space Center in Brevard County, Florida.

It is agreed that all other employees of the Company, other than those included in this Section 1- Recognition and Jurisdiction, are excluded from this Agreement.

The phrase "represented employees" as used in this Agreement shall mean the group of hourly-paid employees of the Company who are assigned to the John F. Kennedy Space Center, Brevard County, Florida, and who are represented by the IAM&AW pursuant to the letter of recognition dated 15 November 1983, and paragraph one above. The word "Company" as used in this Agreement shall mean or refer only to United Space Alliance at the John F. Kennedy Space Center, Brevard County, Florida.

Section 2 - Technological Change

The Union will be given advance notice of any intended technological changes affecting the work of the bargaining unit and an opportunity to discuss the impact of such changes with the Company prior to their implementation. Appropriate bargaining unit employees will continue to perform such affected work unless the technological changes alter the nature of the work to an extent which removes it from the scope of the unit.

In the event of a disagreement on whether such affected work is within the Union’s jurisdiction, the parties shall meet, to discuss their concerns. Should the parties fail to reach a mutually satisfactory agreement, the Union shall have the right to submit the dispute for resolution pursuant to Article III (Grievance Procedure), provided there is no possible claim by any other collective bargaining representative that the affected work should be awarded to it. If there is any such possible claim by another collective bargaining representative, then such issue shall be resolved, if at all, by the NLRB.

Bargaining unit employees will be given necessary training to qualify them for technologically changed work providing they have the basic requisite education and experience. Such training will be given on the basis of seniority preference within the affected job classification(s).

The Company and Union will maintain two four member committees (two members each Company and Union), one committee in Ground Systems Support and one in Processing Operations, the function of which will be to facilitate the exchange of information regarding Company initiatives for changing of work processes, early identification of possible related Union concerns, and initiation of timely discussion of anticipated work impacts.

Section 3 - Period of Agreement

A. This Agreement shall remain in full force and effect from August 28, 2010, until Midnight, July 19, 2013, and thereafter from year to year until modified, amended or terminated as hereinafter provided. Notice to modify or amend this Agreement will be given not less than 60 days and not more than 75 days, prior to 12:01 a.m., July 20, 2013 and during a like period of any subsequent year that this Agreement remains in effect. Either party may give to the other written notice of desire for modifications or amendments. The parties agree to commence negotiations within fifteen (15) days after the giving of such notice. If, after entering into negotiations, the parties fail to reach an agreement by midnight of July 19, 2013, or by midnight of July 20 of any subsequent year during which the Agreement remains effective, either the Company or the Union may terminate the Agreement by giving the other an official five (5) day written notice of a desire to terminate in the manner prescribed in this Article.

B. In the event of instructions from the Federal Government to alter or change the working schedule now in effect, the parties shall, by mutual agreement, upon fifteen (15) days' written notice, reopen negotiations for the purpose of considering objectives desired by the Government.

C. Any notice given under this Section shall be deemed to be served when mailed, postage prepaid, registered or certified mail, return receipt requested, to the Labor Relations office of United Space Alliance, 1102 John Glenn Boulevard, Titusville , Florida 32780, for service upon the Company and when similarly mailed to the Business Representative, District Lodge 166, International Association of Machinists and Aerospace Workers, 271 Taylor Avenue, Cape Canaveral, Florida 32980, for service upon the Union. The date of receipt shown on the registered or certified mail return receipt shall be the controlling date for all purposes under this Agreement.

D. For the purpose of computing the number of days which elapse after any notice is given under this Section, the day such notice is received shall not be counted.

Section 4 - Waiver

The waiver of any breach or condition of this Agreement by either party shall not constitute a precedent for any further waiver of such breach or condition.

Section 5 - Right to Manage Plant

The Company has and will retain the right and power to manage the Space Flight Operations activities at Kennedy Space Center and direct the working forces, including the right to hire, to discipline, suspend, or discharge for just cause, to promote, demote, and transfer its employees, subject to the provisions of this Agreement. Any claim that the Company has exercised such right and power contrary to the provisions of this Agreement may be taken up as a grievance.

Section 6 - Non-Bargaining Unit Employees Performing Bargaining Unit Work

Non-bargaining unit employees will not perform the work of represented employees covered by this Agreement, except for purposes of instruction, training, emergency conditions, or to prevent damage to equipment or property.

Section 7 - Strikes and Lockouts

For the duration of this Agreement, the Union agrees that it will not cause or engage in any strike (including a sympathy strike), slowdown, or stoppage of work, and the Company agrees that it will not cause or engage in any lockout.

Section 8 - Union Responsibility

The Union agrees with the objectives of achieving the highest level of employee performance and efficiency consistent with safety, good health, and sustained effort, and will not take, authorize, or condone any action which interferes with the attainment of such objective. In the event of a breach by the Union of the provisions of Article I, Section 7, of this Agreement, the Company may abrogate this entire Agreement.

Section 9 - Deduction from Earnings for Union Dues

A. The Company will deduct from the employees' wages and turn over to the Union, the Union Membership Dues of each employee who individually and voluntarily authorized the Company in writing to make such deductions. The term "Union Membership Dues," as used herein shall include Union initiation fees, assessments, or reinstatement fees of employees rehired by the Company, with or without seniority, when such employees are reinstated or rejoin the Union. Such deductions shall be made in accordance with the following provisions:

   (1) Such deductions shall be made only in accordance with instructions upon authorization cards which shall be in a form mutually agreed to between the Company and the Union. In order to be effective, such authorization cards shall be delivered by the Union to the Labor Relations Department of the Company.

   (2) Deductions from that portion of the Union Membership Dues consisting of Union initiation fees, assessments or reinstatement fees, as provided above, shall be made from the employee's paycheck monthly in the amount as specified by the employee on the authorization card.

(3) Deductions for other Union Membership Dues shall be made from the employee's paycheck monthly for twelve (12) months of the calendar year. Such deductions shall be in the amount certified to the Company by the Union. Any change in the amount of deductions for such Union Membership Dues shall be made effective for the next full month after written notice of such change by the Union to the Company. In the event a deduction for such dues is not made from one or more consecutive monthly paychecks due to insufficient earnings by the employee, then on the next paycheck that the employee has sufficient earnings, a retroactive deduction shall be made.

(4) To be effective, dues deduction authorizations must be received by the Labor Relations Department of the Company by 4:45 p.m. on or before the last day of the month.

(5) The Company's obligation to make such deductions shall terminate pursuant to the provisions of Paragraph A (1) of this Section 9 upon receipt by the Company of written notice from the Union that an employee has effectively revoked the dues deduction authorization, or, in the event the employee shall cease to be an employee defined in Article I, Section 1, of this Agreement.

(6) Revocations shall be made effective on employees' paychecks after one (1) full month following receipt of notice as herein set forth. To be effective on such period, notice must be received in the Labor Relations Department of the Company by 4:45 p.m. on or before the last day of the month.

(7) Deductions for Union Membership dues (with a maximum pickup of one month) shall be resumed by the Payroll Accounting Department in the following situations unless written revocation notice from the Union has been received by the Company in accordance with sub-paragraph (5) of this Section:

(a) Upon recall from layoff.

(b) Upon return from prolonged leave of absence.

B. The Company will mail a check to the Union for the deductions referred to in this Section within ten (10) days following the payday in which such deductions are reflected in the paychecks. The Company shall provide the Union with a monthly record of dues deductions, with such record to be on the basis of the Company's accounting months.

C. Where monies have been deducted from the pay of any employee who does not owe such monies, it shall be the responsibility of such employee to obtain a refund from the local Union. The Union agrees that it shall hold the Company harmless against any and all complaints, claims, judgments, or demands that may arise out of, or in any way be related to, compliance by the Company with the terms of this Section or in reliance by the Company

upon any document furnished to the Company by the Union pursuant to the provisions of this Section.

D. Contributions to Machinists' Nonpartisan Political League - Upon receipt by the Company of a signed voluntary authorization by an employee, on a form approved by the Company, requesting that there be deductions made from his wages, in a monthly amount designated by the employee, such deductions to be forwarded to the Union for use by the Machinists' Nonpartisan Political League, the Company will thereafter make such deductions and forward them to the Machinists' Nonpartisan Political League, care of the Union. Such authorization will remain in effect until the Company is notified in writing by the Union that the employee has made an effective revocation of such authorization.

Section 10 - Separability

Should any part hereof or any provision herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation, or by a decree of a court of competent jurisdiction, such invalidation of such part or portion of this Agreement shall not invalidate the remaining portions hereof and they shall remain in full force and effect.

Section 11 - Security Regulations

The Union recognizes that the Company has certain obligations in its contracts with the Government pertaining to security, and agrees that nothing contained in this Agreement is intended to place the Company in violation of its security agreements with the Government.

Therefore, in the event that NASA, the U.S. Air Force, U.S. Navy, or other Government Agency duly concerned with United Space Alliance security regulations, advises the Company in writing that any employee in the Union Bargaining Unit is restricted from work on or access to classified information and material, the Union will not contest such action as the Company may take pursuant to such advice to comply with its security obligations to the Government. If an employee has not been granted an unescorted access authorization for all work areas where such is required and/or Secret clearance within 180 calendar days (extendible at the Company's option) from the date of his employment, the Company may terminate his employment. However, if in the judgment of the Company, placement may be made in another area, the employee may be so assigned where access to classified information and material or restricted access areas is not required.

Section 12 - Non-discrimination in Employment

The Company and the Union agree that there will be no discrimination in employment because of race, religion, color, sex, age or national origin.

Section 13 - Educational Reimbursement

Employees who have satisfactorily completed six (6) months of service are eligible for educational reimbursement in accordance with United Space Alliance Functional Policy C-01-06 as it may be modified from time to time. The union will be provided a copy of the policy and any subsequent amendments as they occur.

Section 14 - Sanitary, Safety and Health Conditions

The Company agrees to maintain sanitary, safe, and healthful conditions in accordance with applicable laws and instructions and work practices established by NASA. The Company agrees to maintain procedures for prompt resolution of safety and industrial hygiene problems in keeping with the degree of the hazard involved. No employee shall be discharged or otherwise disciplined for refusing to work on a job not made reasonably safe consistent with the meaning and intent of the above referenced procedures.

The Company will furnish proper and modern safety and sanitary devices for all employees working on hazardous work.

From time to time as required by the Government (NASA) or the Company, employees may be required to undergo medical examinations. The cost of such examination by Company physician(s) shall be borne by the Company; this will include second medical opinions. Any second medical opinions elected solely at the discretion of the employee will be borne by the employee and/or medical insurance. Employees taken ill or injured on the job will be assisted to receive appropriate medical attention. If such medical attention is rendered during regular working hours, the time spent during that work day will be treated as time worked.

Any employee required by the Company to wear foot protection to perform the duties of his regular job shall be eligible for reimbursement of up to one hundred thirty five ($135) dollars for one pair of Company-approved safety shoes every calendar year. Reimbursement at the same rate may be authorized within the specified twelve (12) month period for replacement shoes as necessary upon verification by management that replacement is justified due to excessive wear, damage, or deterioration. The above reimbursement rate may be increased consistent with periodic amendments to the Company’s policy without further negotiation. Exceptions to the $135 can be granted in cases where an employee requires the purchase of special shoes that are not available for under$135. These exceptions are handled on a case-by-case basis and prior approval must be given by the respective department/immediate supervisor.

The Union may select three (3) representatives to serve on the Company's General Safety Committee.

Section 15 - Employment of the Handicapped

The Company and the Union agree that, consistent with the Rehabilitation Act of 1973 and regulations thereunder and applicable state laws pertaining to handicapped employees, there will be reasonable accommodation to employees and applicants with physical or mental limitations, and the parties agree to cooperate to that end. The Company and the Union also agree to cooperate to take all actions necessary to comply with the Americans with Disabilities Act.

Section 16 - Sole Agreement

This Agreement shall constitute the sole agreement between the parties when accepted and signed by their duly authorized agents.

ARTICLE II - UNION-COMPANY RELATIONS

Section 1 - Union Representatives

A. Designation of Union Representatives

As designated by the Union, in writing to the Company Labor Relations Department, there shall be recognized by the Company the number of Union Representatives (Business Representative Designees and/or Stewards), specified in this Section. The Company and the Union may mutually agree to increase or decrease the number of Union Representatives provided for in this Section as circumstances may warrant.

Until January 1, 2011, the Company shall recognize the same number of Union Representatives it recognized on August 19, 2010. Between January 1, 2011 and the layoff that will follow the last Shuttle flight, the number of Union Representatives recognized by the Company will be reduced, as the number of employees declines, to the following levels:

- 1st Shift – no more than two (2) Union Representatives
- 2nd Shift, if populated – no more than one (1) Union Representative
- 3rd Shift, if populated – no more than one (1) Union Representative
- Plus no more than two (2) additional Union Representatives

The extent and timing of the reduction(s) during the period from January 2011 to the layoff following the last Shuttle flight shall be as mutually agreed by the Company and the Union. The reductions shall be planned to coincide with the Company's layoffs.

Each Union Representative shall be an employee of the Company regularly assigned to work on the same shift as the employees he represents, and his area of jurisdiction, when appropriate, shall be determined by mutual agreement of the Company and the Union.

B. Scope of Steward's Union Activities

The Steward's Union activities on Company time shall fall within the scope of the following functions:

(1) To consult with an employee regarding the presentation of a complaint or grievance which the employee desires the Steward to present.

(2) To investigate a complaint or grievance of record before presentation to the appropriate Supervisor.

(3) To present a complaint or grievance to an employee's immediate Supervisor in an attempt to settle the matter for the employee.

(4) To meet by appointment with an appropriate Manager 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 2 - Union Officials

A. Scope of Union Representatives' Activities

Subject to existing security regulations, the Business Representative or other authorized representative of the Union shall have access to the Company's work areas during working hours for the purpose of investigating grievances, complaints, or matters arising out of the application of this Agreement and for the purposes of attending meetings in accordance with the Grievance Procedure. The Business Representative shall obtain from the Company 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 Company will not impose regulations, which will exclude such representatives from the work areas nor render ineffective the intent of this provision.

B. Introduction of Employees

New or transferred employees who are employed in occupations covered by the Agreement shall be introduced by their immediate Supervisor to the Union Steward in the area to which such employees are assigned, and provided a copy of the current Agreement as soon as practical, but no later than two (2) weeks following such assignment. The function of the Steward under this Section is to explain his responsibilities under this Agreement. The Union Steward will not use an unreasonable amount of time to explain these responsibilities.

C. Permission to Leave Work for Union Activities

The Steward or Business Representative Designee, before leaving the work station to perform any of the functions herein set forth, shall request permission from the immediate supervisor and state the Company-Union business to be conducted on Company time. Such permission shall be immediately granted unless it should substantially interfere with operations. If necessary, a Steward or Business Representative Designee shall remain on regular work until a reasonable time is afforded to provide a substitute in his place. When entering the area of another Supervisor's responsibility, the Steward or Business Representative Designee will contact the Supervisor before attempting to contact any employee. The Steward or Business Representative Designee shall report to the Supervisor upon completing each mission.

D. Employment Not Jeopardized

Union membership or legitimate Union activity will not jeopardize an employee's standing with the Company or opportunity for advancement.

Section 3 - Cooperation

The Union and its members agree to report to the Company any acts of sabotage, subversive activities, theft, damage to or taking of any employee's, Company

and/or Government's property, and the Union further agrees if any such acts occur to use its best efforts in assisting the Company and/or the Government to determine and apprehend the guilty party or parties.

Section 4 - Bulletin Boards and Posted Notices

A. Space shall be provided at locations agreed upon for Union bulletin boards for the posting of the following types of notices:

   1. Notices of Union recreational, social and welfare activities;
   2. Notices of Union elections;
   3. Notices of Union appointments and results of Union elections;
   4. Notices of Union meetings; and
   5. Such other notices as may be mutually agreed upon by the Union and the Company.

B. The Union shall not distribute or post, nor authorize its members to distribute or post, any material anywhere on the Company's property except as herein provided. The Company may remove such bulletin boards in the event of repeated violation of this Section or for reasons such as alterations in facilities, etc., and will inform the Union whenever the Company removes such bulletin boards.

C. The number of bulletin boards shall be determined by mutual agreement of the Business Representative and the Labor Relations Department Manager.

Section 5 - Reports

The Union may request the following reports, which are to be furnished as soon as possible; such request shall be made only by the assigned Business Representative to the designated Labor Relations representative of the Company.

Upon the request of the Union, the Company shall furnish the Union with a list of employees represented by the IAM&AW, showing rates, classifications, shifts, addresses, and dates of hire and Union seniority. Such list will be arranged in job classification order.

Section 6 - Policies

The Company shall promptly provide the Union new or changed Company policy (Functional Policy & Procedure) that could affect employees covered under this Agreement. The Union reserves the right to address any new or changed policy, as it deems appropriate. The Union acknowledges that such policies are proprietary and agrees not to disclose such information except to their authorized agents for the limited purpose of enforcing the terms of this Agreement.

ARTICLE III - GRIEVANCE PROCEDURE

Section 1 - Method of Handling Employee Grievances

The term "grievance" shall mean a written claim by an employee that the Company has violated a specific provision of this Agreement. Such written claim should state the specific provision of this Agreement claimed to have been so violated.

Failure of the Union to proceed within any time limit set forth in this procedure, hereinafter stated, shall constitute a waiver of the grievance.

If a retroactive adjustment is involved in an employee's grievance based upon a change in job classification, such retroactivity shall not exceed nine (9) working days prior to the date the employee's written grievance was presented to the department head, unless extended by mutual agreement of the Company and the Union.

The Company shall not confer with an employee with respect to a written grievance filed unless the employee's Steward has been notified and given an opportunity to be present.

Failure of the Company to act within the time limit set forth in any Step shall entitle the Union to proceed to the next Step. In a particular case, any time limit specified hereinafter may be extended by mutual agreement in writing between the Company and the Union.

A. An employee shall not have a grievance unless the matter complained of is first brought to the attention of the Supervisor by the employee, with or without the presence of the Steward. In the event the matter is not resolved between the Supervisor and the employee, the procedure on employee grievances, except on grievances arising out of discharge, layoff, and recall from layoff as hereinafter provided, shall be as follows:

Step 1. If the Steward wishes to present a grievance, the Steward shall promptly and in no event later than twenty (20) working days after the occurrence upon which the grievance is founded, present such grievance in writing on a form to be mutually agreed upon by the Union and the Company, which shall be dated and signed by the employee, and shall set forth a complete statement of the grievance, the facts on which it is based, the time of their occurrence and the remedy or correction desired. The Steward shall present the grievance to the employee's supervisor after the grievance is signed and dated by the employee, and the Supervisor and Steward shall attempt to effect a settlement. Unless the written grievance signed by the employee has been delivered to the Supervisor within twenty (20) working days after the occurrence upon which the grievance is founded, the grievance shall be deemed to be waived. The Supervisor shall give a written answer no later than the fifth (5th) working day after receipt of the written grievance. Any settlement made at Step 1 shall be non-

precedent in nature. If the Union wishes to proceed further with the grievance, the Union, within five (5) working days after receipt of the Supervisor's answer, shall proceed in accordance with Step 2.

Step 2. The Steward and grievant, if needed, shall present to the appropriate Manager (or designee) a copy of the written grievance and they shall attempt to effect a settlement. The Manager shall give written answer no later than the tenth (10th) working day after receipt of the written grievance at Step 2.

If a settlement has not been reached in Step 2 and the Union wishes to proceed further with the grievance, the Union, within ten (10) working days after receipt of the Manager's answer, shall proceed in accordance with Step 3.

Step 3. The Business Representative (or designee) shall present to the designated Labor Relations Representative (or designee) a copy of the written grievance. Following receipt of such grievance, Labor Relations shall meet with the Business Representative and they shall attempt to effect a settlement. Labor Relations shall give a written answer no later than the tenth (10th) working day after receipt of the written grievance at Step 3.

If a settlement has not been reached in Step 3 and the Union wishes to proceed further with the grievance, the Union shall proceed in accordance with Section 2.

B. The procedure on grievances arising out of discharge, layoff, or recall from layoff, shall be as follows:

The employee shall deliver the signed grievance to the Union, who may deliver such written grievance to the Labor Relations Office and proceed as set forth in Step 3 of this Section. Unless the written grievance signed by the employee has been delivered to the Labor Relations' Office within ten (10) working days after the discharge, layoff or recall complained of, the grievance shall be deemed to be waived.

C. The Business Representative may file a grievance on policy matters relating to the Agreement which affects the major portion of the Bargaining Unit. Such grievance shall be delivered to Labor Relations' Office within twenty (20) working days of the occurrence upon which the grievance is founded.

Section 2 - Arbitration

A. Any grievance which has not been settled pursuant to the provisions of this Article and which involves the interpretation or application of a specific clause or clauses of this Agreement or which alleges that a discharge or suspension was not for just cause may be referred to arbitration. Unless the party seeking to have the grievance referred to arbitration has applied in writing to the Federal Mediation and Conciliation Service for a five person arbitrator selection panel and delivered to the other written notice of appeal

within ten (10) work days after the Labor Relations Department has given its decision, such grievance shall be deemed to be waived.

B. Upon receipt of the arbitrator selection panel, the parties within five (5) days shall meet to select an arbitrator and shall prepare a Submission Agreement. The parties also shall make a good faith effort to state in such Submission Agreement the issue and the specific clause or clauses of this Agreement, the interpretation or application of which are involved in the arbitration. The Union and the Company shall automatically strike one name from such list (the right to strike the first name having been determined by lot) until only one name remains and that person shall be the arbitrator. Following selection of an arbitrator the parties shall agree upon a date for hearing of the issue within twenty (20) calendar days unless such limit is mutually extended in writing.

C. The arbitrator shall have the authority to interpret and apply the provisions of this Agreement, but shall not have the authority to amend or modify this Agreement or to establish new terms and conditions of this Agreement. The decision of the arbitrator shall be final and binding on the Company, the Union, and the employee.

D. The expenses of the arbitrator shall be divided equally by the parties hereto. Each party shall bear the expenses in respect to its own witnesses.

ARTICLE IV - SENIORITY

Section 1 - Continuous Service Credit

A. Each employee shall have continuous service credit with the Company dating from the first date of unbroken service. When two or more employees have the same seniority date, the employee having the lowest last four digits of the Social Security number shall be considered to have the least seniority.

B. United Space Alliance service date is the date first employed by United Space Alliance.

C. The continuous service credit and seniority of an employee will be broken under the following conditions, and when so broken, such employee shall be, for all purposes, considered a new employee if and when rehired.

(1) Resignation or other voluntary termination of employment.

(2) Discharge for just cause.

(3) Failure to report to work after layoff within ten (10) working days after the Company gives the employee written notice to return to such work, and failure to notify the Company of their intent to return to work within seventy-two (72) hours (excluding weekends) after such notice is given. Such notice shall be deemed to have been sufficiently given if sent to the employee by certified mail to the last address furnished to the employment department of the Company. Direct contact with an employee by telephone at the last telephone number provided to the Company's employment department shall likewise be sufficient notice provided that an offer by telephone is expeditiously confirmed in writing to the employee by certified mail at the last address provided to the employment department of the Company.

(4) Layoff without recall to work within sixty (60) months from the date of such layoff.

For employees with less than one (1) year seniority, layoff without recall to work within twelve (12) months from the date of such layoff.

(5) Retirement.

(6) Absence in excess of three (3) consecutive working days without notice unless satisfactory evidence of inability to report is shown.

Section 2 - Acquisition of Seniority

New employees shall be considered on probation and not entitled to seniority until they shall have acquired ninety (90) calendar days of continuous service credit, or 65 actual days worked, whichever is greater. Upon completion of said period of employment, the employee shall be considered a regular employee, and his seniority shall date from the start of the probationary period. There shall be no requirement that the Company reinstate or rehire probationary employees if they are discharged during their probationary period, and no grievance shall be filed

concerning any such discharge. It is understood however, that probationary employees are represented by the Union and that with the exception of discharge, all other disciplinary actions and violations of this Agreement are subject to the Grievance Procedure.

If an employee is laid off during his probationary period and subsequently rehired by the Company, any seniority accumulated during the twelve (12) months immediately preceding his/her rehire date shall be counted toward his/her probationary period. If such service is not continuous, the employee's seniority date shall be established as of a date ninety (90) calendar days prior to the completion of the probationary period.

Section 3 - Accumulation of Seniority

Seniority will accumulate continuously without break providing the employee remains on the active payroll of the Company during the following:

A. Time lost by reason of industrial accident, industrial illness, or jury duty.

B. Time on leave of absence granted for the purpose of serving in the Armed Forces of the United States.

C. Time spent on authorized leave of absence for Union business.

D. Time spent on leave of absence granted by the Company for the purpose of permitting an employee to engage in activities requested by the Company.

E. Time spent, not to exceed twelve (12) months, on authorized leave of absence granted to cover periods of non-industrial accident or illness or pregnancy.

F. The first thirty (30) days of any other authorized leave of absence.

G. Time spent on layoff for a period not to exceed five (5) years (or for employees with less than one [1] year seniority, time spent on layoff for a period not to exceed one [1] year).

Section 4 - Employees Transferred Into or Out of the Bargaining Unit

A. The Company may, at the discretion of management, transfer an employee to a classification covered by this Agreement. However, no person shall transfer to a classification covered by this Agreement unless there is no one on the recall list in the affected classification. The newly transferred employee’s seniority shall date from the effective date of such transfer to the bargaining unit, provided he has no seniority as the result of paragraphs B or C. If the newly transferred employee has seniority as the result of paragraphs B or C, then his seniority shall be the sum of that seniority and that earned after the date of transfer back into the bargaining unit.

B. An employee transferred, prior to June 6, 1998, from a classification covered by this Agreement to a salaried exempt or supervisory classification within the Company shall continue to accumulate seniority from the date of such transfer until June 6, 1998. In the event such person shall transfer to a classification covered by this Agreement, such seniority shall apply.

C. An employee transferred, after June 6, 1998, from a classification covered by this Agreement to any supervisory position over employees covered by this Agreement shall retain seniority acquired before such transfer. In the event such person shall transfer to a classification covered by this Agreement, such seniority shall apply.

D. An employee transferred after November 3, 2007 from a classification covered by this Agreement to any classification within the Company not covered by this Agreement shall neither retain nor accumulate seniority. In the event such person shall transfer to a classification covered by this Agreement, his/her seniority shall date from the effective date of such transfer to the bargaining unit.

Section 5 - Employees Entering Armed Forces

Employees who terminate for the purpose of entering the Armed Forces of the United States shall be reemployed in accordance with applicable Federal laws.

The Company shall not be liable for a violation of this Agreement if such violation results from good faith compliance with the aforesaid statutes or any applicable administrative ruling or judicial decision.

An employee absent from work because he was ordered to report for physical examination in connection with being ordered to military training and service shall be granted pay for lost time not to exceed the employee's working rate for eight (8) hours, provided:

A. The day of absence from work is necessary to enable the employee to report as ordered;

B. The absence falls within the employee's regular work shift;

C. The absence is to be temporary, following which the employee will return to work; and,

D. The absence does not involve an overtime day.

ARTICLE V

Section 1 - Layoff

A. An employee who has acquired seniority rights in accordance with Article IV, Section 2-Acquisition of Seniority, shall not be laid off under the provisions of this Section unless all employees in the affected classification in which the surplus exists, who have not acquired seniority rights, have been laid off.

B. Employees shall be laid off, where ability, skill and efficiency are substantially equal, in order of seniority applied by classification.

C. An employee scheduled for layoff shall (if the employee so elects) be placed in any lower-rated or lateral classification in the employee's current directorate (directorates are defined as Processing Operations, Property Accounting, and Ground Systems Support), which the employee previously held or any lower-rated or lateral classification held by the employee during the preceding five (5) years, provided in each case the employee is qualified (job ready) to perform the work of the least senior of any less-senior employees in such classification. The Company shall, insofar as is practicable, place the employee in the highest of any such classification previously held. The word "qualified" as used in this paragraph means that an employee must be able without a training or learning period to perform:

   (1) The major duties set forth in the job description for such classification; and

   (2) The work of the least senior of any less senior employees in such classification.

D. In the event that a Lead becomes surplus, the downgrade shall be made within the group designated by the Company where the surplus exists. Where ability, skill, and efficiency are substantially equal, the least senior employee leading the same classifications in the surplus group shall be downgraded.

   (1) In the event that a Lead who has not previously held another classification becomes surplus, he shall displace the least senior of any less senior employees in the lower-rated occupational classification in his job family, provided he is qualified (job ready). A job family, for the purpose of this Section 1, shall consist of the Lead and subordinate classification(s) (e.g., Welder-Lead and Welder).

Section 2 - Recall

Employees shall be recalled from the recall list into the classification in which the opening exists in order of seniority, where ability, skill, and efficiency are substantially equal.

Employees who accept a downgrade in lieu of a layoff or after being laid off, waive recall rights to a higher classification until such time as seniority allows promotional consideration. A Lead who becomes surplus and does not accept a

downgrade will be laid off from the Lead position and for recall purposes shall be deemed to have been laid off from the subordinate classification.

The recall list shall include:

A. Those employees laid off from the classification in which the opening exists; and

B. Employees who in lieu of layoff within the preceding sixty (60) months accepted placement in a lateral classification or downgrade from the classification in which the opening exists or who, at the time of downgrade in lieu of layoff, had displacement rights into such lateral or lower classification previously held and in which the opening exists and were not placed in such classification because of insufficient seniority; and

C. Those employees who, in lieu of layoff, accepted downgrade from the classification in which the opening exists and who were subsequently laid off, provided that the downgrade in lieu of layoff occurred less than sixty (60) months prior to the filling of the available opening; and

D. Those employees on layoff who, at the time of their layoff, had displacement rights into such lateral or lower classification previously held and in which the opening exists, but, because of insufficient seniority, were not placed into such classification.

Section 3 - Seniority Privileges for Union Representatives

Business Representative Designees and Stewards shall be deemed to have top seniority in the application of the layoff provisions.

Union Stewards/Designees whose status as such the Company has had seven (7) calendar days written notice, shall not be required by the Company to transfer or be loaned from the agreed upon area of jurisdiction or from the shift to which assigned as Steward/Designee, provided there is work remaining in the Steward/Designee's job classification on the shift.

The provisions of Section 3 shall be applicable only if the employee entitled to such top seniority handles Steward-like duties.

Section 4 - Promotional Policy

Consideration shall be given to the promotion of qualified employees of the Company before filling higher rated job vacancies from outside hire. Where ability, skill, and efficiency for the vacancy to be filled is substantially equal among employees being considered for promotion, preference shall be given the most senior employee.

First consideration for lead positions shall be given to those who have worked in the functional area during the last 12 months. The 12 month requirement may be waived with the agreement of the union.

Section 5 - Temporary Promotion

An employee assigned by supervision to a classification in a higher pay grade to replace another employee absent on vacation or for a temporary period (minimum

of one day), shall be paid the higher rate of pay. A retroactive wage assignment shall be made upon completion of his assignment. Such temporary assignment shall not be considered an upgrading within the meaning of this Agreement and, upon reassignment of such employee to his previously held classification at the end of the temporary period, he shall not be considered a downgraded employee within the meaning of this Agreement.

An employee assigned to replace a Lead (one day or more) who is absent on vacation or for a temporary period will be paid Lead pay. The temporary status of the assignment will be recorded in the employee's record, and upon return of the absent Lead, the replacing employee will be returned to his original status.

Temporary promotions will normally not exceed sixty (60) days; however, the period may be extended by mutual agreement of the parties.

Section 6 - Transfers

All transfers will be made on the basis of operational requirements of the Company. When transfers are necessary the Company will consider volunteers from employees in the involved classification, giving first consideration to senior employees, where skill, ability and efficiency is substantially equal.

Section 7 - Shift Preference

On shift and non-regular work week assignments preference will be given within the Department by classification on the basis of seniority to employees in the affected classification who are competent to fill the openings.

Section 8 - Priority in Filling Available Openings

In filling available openings in a job classification, employees in the following groups shall be combined and preference shall be given to the most senior qualified employee where ability, skill, and efficiency are substantially equal:

A. Employees who are being surplused from a higher rated classification and in lieu of layoff are scheduled for placement in the job classification in which the opening exists.

B. Employees on the Recall List (as defined in Section 2-Recall) of the classification in which the opening exists.

C. Prior to filling a job opening through the posting process, any employee currently in the affected classification may request to move to the location where the opening exists seniority allowing. Such request shall not be unreasonably denied. The opening, when filled internally, would then move to the location vacated by the employee.

ARTICLE VI - EMPLOYEE PRIVILEGES

Section 1 – Vacation and Holidays

Note: *The provisions of this Section 1 become effective January 1, 2011. The provisions regarding paid time off for vacation and holidays during the period of August 28, 2010 through December 31, 2010 and the disposition of any time earned under the prior provisions is reflected in the original agreement signed by the parties.*

The Company provides vacation and holiday benefits to contribute to the well being of its employees. The Company encourages employees to take their vacation days to promote appropriate rest and recreation.

A. Definitions:

(1) "Holidays" means days observed by the Company as official Company holidays which include: New Years Day, Martin Luther King's Birthday, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day. Holidays that fall on a weekend will be celebrated on either the preceding Friday or following Monday, as specified by the Company and as reflected in Section 5 of this Article, below.

(2) "Maximum Vacation Hours Bank" means the maximum amount of all Vacation Hours that an employee may accrue. An employee will forfeit any Vacation Hours which are accrued beyond his or her Maximum Vacation Hours Bank. Note: The balance as of the week ending just prior to the accrual available to employee date is used when calculating an employee's maximum balance.

(3) "Vacation Bank" means at any point in time, the bank of hours that an employee has accrued according to the Vacation Hours Accrual Table, less hours taken, as Vacation Hours.

(4) "Vacation Hours" means the Vacation Accrual Hours that are accrued and taken on the Company's time keeping system and are added to and subtracted from an employee's Vacation Bank. Vacation Hours will accrue while an employee is actively employed or on a paid leave of absence. An employee will not accrue Vacation Hours while on an unpaid leave of absence. Vacation Hours accrual shall be suspended when an employee begins a leave of absence of any type. When such employee returns from leave of absence, accruals for vacation which otherwise would have been credited shall be added to the employee's Vacation Hours Bank. The minimum increment for taking Vacation Hours is one one-tenth (0.1) of an hour for all employees. Pay for Vacation Hours when taken is at the employee's regular hourly rate, including shift and odd work week differentials, if applicable.

(5) "Vacation Accrual Hours" means those Vacation Hours that are accrued under the Vacation Hours Accrual Table, shown in Section B (4). These hours are included in and subject to the Maximum Vacation Hours Bank.

(6) "Vacation Service Date" means that date from which an employee's Years of Service is measured for purposes of determining the Vacation Accrual Hours. Such date could be the original hire date of an employee who transitioned from an affiliated company into the Company, or an official employment date for employees hired directly by the Company, or the recognized service date of an employee who transferred from a member company into the Company. A rehire's Vacation Service Date is the employee's most recent rehire date. An employee's Vacation Service Date will be adjusted to account for any time spent on layoff.

(7) "Years of Service" means the total elapsed time, measured in years, between an employee's Vacation Service Date and the date service is being determined.

B. The Vacation Days Accrual Schedule will be administered as follows:

(1) Employees earn vacation days by accruing hours each month based on the tables shown in B. (4) of this Section. Vacation Hours will not accrue beyond the Maximum Hours Bank amount shown under the respective Years of Service category.

(2) Employees who are hired or return from a leave of absence on the 14th day of the month or later, or terminate employment with the Company between the 1st and the 13th day of the month, will not accrue Vacation Hours for that month. Employees who are hired or return from a leave of absence between the 1st and the 13th day of the month, or terminate on the 14th day of the month or later, will accrue Vacation Hours for that month.

(3) Employees who complete 5, 15 or 20 Years of Service after the 13th day of any month will begin accruing the next higher Vacation Hours amount in the following month accrual.

(4) **VACATION HOURS ACCRUAL TABLE**

MONTH	**YEARS OF SERVICE**			
	LESS THAN 5	**5 BUT LESS THAN 15**	**15 BUT LESS THAN 20**	**20 AND OVER**
January	6.6	10.0	13.3	16.6
February	6.7	10.0	13.4	16.7
March	6.7	10.0	13.3	16.7
April	6.6	10.0	13.3	16.6
May	6.7	10.0	13.4	16.7
June	6.7	10.0	13.3	16.7
July	6.6	10.0	13.3	16.6
August	6.7	10.0	13.4	16.7
September	6.7	10.0	13.3	16.7
October	6.6	10.0	13.3	16.6
November	6.7	10.0	13.4	16.7
December	6.7	10.0	13.3	16.7
TOTAL HOURS	**80.0**	**120.0**	**160.0**	**200.0**
TOTAL DAYS	**10.0**	**15.0**	**20.0**	**25.0**
MAX HOURS BANK	**160.0**	**240.0**	**320.0**	**400.0**
MAX DAYS BANK	**20.0**	**30.0**	**40.0**	**50.0**

C. Company-Sponsored Holidays

(1) Each year the Company observes certain days as official Company Holidays. The Company shall designate the days to be observed as official Company Holidays in accordance with A. (1) and provide a copy of the days so designated. Employees must record these days as Holiday hours, unless the employee is not entitled to Holiday hours for the Holiday in question. Holiday pay shall be eight (8) hours at the employee's regular hourly rate, including shift and odd work week differentials, if applicable.

(2) If an employee chooses for religious or other reasons to observe a Holiday other than a Company-designated Holiday, Vacation Hours may be used for this purpose with management approval. Otherwise, the time off will be recorded as a leave without pay.

(3) Employees who work on Company-designated Holidays must record eight (8) Holiday hours **in addition** to their time worked hours. Time worked on a Holiday shall be paid for at two times the regular rate of the employee.

(4) Employees who terminate employment after they have accrued Holiday hours for a particular Holiday but before that Holiday has occurred will forfeit those Holiday hours. New hires hired after the accrual of Holiday hours for a particular Holiday but who are employed on such Holiday will receive Holiday hours for the Holiday.

D. Pay in lieu of unused vacation days will be as follows:

Employees may not code more than eight (8) Vacation Hours for any one day.

Upon the occurrence of the following, unused Vacation Hours will be paid based upon the employee's rate of pay at time of termination:

Termination of employment	Paid on termination
Layoff after at least 1 month of service	Paid on layoff
Death	Paid to beneficiary or estate
Retirement under the provisions of USA's retirement plans	Paid on termination

Section 2 – Sick and Injury Leave

NOTE*: The provisions of Section 2 and the new Section 10 below shall become effective January 1, 2011. The provisions regarding sick time and bereavement during the period of August 28, 2010 through December 31, 2010 and the disposition of any time earned under the prior provisions are reflected in the original agreement signed by the parties.*

A. Sick and Injury Leave Benefits:

Sick and injury leave is for the employee's use in the event the employee is medically unable to work as the result of an occupational or non-occupational sickness or injury. Employees will receive a sick and injury leave grant of 3 days upon hire and on January 1st each year. Unused sick and injury leave may be banked for future use. There is no maximum limit on the number of banked sick leave hours. Any unused sick leave available at the time of termination will not be paid out.

B. Verification and Notification:

All sick and injury leave is subject to verification by the Company. The employee must notify his immediate supervisor or designee prior to his scheduled report time, of the forthcoming absence from work because of illness or injury.

Section 3 - Leave of Absence

Leaves of absence may be granted to employees without pay. On a leave of absence of thirty (30) calendar days, or less, an employee shall accumulate seniority. On a personal leave of absence exceeding thirty (30) calendar days, seniority shall not accumulate.

On leaves of absence granted for business of the IAM & AW, the employee shall accumulate seniority during such leaves of absence. The Union may request leaves of absence of three (3) or more days without pay and excused absences of less than three (3) days without pay to Union members for business of the IAM & AW. The Union shall provide the Company with at least twenty-four (24) hours written notice, except when such notice is waived by mutual consent. The Company will not unreasonably deny a request.

Employees who have acquired seniority and are unavoidably absent due to illness or physical disability may be granted or placed on a Medical Leave of Absence for a period not to exceed twelve (12) months upon approval by their own physician and the Company. Upon being pronounced physically and mentally fit by the Company, and further provided they have the necessary seniority, they shall be returned to their former status. Such employee shall notify the Company whenever possible at least three (3) working days in advance of the day he is able to return to work.

An employee returning from medical leave of absence, as hereinafter defined, will furnish a signed letter from his personal physician, attesting to his physical fitness for resumption of employment and will make arrangements through the Company's Benefits office to be examined by the Company physician before returning to work.

Upon employee request, a leave of absence will be granted to a female employee because of pregnancy, through the third month following delivery. Such employee, who has acquired seniority as provided in Article IV, Section 2, may commence the leave of absence at the end of the third (3rd) month of pregnancy. The effective date of leave of absence for medical reasons normally will be the last day worked. If, however, the employee has earned unused vacation or sick leave and requests payment for same prior to being placed on medical leave of absence, the effective date of the leave will be the last day of such vacation and/or sick leave.

Section 4 - Rest Periods

A ten-minute rest period at times designated by the Company at or near the midpoint of each half of the day and night shifts shall be given all employees assigned to such shifts, except when the rest periods are combined with the meal period as covered in Article VII, Section 2.

Employees working overtime shall be allowed to observe the regular rest periods provided for herein which occur during such overtime period.

Additional rest allowances shall be permitted under the following conditions:

A. Whenever an employee is called to work two (2) or more hours prior to the beginning of the shift, the employee shall normally be given a ten-minute rest allowance before starting his regular shift.

B. Whenever an employee will be working two (2) or more hours beyond the end of his regular shift, the employee(s) shall normally be given a ten-minute rest allowance prior to starting such work.

Section 5 – Holidays

Below is a list of holidays and the dates on which those holidays are to be observed. Should the federal government designate a different date for the observance of a holiday noted, the Company may change the observance date accordingly. The Company recognizes the following holiday schedule during the period of this Agreement:

2010

Monday, September 6	Labor Day
Thursday, November 25	Thanksgiving
Friday, November 26	The Day After Thanksgiving
Friday, December 24	Christmas Break
Monday, December 27	Christmas Break

Tuesday, December 28	Christmas Break
Wednesday, December 29	Christmas Break
Thursday, December 30	Christmas Break
Friday, December 31	Christmas Break - Observance of New Year's Day, January 1, 2011

2011

Observance was on Friday, December 31, 2010	New Year's Day
Monday, January 17	Birthday of Martin Luther King, Jr.
Monday, February 21	Washington's Birthday
Monday, May 30	Memorial Day
Monday, July 4	Independence Day
Monday, September 5	Labor Day
Monday, October 10	Columbus Day
Friday, November 11	Veterans Day
Thursday, November 24	Thanksgiving Day
Monday, December 26	Christmas Day

2012

Monday, January 2	New Year's Day
Monday, January 16	Birthday of Martin Luther King, Jr.
Monday, February 20	Washington's Birthday
Monday, May 28	Memorial Day
Wednesday, July 4	Independence Day
Monday, September 3	Labor Day
Monday, October 8	Columbus Day
Monday, November 12	Veterans Day
Thursday, November 22	Thanksgiving Day
Tuesday, December 25	Christmas Day

2013

Tuesday, January 1	New Year's Day
Monday, January 21	Birthday of Martin Luther King, Jr.
Monday, February 18	Washington's Birthday
Monday, May 27	Memorial Day
Thursday, July 4	Independence Day

Section 6 - Jury Duty

When an employee is absent from work in order to serve as a juror or to report to the court in person in response to a jury duty summons, the employee shall be granted pay for those hours for which he is for such reason absent from work

during his regular eight (8) hour day or regular five (5) day work week with respect to such jury duty. Pay for such work time lost shall in no event exceed, for any one employee, a total of twenty (20) regular eight (8) 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 (8) hour work day.

If an employee assigned to the second shift or third shift is absent from his work on such shift on the calendar day the employee serves as a juror, such absence shall be deemed to be an absence from work in order to serve as a juror.

To receive pay for work time lost, the employee must promptly present to his Department Head the notice the employee receives to report for jury duty and must provide the Company with a statement signed 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.

When an employee is absent from work in order to serve as a witness in a case in a court of law to which the employee is not a party either directly or as a member of a class, and where such absence is in response to a legally valid subpoena, the employee shall be granted pay for those hours for which he is for such reason absent from work during his regular eight-hour day or regular five-day work week. Such employee may be required to submit evidence of such service as a witness to the Company in order to qualify for such payment. Pay for absence due to service as a witness shall be computed in the same manner as pay for absence due to jury duty as provided above.

Normally, pay for work time lost for jury duty or service as a witness as provided above shall together not exceed, for any one employee, a total of twenty (20) regular eight-hour (8) days in any one calendar year; however, in extraordinary circumstances such period of time may be extended by the Company.

Section 7 - Military Reserve Training Leave

An employee on the active payroll of the Company who is required to engage annually in two consecutive weeks (up to 14 consecutive days) of military reserve training, including National Guard, and who has at least twelve (12) months of military reserve service credit immediately prior to commencement of the training period, shall, upon the employee's request, be granted a leave of absence for the period of training. Such employee shall be paid his normal pay during leave for the training period. Upon return from leave the Company will make an adjustment to the employee’s pay, deducting the employee’s military pay received (excluding subsistence, travel and quarters allowance).

“Normal Pay” shall be determined on the basis of a forty (40) hour work week schedule at the employee's base rate of pay plus shift and odd work week bonus, if any, in effect on the last day worked immediately preceding the date the training leave commences.

To obtain payment under this provision the employee shall submit certification, satisfactory to the Company, of participation in the two-week training period and of the amount of pay received for the two-week training period upon return to work.

The foregoing pay provisions will also apply when employees who are in the military reserve or National Guard are called up to provide assistance due to an emergency declared by the US Government.

Section 8 – Severance Pay

In case of lay-off, the Company will give two (2) weeks advance notice of layoff to the employees affected.

Employees who are laid off will receive severance pay equal to 1 week's base pay (exclusive of overtime, differentials, premiums, or any other type of compensation) per full year of service (min. 4 weeks; max. 26 weeks). Severance pay up to a maximum of 10 weeks pay will be paid as a lump sum payment to employees upon layoff. Remaining severance will be paid in 2 installments, assuming the employee executes a certification stating that he or she is not employed by a succeeding contractor or subcontractor, employed by a NASA contractor, NASA subcontractor, or employed by NASA within a 50 mile radius of his or her last location of employment with the company. The first installment of up to an additional 10 weeks will be paid as a lump sum 10 weeks after the original lump sum payment and completion of the certification. Any remaining available severance will be paid as a lump sum 20 weeks after the original lump sum payment and completion of an additional certification. All recall rights under this Collective Bargaining Agreement will apply to these laid off employees.

An employee recalled to work on or after the effective date of this agreement and subsequently laid off again shall be entitled on the occurrence of the subsequent layoff to the number of weeks of severance calculated, as provided in the preceding paragraph, less the total number of weeks of severance paid the employee on the occurrence of previous layoffs.

Any service attained prior to layoff that is less than one full year of service will count towards one full year of service upon recall for purposes of receiving subsequent severance for which they may be eligible.

Section 9 – Contract Transition

In the event the Company's contract with the National Aeronautics and Space Administration (NASA) is terminated in full or in part and an employee is offered employment in a comparable position with a succeeding contractor or subcontractor, such event shall be considered a contract transition and not a layoff. As such, employees participating in a contract transition shall not be entitled to bumping or displacement rights under Article V, Section 1, recall under Article V, Section 2 or severance pay under Article VI, Section 8.

In the event the successor contractor or subcontractor is a United Space Alliance affiliated or member company, the contract transition to such company will be considered a transfer and not a layoff.

In the event an employee fails to reasonably pursue a position with a succeeding contractor or subcontract, such employee shall be considered a voluntary resignation and shall not be entitled to bumping or displacement rights under Article V, Section 1, recall under Article V, Section 2 or severance pay under Article VI, Section 8.

Section 10 – Bereavement

NOTE*: The provisions of this section become effective January 1, 2011. The provisions regarding bereavement during the period of August 28, 2010 through December 31, 2010 are reflected in the original agreement signed by the parties.*

An employee shall be entitled to up to three (3) days of paid bereavement leave for the purposes of planning and attending the funeral of an immediate family member. An immediate family member means the employee's spouse, parent, step-parent, child, step-child, brother, step-brother, half-brother, sister, step-sister, half-sister, grandchild or grandparent, and the employee's spouse's parent, step-parent, or grandparent. To receive this benefit the employee must provide proof of the family relationship and death, if so requested.

ARTICLE VII – PAY PROVISIONS

Section 1 - Hours and Days of Work

The "standard work week" consists of one hundred and sixty-eight (168) consecutive hours beginning at 0001 Saturday and ending at 12:00 Midnight the following Friday (i.e., seven [7] consecutive calendar days). An odd work week consists of one hundred sixty-eight (168) consecutive hours commencing at the beginning of the first of five (5) consecutive work days, other than the normal schedule of Monday through Friday.

For the determination of daily overtime and of overtime worked in the "regular work week," on "scheduled days off," and on holidays, the "regular work day" will be used and will consist of twenty-four (24) consecutive hours, from 12:00 midnight to 12:00 midnight (the calendar day), except that in the event the third shift is scheduled to commence work prior to midnight, the regular work day will commence as of the starting time of said shift. In all cases, the first "regular work day" in the "regular work week" will begin at the time the "regular work week" begins. Hours worked on, or in conjunction with, a regular shift starting in the "regular work day," will be counted as worked in such "regular work day."

The "normal work week" for employees covered by this Agreement shall consist of five (5) consecutive days, Monday through Friday, not exceeding eight (8) hours in any one "regular work day" of twenty-four (24) hours. The "normal work week" for continuous operations shall consist of five (5) consecutive days, not exceeding eight (8) hours in any one "regular work day" or twenty-four (24) hours. The Company reserves the right to assign or rotate affected employees to a non-standard work week.

Section 2 - Shifts, Lunch Periods, Rest Periods

Each employee shall be assigned to a definite shift with designated times of beginning and ending. The shifts each shall be eight-hour and thirty-minute periods which shall include a thirty-minute unpaid lunch period. For all eight (8) hour and thirty (30) minute shifts, the thirty-minute unpaid lunch period shall be within a time frame of three-and-one-half (3 ½) hours after each shift begins and three (3) hours before the end of the shift.

A "regular shift" shall be scheduled in advance, and shall consist of eight (8) consecutive hours during a "regular work day," exclusive of meal periods.

The designated time of beginning each shift shall be a period of time within the following schedule:

Shift	For All, Except Processing Operations	Processing Operations
1st Shift	Between 0400 and 0800	Between 0400 and 1000
2nd Shift	Between 1200 and 1600	Between 1200 and 1800
3rd Shift	Between 2000 and 2400	Between 2000 and 0200

Different starting times for employees on the same shift within a given work group may be established as required to efficiently accommodate reasonable operational needs of the Company. Such use of differing starting times within a given work group will only be established after review and approval of the cognizant Director. Variance to accommodate personal needs of employees shall only be by mutual agreement of the Company and Union.

Employees who are pre-shifted may request and elect, with management approval, to leave work after the completion of eight (8) hours work. The applicable overtime rate will be paid for hours worked before the commencement of the employees' regular shift.

When an operational requirement is scheduled that would require an employee to work past the end of his regular shift, the applicable overtime rate will be paid for hours worked past the employee's regular shift, based on the employee working a minimum of eight (8) consecutive hours. An employee required by the Company to start work prior to the established starting time of his regularly assigned shift, or required by the Company to be post-shifted, shall be paid time and one-half (1-1/2) his base rate for hours worked prior to the starting time or the conclusion of his regular shift with the following exception:

No such premium will be paid if the employee, at his request, elects to work less than a total of eight (8) hours in that work day.

NOTE: In accordance with Article VII, Section 3 D, double time is paid after twelve (12) consecutive hours.

Each employee shall be given a ten-minute rest period in each half of the shift to which the employee is assigned; the time of starting each such rest period is to be designated by the Company and as indicated by operational requirements, either or both rest periods may be combined with the thirty minute unpaid lunch period, effectively providing a forty or fifty minute lunch break, provided that at all time, the rest periods remain paid.

Changes of shift assignments shall be made on the first day of a new work week whenever practicable.

In the event an employee's shift is temporarily changed (less than five [5] consecutive work days) during his regular work week, the employee shall be compensated at the appropriate premium rate on the work day of the change, for all hours worked outside of his previously established shift of work.

Section 3 - Overtime Pay

A. Hours worked in excess of eight (8) hours in any one day of an employee's work week shall be paid for at one and one-half times the regular rate of the employee, except that hours worked in excess of twelve (12) hours in any one such day shall be paid for at two times the regular rate of the employee.

B. Hours worked on the sixth (6th) day of an employee's work week shall be paid for at one and one-half times the regular rate of the employee, except that such hours worked in excess of twelve (12) hours shall be paid for at two times the regular rate of the employee.

C. Hours worked on the seventh (7th) day of an employee's work week shall be paid for at two times the regular rate of the employee.

D. Consecutive hours worked in excess of twelve (12) hours shall be paid for at two (2) times the regular rate of the employee even though such consecutive hours begin in one work day (twenty-four [24] hour period) and end during the following work day (twenty-four [24] hour period); provided, however, that any hours worked during the seventh (7th) day of an employee's work week shall be at the double time rate.

E. A reasonable effort will be made to equalize overtime between employees within a work group, such work groups to be determined by the Company. In the event the distribution of overtime within the group is unreasonably spread, the Union and the Company will investigate and, if necessary, corrective action will be taken to provide a more reasonable distribution. The parties agree to meet at least once quarterly to investigate purported cases of unreasonable distribution. Where unreasonable distribution is found, and such is not attributable to anomalies beyond the Company's control (e.g., TAL site travel, vacation, medical leave), the Company agrees to make appropriate adjustments, including payments where necessary.

Section 4 - Payroll Deductions – Company Reimbursement

Payroll deductions may be made to reimburse the Company as follows:

A. All cost of tools and equipment issued to an employee but not returned by the employee, such cost to be subject to wear of the tools. An employee so charged shall be reimbursed by the Company in the event of the subsequent return of such tools and equipment to the Company, provided such tools and equipment may be properly identified and are in the same condition as when issued to the employee. Employees may be relieved of any liability under this Paragraph A when a Lost Tool Report issued by the Supervisor indicates such loss was beyond the employee's control.

   Employees checking out special tools shall be released of liability for the same if, while in use on another shift, such tools are lost or damaged.

B. For money paid by the Company to a creditor or officer of the law for an indebtedness of the employee, provided demand is made upon the Company according to law.

C. For any indebtedness due to the Company covering purchases made by an employee through the Company.

D. For any loans or advances made to the employee by the Company.

E. For a lost key issued within the past five years, a sum of one dollar ($1.00).

Section 5 - Report-In, Call-In, and Call-Back

Report-in, Call-in, and Call-back situations shall be administered as follows:

A. An employee who reports to work on his regularly scheduled shift without having been previously notified not to report shall be paid four (4) hours pay, provided however, that employees will perform available work which

is reasonably within their capacity to qualify for the four (4) hours pay. Sending home of employees after four (4) hours shall be in accordance with the layoff and recall provisions of Article V, Sections 1 and 2. If work is unavailable as the result of causes beyond the control of management, no pay shall be granted.

B. An employee called back to work after the end of a regularly scheduled shift will receive pay for a minimum of four (4) hours. The employee will receive the appropriate overtime rate for all hours worked and the regular rate for hours not worked up to a maximum of four (4) hours.

C. An employee called in or reporting for scheduled overtime on the sixth or seventh day of their work week or a holiday, without notice of cancellation of such assignment, shall receive a minimum of four (4) hours of pay at the appropriate premium.

Failure on the part of an employee to keep the Company informed of his correct address and correct telephone number relieves the Company of the responsibility of any notification required by this Agreement.

Section 6 - Pay Period

Paychecks to employees shall be issued within eight (8) days after the end of the pay period and shall represent the earnings of the employee from Saturday to and including Friday of such pay period.

Section 7 - Lost Time

Deductions for time off, whether due to tardiness or other causes, shall be at the rate of one-tenth (1/10) of an hour's pay for each tenth of an hour or fraction thereof lost from work.

Section 8 - Travel Reimbursement Policy

DOMESTIC TRAVEL

A. Definitions:

(1) An employee shall be considered on Domestic Travel when sent by the Company on a temporary basis, to places within the continental limits of the United States other than a test base to which he is permanently assigned, when such temporary assignment is at such a distance that it requires the employee to obtain lodging at other than his established residence.

(2) The provisions of the Agreement for shift and overtime premiums shall apply in the same manner as the employee's regular workstation.

B. Selection of employees for assignment to field duty shall be at the discretion of the Company.

(1) An employee on an authorized Company business trip within the United States will be reimbursed for actual and reasonable meal and incidental expenses in accordance with the current Federal Travel Regulations limits established therein, per the Company policy

relating to reimbursement of travel for employees covered by this Agreement. "Incidentals" include valet, baggage handling and other tips, transportation costs from lodging to obtain meals, and telephone costs to obtain lodging. Laundry and Dry Cleaning for trips lasting seven (7) days or less is not reimbursable except for extreme circumstances, and requires justification on the traveler's expense report. With proper management approval, this may be reimbursed. Such reimbursement shall be made in accordance with the standard procedures of the Company and the guidelines contained herein. The Company reserves the right to establish lodging and related costs in advance of travel.

Except for the day of departure and the day of return, the allowable actual expenses incurred by the employee will be considered reasonable by Management as long as the average daily amount, for the full days listed on each Travel and Expense Management tool does not exceed the maximum. Within the maximum allowable, the Company will not establish separate limits for individual items such as meals, tips, etc.

Departure and return days are reimbursed at seventy-five percent (75%) of the applicable per diem for the business location as set forth in the current Federal Travel Regulations (FTR) as updated from time to time.

Items of expense which are authorized but which will not be included in the daily maximum are:

(a) Transportation costs.

All advances must be obtained by using the USA Corporate charge card.

Tool handling – normally $2.00 per carry with prior management approval.

(b) Personal telephone calls are not reimbursed, but personal calls can be made using the Company provided calling card per the instructions provided by the Company. All business calls are reimbursable with documentation per the Company Travel Policy and management approval.

The actual cost of lodging will be reimbursed to the employee's company provided travel charge card (if not stationed on a U.S. compound) and must be specifically justified and submitted with the Travel and Expense Management tool.

(2) While an employee is traveling to and returning from a Domestic Travel assignment, he shall be paid at his working rate for a day of departure or a day of arrival, or at the applicable premium rate if these days fall on the sixth (6th) or seventh (7th) day of his work week, or at overtime rate with respect to hours actually worked outside his regular eight (8) hour shift as follows:

(a) If no work is performed on such day, for eight (8) hours for such day, or

(b) For hours worked on such day if worked prior to departure or immediately following arrival, in addition to travel time falling within the hours of his regularly assigned shift, but not less than a total of eight (8) hours pay for such day or,

(c) For hours worked on such day if worked prior to departure and immediately after arrival, in addition to travel time, but in no event less than a total of eight (8) hours pay for such day.

(3) With respect to days such employee is traveling, other than the day of departure or the day of arrival, he shall be paid at his working rate, or at his overtime rate if travel is on the sixth (6th) or seventh (7th) day of his work week, for such hours of travel time up to but not more than eight (8) hours in any one (1) day of twenty-four (24) hours.

(4) Employees taking personal side trips in conjunction with Company business travel will cease to receive expense reimbursement (except return airfare as originally arranged by the Company) immediately upon departing Company arranged living accommodations under the same conditions as stated in paragraph B. (2) of "Foreign Travel."

C. Use of Personal Automobile

An employee authorized to use his own automobile for travel on field duty, or on occasional travel for authorized Company business, shall be reimbursed for such necessary mileage at the current applicable rate contained in the Company's accounting policies, as amended periodically under the Federal Travel Regulations.

(1) Employees using privately owned automobiles on Company business must carry sufficient insurance to meet the minimum amounts of financial responsibility required by the laws of the state or county in which the employee is stationed. In no event shall an employee be insured for amounts less than:

Bodily injury, one person	$15,000
Bodily injury liability, one accident	$30,000
Property damage liability, one accident	$ 5,000

(2) The employee should determine from carrier or agent that his coverage will permit driving on Company business.

(3) The insurance coverage required must not name United Space Alliance as an insured party.

(4) The employee's own insurance is primary in case of damages. United Space Alliance carries insurance in excess of the employee's personal automobile liability insurance (injury to other persons and damage to others' property only) while the employee is using a privately owned automobile on Company business.

FOREIGN TRAVEL

This provision is limited to foreign travel and therefore is intended for that purpose only. Other provisions of the Collective Bargaining Agreement (shift assignment, hours of work and overtime, etc.) apply on arrival at the assigned overseas work site.

A. Any hourly employee assigned to perform work in a foreign country will be paid for travel and work performed in accordance with the following policy.

Regular Work Day

Hourly represented employees assigned to travel on a regular work day will be:

(1) Paid a minimum of eight (8) hours at straight time rates.

(2) Travel time exceeding eight (8) hours will be paid at an overtime rate of one and one-half (1-1/2) times base rate, excluding any shift premium or odd work week bonus. Any travel scheduled during the regular work week (excluding the 1st or 2nd day off) either to or from a foreign assignment with a scheduled stop over and/or overnight lodging of at least eight (8) hours will stop the application of overtime pay. Continuation of travel either to or from a travel assignment will require at least eight (8) hours of additional travel before the application of overtime.

If an employee is delayed enroute for reasons beyond his control (acts of God, unforeseen flight delays) and the situation makes overnight lodging impossible, overtime calculation will not recycle. For determining the applicable rate under the foregoing, waiting time in an airport will accumulate, although there shall be no payment for break time.

(3) Employees assigned to duty outside the continental United States will be paid their base rate plus a differential payment of which the Company receives a quarterly report published by the Department of State, in consideration of the irregular requirements of such duty. Eligibility for differential payment will start on the day of departure from the United States and stop on the day of return.

Employees on foreign travel status shall be reimbursed for subsistence amounts equal to the maximum travel per diem allowance for foreign areas, as specified in the Federal Travel Regulation (FTR) foreign area supplement. Departure and return days are reimbursed at seventy-five percent (75%) of the applicable per diem for the business location, as set forth in the current Federal Travel Regulations (FTR) as updated from time to time.

Subsistence expenses include meals and incidentals. Meals include only payments for food and nonalcoholic beverages. Incidentals include valet, baggage handling and other tips, transportation costs from lodging to obtain meals, and telephone costs to obtain lodging. Laundry and Dry Cleaning for trips lasting seven days or less is not

reimbursable except for extreme circumstances, and requires justification on the traveler's expense report. With prior management approval, this may be reimbursed.

Overtime calculations will be based on the employee's base rate including any differential payment for any work week, a portion of which is worked in the United States or its possessions. Differential payment will not apply to any work week in which all work is performed exclusively outside the United States and its possessions.

NOTE: Per Diem for travel is intended as reimbursement for actual living cost and is not included in determining overtime rates.

(4) No work will be assigned on the day of departure or the day of arrival without work time deviation approvals. Employees assigned to foreign travel are substituting travel for other duties and therefore the provision under Article VII concerning "Regular Shift" and consecutive hours exceeding twelve (12) will not apply during assigned travel.

On arrival at the work site, shift assignment provisions of the Collective Bargaining Agreement will apply. Employees assigned to either the second or third shift or odd work week will be given notice at least five (5) working days before arrival at the foreign assignment of any shift change. Failure to give written notice will result in employees assigned to the second or third shift continuing to receive shift and odd work week bonus for hours worked after arriving at the foreign assignment. Shift or odd work week bonus is excluded during travel to or from a foreign assignment. Any pre or post shift assignment will be paid at the applicable overtime premium rate after arriving at the work site. Travel to or from a work site exceeding thirty (30) minutes will be recorded as time worked.

(5) Travel is defined as a passenger, driver, or operator on an airplane, train, boat, bus or automobile.

(6) On return from foreign assignment, an employee who reports to work for another shift of eight (8) hours without having been given at least eight (8) hours off after completion of his travel assignment, shall be paid at the applicable rate for all time worked during the succeeding work period. For purposes of determining the applicable rate under the foregoing, break time will accumulate, although there shall be no payment for such break time.

NOTE: However, an employee at his option may take a day of personal business or vacation without penalty, with prior management approval, based on a positive account balance. Management approval will not be unreasonably denied. To determine eligibility for this provision, the United Space Alliance Group Leader (Supervisor) will record time of arrival at the Orlando International Airport and allow one (1)

additional hour for travel from the Airport to the employee's home of record.

Travel pay will include:

(a) One (1) hour travel allowance from home of record to the Orlando International Airport. One (1) hour will be allowed from the Orlando Airport to home of record on completion of Foreign travel assignment.

(b) Actual flying time excluding any stopovers or waiting time at any airport.

(c) One (1) hour allowance to clear customs upon arrival at the foreign assignment.

(d) One (1) hour allowance to clear customs inspections on scheduled return from foreign assignment.

(e) A standard four (4) hour allowance for travel (Ground Transportation) between Marrakech and Casablanca.

NOTE: Actual flying time is allowed for air travel.

(f) A standard four (4) hour allowance for travel (Ground Transportation) between Zaragoza and Madrid.

NOTE: Actual flying time is allowed for air travel.

(g) Following job completion and with prior approval of the United Space Alliance Site Supervisor, an employee may proceed to the point of departure for the return flight up to one (1) day prior to the Company scheduled departure date. Option for early departure from the job site is solely to allow the employee a full night's rest prior to early morning return flight departures. An employee exercising this option will not be eligible for overtime compensation in excess of that to which he would otherwise have been entitled and any additional expense, resulting from early departure caused by travel plan changes initiated by the employee, will be paid by the employee; approval will not unreasonably be denied.

(7) Travel pay will be paid for travel time only (defined in paragraph 5). Waiting time at any airport, hotel, or motel will not be included in determining calculation of the application of one and one-half (1-1/2) time.

(8) The Company will provide a room (double occupancy) if airport waiting time exceeds six (6) hours to or from foreign work assignments. This does not apply to employees scheduled to remain overnight. Employees scheduled to remain overnight are approved for single room occupancy.

Pay for first or second day off - Foreign Travel

(1) An employee traveling to or from a foreign country will be paid one and one-half (1-1/2) time for all travel scheduled on the employee's first workday off. Double time will be paid for travel assignments scheduled on the employee's second workday off.

(2) The application of one and one-half (1-1/2) time for the first day off or double time for the second day off will be determined based on Eastern Standard Time or, as applicable, Eastern Daylight Savings Time on assigned trips to foreign countries. Travel time (flying time only) will determine applicable one and one-half (1-1/2) or double time calculation.

(3) An employee traveling to or from a foreign or remote location on a scheduled holiday will be paid double time in addition to holiday pay.

(4) Return trips will use the standard time of the foreign country where work was assigned in determining the application of overtime for return travel time.

NOTE: This is not intended to change the application of one and one-half (1-1/2) time or double time for actual time worked on arrival at the foreign work site.

B. Company assigned work on day of departure or return from foreign assignment:

(1) Any employee required and directed by the Company to work on the date of departure or return from a foreign assignment may do so only in emergency situations. This emergency will require approval of Senior Management in accordance with provisions of KMI 1700.2 overtime restriction.

(2) Any employee directed to work on the day of departure or return from foreign assignment will receive pay at one and one-half (1-1/2) time and/or double time in accordance with the provision for work and travel exceeding eight (8) hours. Travel is defined in paragraph 5 above.

C. Prior approved vacation at the conclusion of foreign assignment:

(1) Upon approval prior to departure for a foreign assignment, an employee may take vacation leave at the expiration of the assignment.

NOTE: To be eligible, an employee must have earned vacation entitlement.

(2) Immediately upon departing Company arranged living accommodations, eligibility for expense reimbursement will cease and the employee shall be responsible for all expenses incurred from that point (except the return airfare as originally arranged by the Company). Compensation for the vacation period shall be at the employee's base rate plus any applicable shift differential. Hardship allowance shall cease at the end of the last duty day and not apply for the balance of the trip.

Section 9 - Premium for Hours and Days of Work

Employees assigned to the second (2nd) and third (3rd) shift shall receive a shift differential one dollar ($1.00) per hour for all hours worked on said shift.

Section 10 - Nonstandard Work Week

Employees assigned to a nonstandard work week (other than Saturday and Sunday off days) shall receive a premium of one dollar ($1.00) per hour.

Section 11 - SCAPE Pay

Employees required to perform duties in Self Contained Atmosphere Protective Ensemble (SCAPE) or Modified Class C Hypergolic personnel protective equipment shall be paid a differential for such activity in accordance with applicable Company policy as may be amended from time to time. The current policy provides a $5.00 per hour differential for SCAPE duty with a four (4) hour minimum payment and a $5.00 per hour differential for Modified Class C Hypergolic duty to be paid for actual hours worked in such equipment.

Section 12 - Hurricane Duty Differential

Any employee assigned to a Hurricane Ride Out, Hurricane Preparedness Crew, or Disaster Recovery Team will receive double time for time spent performing such duties on one of their regular work days after an installation evacuation order under storm alert conditions has become effective, provided that the general work force is receiving their normal pay while relieved from duty due to an installation evacuation order. Employees performing such duties when the general work force is not evacuated or is under an unpaid evacuation order shall be paid in accordance with the standard pay provisions contained elsewhere in this article.

Personnel assigned to perform the above duties shall be either senior volunteers from the organization having the requirement or junior employees directed to report if insufficient volunteers are available. Exigent personal circumstances resulting from effects of the Hurricane and/or related emergency orders and restrictions imposed by civil authorities will excuse an employee from such day, subject to verification if required.

Section 13 - Flex Time

Nothing in Section 1, 2 or 3 of this Article is intended to prohibit the use of “flex time” at the request of an employee and with the prior approval of management. An employee desiring an adjustment to their normal schedule to accommodate a specific personal need may report either earlier or later than their normal established starting time and work eight hours (excluding lunch period), or work less than eight hours in one or more specified work days and work the required amount on another work day or work days to make up 40 hours for the work week. Working over eight hours in a workday, working before an employee’s normal shift start time, and/or working after, an employee’s normal shift end time under prearranged “flex time” shall not constitute overtime, nor result in any premium pay.

ARTICLE VIII

Section 1 - Job Classifications

JOB CLASSIFICATIONS AUGUST 8, 2010

Job Title	Labor Grade	Job Code
Air Conditioning Mechanic - Lead	1	5001
Air Conditioning Mechanic	3	5002
Crane Operator- Lead	1	5004
Crane Operator	3	5005
Dispatcher/Driver Lead	3	6004
Driver/Special	4	5006
Driver	5	5007
Electrician - Lead	1	5009
Electrician	3	5010
Electronic Fab Installer - Lead	1	5011
Electronic Fab Installer	3	5012
Electronic Technician - Lead	1	5013
Electronic Technician	3	5014
Elevator Technician - Lead	1	5015
Elevator Technician	3	5016
Facility Service Worker - Lead	1	5040
Facility Service Worker	3	5041
Heavy Equipment Mechanic - Lead	1	5017
Heavy Equipment Mechanic	3	5018
Helper	9	5019
Machinist - Lead	1	5023
Machinist	3	5024
Material Equipment Controller - Lead	4	5047
Material Equipment Controller	5	5048
Material – Expediter – Lead	4	6001
Material – Expediter	5	6002
Mechanic Technician - Lead	1	5025
Mechanic Technician	3	5026
Packer and Crater – Lead	3	5042

Job Title	Labor Grade	Job Code
Packer and Crater	4	5043
Potter & Molder-Lead	1	5021
Potter & Molder	3	5028
Propellants/Pneumatic Mechanic -Lead	1	5029
Propellants/Pneumatic Mechanic	3	5030
Rigger - Lead	1	5031
Rigger	3	5032
Sheet Metal Worker - Lead	1	5033
Sheet Metal Worker	3	5034
Structural Painter - Lead	1	5035
Structural Painter	3	5036
Welder- Lead	1	5037
Welder	3	5038

Section 2 - Wage Structure

Labor Grade	**First Year**		**August 27, 2011**		**August 25, 2012**	
	Min	**Max**	**Min**	**Max**	**Min**	**Max**
1	23.80	31.14	24.40	31.92	25.13	32.88
2	23.13	30.48	23.71	31.24	24.42	32.18
3	22.46	29.83	23.02	30.58	23.71	31.50
4	20.82	27.48	21.34	28.17	21.98	29.02
5	17.85	24.62	18.30	25.24	18.85	26.00
6	16.66	23.72	17.08	24.31	17.59	25.04
7	16.08	23.06	16.48	23.64	16.97	24.35
8	15.67	22.65	16.06	23.22	16.54	23.92
9	14.70	21.57	15.07	22.11	15.52	22.77

Automatic rate progression (ARP) shall be in accordance with the terms and schedule established within paragraph 5 of Administrative Letter No. 1, dated August 28, 2010.

Upon promotion to Lead, the employee shall be paid the maximum rate of the labor grade for the Lead classification.

Pay Rate on Promotion

An employee promoted will be paid at either the minimum of the classification to which promoted, or seventy-five ($0.75) cents per hour above the employee's rate prior to promotion, whichever is greater.

ARTICLE IX - APPLICATION OF JOB DESCRIPTIONS AND GLOSSARY OF TERMS

Section 1 - Job Descriptions

The following basic principles govern the application of these descriptions; these same principles are to govern their use.

A. General

(1) The title selected for a classification is that which most clearly indicates the general nature and character of the work performed, and yet serves to set the classification apart from others described.

(2) The Summary developed for each classification is a brief description of the classification as whole, the purpose of which is to set it forth in separation from other classifications.

(3) The job description describes typical and normal requirements. These requirements are characteristic of the job and illustrate a level of difficulty of work and are not intended to list or describe all work operations, or tasks done within the classification. These requirements may not fit all specific individual work assignments, as the description when written was stated so as to be broad enough to include all variations of work in the classification, as it existed throughout the Company.

B. Interpretation and Application of Job Descriptions

(1) The job description is written to define and illustrate the job standard to be established and as such shall be interpreted and applied in its entirety as a composite picture of the job requirements. This means that the Summary, Work Performed (Typical Materials, Tools and Equipment Used-when applicable) and Knowledge and Ability Required, all must be considered in arriving at the proper classification.

(2) In order to secure, or hold the classification, the employee must be assigned regularly and consistently to that work which distinguishes the classification from other classifications.

(3) An employee's classification shall be determined in the light of the highest requirements for knowledge, ability and skill necessary to perform his regularly assigned duties. In making this determination, duties that are performed infrequently or rarely shall not be considered or make the basis of granting the higher classification.

(4) The job descriptions are not intended for, and should not be confused with, operation sheets, work instructions, or work assignment sheets, etc.

(5) Job descriptions were prepared on the basis that:

(a) As a part of promotional procedure, an employee performs some of the work of higher-rated jobs under guidance and instructions in order to qualify for advancement.

(b) An employee performs the work of lower-rated classifications within occupations when required.

(c) The normal duties of any employee may include assistance to other workers on work operations.

(d) Normal job relationships between employees include giving guidance and instruction to each other.

C. Establishment of New Jobs

(1) The Company shall develop an appropriate job description and, after the effective date of this Agreement, a new job is established as a result of any of the following:

(a) Introduction of new work of a nature comparable to that covered by existing job descriptions for classifications referred to in Section 1 of Article VIII.

(b) The combination of work covered by such existing job descriptions.

(c) A substantial change in the duties or requirements of an established job.

(2) The Company shall furnish the Union with the new job description and proposed rate range. If agreement on such rate range is not reached within seven (7) calendar days from the date of submission, the Company may place the new job description and rate into effect, subject to continued negotiation of such rate range. The Company will notify the Union on the date the new job description and rate are placed into effect.

(3) If agreement as to the proper rate is not reached within fifteen (15) calendar days from the date the job is placed into effect, either party may refer the matter to arbitration in accordance with the applicable provisions of the Agreement. The arbitrator shall have the authority to determine the rate or rate range the new or amended classification shall have on the sole basis of the relationship which the new job bears to the rate or rate ranges of other classifications covered by this Agreement.

(4) Any change in the established rate resulting from these negotiations shall be retroactive to the date the Company places such rate into effect.

D. Classification of an Employee

Each employee shall be placed in the classification proper for the work he performs and job descriptions shall be applied in accordance with Sections 1 and 2 of this Article.

Section 2 - Glossary of Terms and Phrases

The Glossary of Terms and Phrases which is placed into effect upon execution of this Agreement is incorporated herein.

A. Glossary of Terms and Phrases as used in Job Descriptions

In preparation of the job descriptions, the following terms and words are given definition and meaning to clearly indicate the common and consistent interpretation to be placed in them by all persons using the descriptions.

The meaning of words and phrases not included in this glossary shall be defined in Webster's Collegiate Dictionary.

ADAPTS: Means to utilize for other purposes than originally intended.

AUTHORIZED DOCUMENT: Means any type of document which is used by the Company to transmit to the worker what is to be done, how it is to be done, and/or what specifications or requirements are applicable to the work.

CHECK, FUNCTIONAL: Means to determine or ascertain whether a unit or portion of a system performs the function for which it is intended and whether rework or alteration is required.

CHECKOUT, OPERATIONAL: Means making a complete check of an entire completed independent system to determine if rework or alteration is necessary.

HAND TOOLS: Includes those portable tools used by hand by the workman in the normal performance of duties and tasks of the occupation in which he works.

IMPROVISE: Means to contrive or make use of makeshift tooling and/or methods to meet immediate needs or requirements.

KNOWLEDGE, COMPLETE: Means full understanding of, and ability to apply, all facts that must normally be known by the worker in the occupation.

KNOWLEDGE, ELEMENTARY: Means that the employee is not expected to carry out the technical functions of his classification completely without guidance from supervision or more senior fellow workmen.

KNOWLEDGE OF: Means knowledge of the inherent elements or details of a job that must be known by a worker to do his work satisfactorily.

LEAD: On the part of any classified employee to delegate as authorized, a portion of his allocated work to employees assigned to work with him and pass on sufficient information to enable those employees to accomplish their work in a manner that will result in economy, quality, and efficiency. Employees classified on jobs which include lead responsibilities will:

(a) Make detailed work allocations as instructed by the supervisor, in conformance with the classifications of employees being led, but will not make basic work assignments which affect the classification of employees.

(b) Be responsible for furnishing sufficient and accurate information to assigned employees.

(c) Interpret information, answer questions, review, check work, and eliminate ordinary difficulties.

(d) Perform the other "Determining Duties and Responsibilities" specified in assigned classification.

Employees classified on jobs which include lead responsibilities are not to make, as a result of solicitation by the supervisor, recommendations concerning employment, release, transfer, upgrading, or disciplinary action relative to other employees.

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 third angle projection drawings or photographs.

SHOP MATHEMATICS: Is that form of mathematics normally used by shop workmen in the performance of the occupation in which he works.

SHOP MATHEMATICS, INCLUDING TRIGONOMETRY: Means the use of trigonometry to solve any problem that may arise in the work to which assigned.

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 occupation itself. Besides knowledge and ability to use required hand tools and equipment, it includes knowledge of general safety practices, conduct, rules of cleanliness, neatness, good housekeeping and care of equipment. When used in the phrase "shop practices and procedure," practice need not imply other than practice or methods learned or acquired at the Company.

SHOP THEORY: Implies knowledge of "why" as well as "how" a given task should be done. It implies a real understanding of the diversity of work in an occupation, of the capacities and limitations of machines used, and of the skills involved.

WHERE COMPLETE INFORMATION IS NOT READILY AVAILABLE:

(1) This phrase is not to be interpreted as requiring the worker to develop his own information, except for such information which falls into the category of acceptable shop practice.

(2) Where this phrase is used in a job description it is understood that all workers in the classification will work under these conditions as required.

WORKS WITH AUTHORIZED LIAISON PERSONNEL AS NECESSARY (OR WHEN REQUIRED): This phrase is intended to cover situations such as when trouble develops on a job, the worker goes to his lead or supervisor who in turn may call in a liaison person, and then the worker, being more familiar with the job, will cooperate with the liaison person to straighten out the trouble.

AS REQUIRED: Means performance of work operations, if and when such are necessary, as long as they are within the level of difficulty described.

HELPS/ASSISTS: Means to assist or aid an employee in the performance of his duties as set up in the particular job description when the phrase exists. The assisting worker is not expected to work wholly independently but rather cooperatively and, further, is entitled to, and should receive, the guidance and instructions considered usual and normal under these circumstances.

MAY: Means that the function is performed by some of the personnel holding the classification or, that the function is occasionally performed, but is not requisite for the classification.

WHEN SO ASSIGNED: Means that the work operation, function or job duty is usually and normally performed after or as a direct result of an order, work assignment, or request from immediate supervisory personnel when an occasional or incidental job requirement exists. It is understood that all statements used in specific job descriptions are to be interpreted on the basis of the level of difficulty contained in the respective descriptions.

This Agreement, which becomes effective as of August 28, 2010 is accepted and agreed to by the parties hereto as indicated by the signatures of the parties' duly authorized representatives which appear below:

International Association of
Machinists and Aerospace
Workers, AFL-CIO

J. C. Crowdis, Coordinator
Aerospace Department, IAM&AW

J. Walker
Directing Business Representative

N. Mrdjenovich
Business Representative

B.L. Beattie
Committee Member

L. G. Tucker
Committee Member

M. K. May
Committee Member

C. Yates
Committee Member

G. M. Saltsman
Committee Member

L. R. Jamieson
Committee Member

United Space Alliance, LLC

R. S. Claus, Manager
Labor Relations

W. E. Carr, Director
Data & Ground Systems

E. M. Morales
Tech Shop & Facility Structures

K. F. Dewit, Manager
Transporter & Crane Operations

P. J. Parrish, Deputy Director
Processing Operations

LETTER OF UNDERSTANDING 1 - Continuous Improvement Process

August 28, 2010

The Company and Union agree that improvement in work processes represents an opportunity to create a more efficient, responsive and productive operation. It is also agreed that employee knowledge and involvement are crucial elements in making such improvements.

In this regard, the parties agree to review and evaluate methods and processes designed to improve business operations through bargaining unit employee involvement.

This Letter of Understanding shall not be interpreted to supersede, replace, or interfere with any rights or obligations of either party contained in the Collective Bargaining Agreement. In the event of a conflict arising out of this Letter of Understanding and the Collective Bargaining Agreement that is not mutually resolved between the parties, the terms and conditions of the Collective Bargaining Agreement shall control.

Both parties agree that certain matters are subject to mandatory bargaining within the meaning of the Labor Management Relations Act, and that those matters are not to be pursued through the employee involvement process.

This Letter of Understanding is effective for the term of the current Collective Bargaining Agreement only. Further effectivity will require mutual agreement of the parties.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

LETTER OF UNDERSTANDING 2 - Prolonged Leave of Absence for Union Officials

August 28, 2010

This will confirm the understanding reached during 1998 negotiations concerning prolonged leave of absence for Union Officials to engage in business of the IAM & AW. It was agreed that such leaves may be granted for periods of time mutually agreed upon between the Company and the Union, normally for the duration of the term of office.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

LETTER OF UNDERSTANDING 3 - HPWO

HPWO PARTNERSHIP AGREEMENT
Between UNITED SPACE ALLIANCE
and
INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS

We believe all our employees and union members want to be a part of making the most capable and reliable space systems and spacecraft in the world even better. We recognize pursuit of this collective ambition will necessitate fundamental changes in the workplace. The United Space Alliance, LLC and the International Association of Machinists and Aerospace Workers (IAM), IAM District Lodge 166 and Local Lodge 2061 and IAM District Lodge 37 and Local Lodge 1786 are committed to jointly developing a partnership to more effectively accomplish goals of mutual benefit.

As partners in workplace change, the IAM and United Space Alliance will address the compelling need to foster a labor-management relation's environment of trust and cooperation that is responsive to our customer's current and future needs. The partnership will work toward improving quality, productivity, participation, flexibility and growing the business while enhancing earning opportunities, employment security, job satisfaction and safety for employees.

The IAM and United Space Alliance, while maintaining their separate identities, recognize their shared responsibility to gain commitment from all employees to contribute to the success of the Company and nurture a positive work environment. This agreement will enable employees in all parts of the Company to participate in workplace change. They will share information, solve problems and share in decision making around the vital functions that are critical to the business, its costs and the processes used to do the work.

The success of our partnership will depend on a commitment to supply the resources, the time and staff to meet our mutual goals and objectives. It will depend on a commitment from all employees to sharpen existing skills, seek out, learn and apply new knowledge in diverse functions and work activities.

Through this partnership and its commitment to positive workplace change, we intend to achieve our visions of excellent customer satisfaction and program performance, growth and diversification of the business and contribution to the enrichment of our communities. Through this partnership we intend to be the company of choice for our employees and union members.

/s/original signed by	/s/original signed by
_____	_____
R. Thomas Buffenbarger President International Association of Machinists & Aerospace Workers	Michael J. McCulley Chief Executive Officer United Space Alliance, LLC

LETTER OF UNDERSTANDING 4 - Shift Bid

August 28, 2010

The parties agree to intradepartmental and interdepartmental shift bids (noting that departments may be reorganized and renamed from time to time). The current Ground Systems Support (GSS) departments are Elevator Shop, HVAC/ECS, Structures, Pneumatics, Water, Special Power, Low Voltage Systems, Transporters, Mobile Generators, Fixed Crane Ops, Mobile Cranes/Proofload, High Crew, Sheet Metal/A&R Shop, Electrical & Institutional Shop, Paint Shop, and Machine & Weld Shop. The current Processing Operations departments are Materials Management & Distribution, Vehicle Integration Support, Flight & Ground Element Support, and Offsite Processing Support. The Property Administration department is currently Property Management – East.

An employee may submit an intradepartmental shift bid to change shifts once every ninety days, seniority allowing. The employee shall replace the least senior employee within the department in their classification on the requested shift. The requested shift bid will be acted upon within two weeks, operational constraints permitting.

An employee may submit an interdepartmental shift bid to change shifts once every twelve months, seniority allowing. The employee shall replace the least senior employee in GSS or Processing Operations in their classification on the requested shift. The number of transfers will be limited to no more than ten percent (10%) (but not less than one person) of the affected shop, shift or classification during the familiarization, training, or certification period. The familiarization, training, or certification period will be for a time mutually agreed upon by the parties not to exceed six (6) months. The requested shift bid will be acted upon within thirty (30) days, operational constraints permitting.

The selection of an intra- or interdepartmental shift bid is the option of the employee. In addition to the 90-day and 12-month time limits noted above, no employee may submit a shift bid of any type more often than once every 90 days.

In addition to shift bids, employees assigned to Processing Operations departments may submit intra- or interdepartmental start time bids provided such bids follow the same limitations as specified above for shift bids. The employee would then replace the least senior employee in their classification with the requested start time either within their own department or another Processing Operations department.

When operational constraints delay effectuation of a shift bid (or start time bids within Processing Operations departments), the Union shall be entitled to a prompt meeting (within thirty days of deferral of the request) with the involved department manager and GSS or Processing Operations Director, if necessary, to arrive at a mutually acceptable transfer date. If the Union feels, after such meeting, that the circumstances do not justify a delay or length of delay specified by the Company, the matter will be discussed within five (5) days among the Union's Business Representative, the Manager, Labor Relations, and the GSS or Processing Operations Director. If an equitable solution cannot be reached at this conference, the Union may process its objections to arbitration. The Company will cooperate fully to obtain an expedited hearing on the matter.

This Letter of Understanding is effective for the term of the current Collective Bargaining Agreement only. Further effectivity will require mutual agreement of the parties.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

LETTER OF UNDERSTANDING 5 - Handling Loss of Super Seniority When Senior Employees On Layoff

August 28, 2010

An employee bypassed for layoff due to seniority privileges granted under CBA and subsequently loses those privileges for any reason, he or she will be given two (2) weeks notice and be laid off. The preceding will not be subject to the grievance procedure.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

LETTER OF UNDERSTANDING 6 - Surplus Condition or Contemplated Surplus

August 28, 2010

Should a surplus condition or contemplated surplus condition exist, consideration will be given by the parties to volunteer request for layoff out of line of seniority. In instances where more than one request is received within a classification and department, the more senior employee will receive first consideration. Volunteering employees may condition their offer upon the sparing of employees in the bargaining unit who would otherwise be subject to layoff; failure of the Company to meet such condition will void the offer. Should a request be denied, it shall not be subject to the grievance procedure. Should the request be honored all layoff benefits shall apply.

This Letter of Understanding is effective for the term of the current Collective Bargaining Agreement only. Further effectivity will require mutual agreement of the parties.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

LETTER OF UNDERSTANDING 7 - Full-Time Paid Union Official

August 28, 2010

This will confirm our understanding reached during 1998 contract negotiations concerning leaves of absence for United Space Alliance employees who become full-time paid officials of the Union.

It is the policy of United Space Alliance to grant indefinite leaves of absence to United Space Alliance employees who become full-time paid officials of unions (including the International) which have, and continue to have, representation at United Space Alliance. In the event this facility ceases operation, the leave is to be terminated not later than the date the last represented employee in the applicable bargaining unit is laid off. Such leaves of absence are for the purpose of recognizing fully accumulated seniority, establishing terms of continued or renewed benefit participation, and determining the appropriate rate of pay in the event such an official returns to United Space Alliance as an active employee within sixty (60) days following severance as a union employee.

While on leave of absence, it is United Space Alliance's policy to permit full-time union officials to participate at no cost to the Company in the group medical, dental plan, and life insurance plans in effect for represented employees in the area from which the official is on leave. Full premiums at group rates for the coverage selected by the union official are to be paid directly to United Space Alliance or the selected carrier as applicable. United Space Alliance will make whatever arrangements are necessary with the carrier to ensure that the coverage, when requested, is provided. Claims under the selected coverage will be administered by United Space Alliance, as required.

At the termination of an employee's tenure of full-time Union employment, such employee shall be reinstated to the active payroll in the same job classification, consistent with accumulated seniority, at the base hourly pay rate which would have been attained had the employee been on the active payroll during the leave of absence.

This Letter of Understanding is effective for the term of the current Collective Bargaining Agreement only. Further effectivity will require mutual agreement of the parties.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

LETTER OF UNDERSTANDING 8 - Work Jurisdiction Between Electricians and Electronic Techs

August 28, 2010

This letter will confirm the understanding reached on July 27, 1996, between the Company and the IAM concerning the guidelines for work jurisdiction between Electricians and Electronic Technicians.

1. Work assignments will in general be made on a system basis.
   - (a) If a system is predominantly electrical in its component and sub-assembly make-up, it will be assigned to electricians (example - roll up doors).
   - (b) If a system is predominantly electronic in its component and sub-assembly make-up, it will be assigned to electronic technicians.
   - (c) Incidental common parts of these systems such as disconnects, circuit breakers, solid state power supplies, electronic sensors, and motors may be operated by either classification in the maintenance troubleshooting of their system. <u>However, corrective maintenance of components or sub-assemblies will be accomplished by the appropriate classification.</u>
2. Work assignments which involve major tasks to be performed on both electrical and electronic sub-assemblies of a single system will require an IAM/United Space Alliance team (2) representing both skills.
3. Wherever possible systems will be designated as predominantly electrical or electronic. This will establish which group is responsible for primary maintenance and initial troubleshooting.
4. When a system cannot be easily judged one or the other, a team approach will be used.

The parties mutually agree that those employees assigned to overhead crane operations and classified as Electricians and Electronic Technicians are excluded from this Letter of Understanding.

It is further understood and agreed that this letter shall be effective only for the duration of the present collective bargaining agreement existing between the parties, unless terminated at an earlier date by giving 30 days notice to each party.

This Letter of Understanding is effective for the term of the current Collective Bargaining Agreement only. Further effectivity will require mutual agreement of the parties.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

LETTER OF UNDERSTANDING 9 - Buddy System

August 28, 2010

This Letter of Understanding is to set forth the basic guidelines to be followed by supervision when assigning jobs and giving consideration for the need to utilize the "Buddy System."

By definition a "Buddy" is another person in the immediate vicinity who can respond to unexpected circumstances and summon help when someone is injured, disabled or trapped.

A "Buddy" can immediately secure a system or situation if it is safe to do so, but he should not respond in such a way as to place himself in the same difficulty. A call for help is essential and the application of first aid important whenever possible.

The "Buddy" question for the most part only arises when work tasks are assigned to a single individual.

Many occasions come up where teamed (2 people) crews, because of the geography, are given jobs which would normally require one man. This practice will continue when practical, but should not be considered precedent setting.

Two or more man crews are assigned to jobs when any of the following exist:

(a) The job is judged hazardous (for instance, work on an exposed live bus or work on any other system under circumstances which present similar or greater risk may require two employees of the same skill);

(b) The work itself involves 2 or more work positions to be manned simultaneously;

(c) The work involves technical functions assigned to different classifications.

For remote, non-hazardous locations, an employee will have the option of requesting a "Buddy" to accompany him/her to that location. The Company will honor these requests as appropriate.

There are numerous jobs which do <u>not</u> require two workers and because they are not considered hazardous should be normally assigned to one person. Examples include:

1. Taking visual system readings of pressure, voltage, etc.
2. A requirement to plug power into a guard shack, TAIR van, etc.
3. To examine and report field conditions.
4. To monitor and report the actions of other contractors when working on or near United Space Alliance systems.

5. Switching low voltage (600 volts or less) power utilizing normal activation device such as push-button, lever.
6. Activating systems such as PAPI and bar ball lights.
7. Performing equipment walk downs and inspections prior to their use.

One person jobs requiring a "Buddy" are to a large extent determined by the environment or potential environment rather than the task itself. Examples would include:

a) Entering the Pad following cryogenic loading; for Red Crew, safety may limit the Company to two (2) employees. These employees may be of different classifications.

b) Entering confined areas where GN2 is used for purging, (i.e. any environment where O_2 deficiency could occur).

c) Entering remote areas where reliable communications by phone or radio net does not exist.

This Letter of Understanding is effective for the term of the current Collective Bargaining Agreement only. Further effectivity will require mutual agreement of the parties.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

LETTER OF UNDERSTANDING 10 - Temporary Lead

August 28, 2010

The Company agrees to appoint a temporary lead on the 1st day a permanent lead is absent.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

LETTER OF UNDERSTANDING 11 – Vacation

August 28, 2010

Mr. Nick Mrdjenovich
Business Representative
International Association of Machinists
and Aerospace Workers (AFL-CIO)
271 Taylor Avenue
Cape Canaveral, Florida 32920

Dear Mr. Mrdjenovich:

This will confirm the parties' agreement during 2004 contract negotiations regarding use of vacation hours and coordination of vacation hours with short-term disability benefit.

Approval or denial of requests for time off is based on operational necessity during the requested time-off period.

Employees on medical leave of absence may coordinate vacation hours and short-term disability on the same basis as formerly done under the annual vacation grant plan after sick leave has been exhausted.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

LETTER OF UNDERSTANDING 12 - Odd Work Week Schedule

August 28, 2010

This will confirm the parties' agreement to retain the "Odd Work Week Schedule" originally adopted on August 19, 1986, as the accepted method for accomplishing an employee's change of designated work week and scheduled days off.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

LETTER OF UNDERSTANDING 13 - Drug-free Workplace

August 28, 2010

The Union recognizes the Company's policy (reference FPP-C-07-01, Rev. 8, Drug-Free Workplace) presented to the Union during negotiations to maintain a drug and alcohol free workplace, and to comply with laws and regulations addressing that subject. Should the applicable laws or a government customer of the Company require changes to the policy, such changes shall be incorporated into that policy.

For the Union:	For the Company:
Nick Mrdjenovich Business Representative	R. S. Claus Labor Relations

LETTER OF UNDERSTANDING 14 - Removal of Disciplinary Record

August 28, 2010

This will confirm our understanding concerning removal of record of disciplinary action from an employee's personnel file.

Formal Warnings will remain in an employee's personnel file for twelve (12) months. Formal Written Reprimands will be retained in an employee's personnel file for eighteen (18) months. After these respective time periods, an employee may request in writing that the Formal Warning or Formal Written Reprimand be reviewed by his / her manager for removal. If it is determined that there has been no disciplinary action within the defined retention period, all record of the Formal Warning or Formal Written Reprimand shall be removed from the employee's personnel file.

This Letter of Understanding is effective for the term of the current Collective Bargaining Agreement only. Further effectivity will require mutual agreement of the parties.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

LETTER OF UNDERSTANDING 15 - Employee Stock Purchase Plan

August 28, 2010

This will confirm the parties' Agreement in 1998 contract negotiation that bargaining unit employees will be included in United Space Alliance's Employee Stock Purchase Plan.

Employees may purchase Boeing, Lockheed Martin and/or Rockwell stock through payroll deductions. Commissions are paid by the Company when buying stock; employee pays commissions when selling stock.

It is understood that this plan is subject to modification on a Company wide basis, including possible termination. Bargaining unit employees will be subject to such modifications as may occur, whether more or less favorable, without requirement for further negotiation.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

LETTER OF UNDERSTANDING 16 - Health Care Cost and Quality Committee

August 28, 2010

The Company and Union have agreed to establish a joint health care cost and quality committee to address ongoing concerns about the affordability of health care and the quality of services provided. The Committee will consist of an equal number of Company and Union representatives (not more than 6 total, 3 from each party), including senior leaders as determined by each party. It is anticipated that the Committee will meet quarterly or more often at the mutual agreement of the Company and Union.

The Committee will annually review health care cost trends nationally and utilization data locally. The Parties also agree to work collaboratively to improve the quality of health care services provided to IAM-represented employees. Specifically, the Parties commit to pursuing patient safety initiatives such as the Leapfrog initiative to reduce preventable medical errors and to working with the health care plan in communicating information that will help plan participants make effective choices of health care providers and hospitals.

The Parties agree to work collaboratively in these efforts in the pursuit of increasing the value of negotiated health care benefits and to address the ongoing health care crisis nationally.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

LETTER OF UNDERSTANDING 17 – Incidental and Common Tasks

The Parties recognize that most job classifications contain task elements, functions and skill requirements unique and specific to that classification. The Parties also agree that to accomplish a primary task employees may need to accomplish an incidental task not within their classification.

Common tasks are tasks that can be performed by employees in more than one classification with limited or no training. Such common tasks shall be identified and assigned by management, with consideration to training, certification and safety requirements.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

ADMINISTRATIVE LETTER NO. 1 - Wages and Benefits

August 28, 2010

Mr. Nick Mrdjenovich
Directing Business Representative
International Association of Machinists
and Aerospace Workers (AFL-CIO)
271 Taylor Avenue
Cape Canaveral, Florida 32920

Dear Mr. Mrdjenovich:

This will confirm our agreement reached during negotiations concerning employee wages and benefits.

1. Employee Incentive Plan

If the offer is ratified prior to midnight August 28, 2010 and subject to execution of the Agreement, all employees in the bargaining unit shall be eligible to fully participate in the Employee Incentive Plan (EIP) for the performance periods of October 1, 2009 through September 30, 2010, October 1, 2010 through September 30, 2011 and October 1, 2011 through September 30, 2012, subject to the terms and conditions contained in the official EIP program documents, as they may be changed from time to time. Such documents and any changes thereto shall be controlling in all instances.

2. 2010 General Wage Increase

There shall be no general wage increase in the first year of the agreement.

3. 2011 General Wage Increase

Effective August 27, 2011, each employee covered by this Agreement who is on the active payroll of the Company on August 27, 2011 or upon return to the active payroll from an approved leave of absence, shall receive an increase in base rate of pay of two and one half percent (2.5%). In no event shall the resulting base pay rate exceed the established pay rate maximum.

4. 2012 General Wage Increase

Effective August 25, 2012, each employee covered by this Agreement who is on the active payroll of the Company on August 25, 2012 or upon return to the active payroll from an approved leave of absence, shall receive an increase in base rate of pay of three percent (3%). In no event shall the resulting base pay rate exceed the established pay rate maximum.

5. Automatic Rate Progression (ARP)

a. Effective on the following dates, the base rate of each employee whose rate is below the maximum rate of his/her classification shall be increased by nineteen cents ($0.19) per hour, or such lesser amount as is necessary to bring his/her base rate to the rate range maximum:

October 16, 2010	.19/hr.
January 15, 2011	.19/hr.
April 16, 2011	.19/hr.
July 16, 2011	.19/hr.
October 15, 2011	.19/hr.
January 14, 2012	.19/hr.
April 14, 2012	.19/hr.
July 14, 2012	.19/hr.
October 13, 2012	.19/hr.
January 12, 2013	.19/hr.
April 13, 2013	.19/hr.
July 13, 2013	.19/hr.

b. During the first year of employment in the bargaining unit, a newly-hired or transferred-in employee shall receive his/her first ARP increase calculated on pro-rata basis.

c. If an employee is on an approved medical leave of absence or approved military leave of absence on an ARP effective date(s), he shall receive one (but no more than one) ARP increase on the effective date of return to the active payroll. In no event will any employee receive an increase exceeding the maximum of his labor grade.

d. An employee returning to the active payroll of the Company from layoff or approved leave of absence shall be eligible for the next scheduled ARP increase.

6. Retirement Plan

a. The Plan will cover United Space Alliance employees hired prior to the effective date of this agreement and represented by the IAM, including those who were participants in the Predecessor Plan, and on whose behalf accrued benefit rights were transferred to this Plan from the Predecessor Plan. Employees hired on or after November 4, 2007 are not eligible to participate in the Retirement Plan.

b. For employees on USA's active payroll as of December 24, 2007, retiring on or after January 1, 2008, the benefits for credited service is $70 per month per year of credited service earned after December 25, 2001 and the benefit for credited service earned from October 2, 1983 to December 25, 2001 shall be $45 per month per year of credited service. Those employees hired on or after July 1, 1992 and prior to December 25, 2001 shall not earn credited service for that period under the Retirement Plan but received credited service under the CAP. The benefits of former employees not on the active payroll as of December 24, 2007 and who retired prior to January 1, 2008, shall be calculated under Collective Bargaining Agreement and terms of the Retirement effective as of their date of termination.

c. Effective December 25, 2010 the following conditions shall apply to the Retirement Plan:

   i. No employee shall earn any credited service for purposes of the Retirement Plan and the Plan will be amended effective December 25, 2010 to terminate the Plan. If the Plan is terminated, USA will offer those entitled to benefits an election of a lump sum payout option as well as continuing the annuity option.

   ii. USA shall proceed in accordance with the provisions of the Retirement Plan and applicable federal law to terminate the Retirement Plan.

7. Retirement Savings (401k) Plan

a. This subsection 7 (a) is effective for paychecks dated through December 31, 2010. Employees covered by this Agreement will be able to participate in the Retirement Savings Plan (401k) with a Company match of sixty percent (60%) for the first six percent (6%) of the employee's salary contributed to the plan.

b. This subsection 7(b) is effective for paychecks dates on and after January 1, 2011. The Company match for the USA Retirement Savings (401k) plan shall be 100% of the first 1% of the employee's wages contributed by the employee to the Plan and 50% of the next 5% of the employee's wages contributed by the employee to the Plan.

c. Employees may contribute 1% to 50% of base earnings on a before tax or after tax basis, and the employees who are age fifty or older shall be allowed to defer additional amounts on a pre-tax basis to the extent allowed by "catch up" provisions contained in IRS regulations. Employees will be subject to all remaining terms and conditions of said plan.

8. Health Care

a. The current health care provisions, regarding medical, dental and vision insurance coverage shall remain in effect through December 31, 2010.

b. Effective January 1, 2011 The Company shall provide health care insurance coverage, as follows:

i. Medical coverage shall be as reflected in the document entitled, "United Space Alliance Medical Plan Summary Plan Description, Effective January 1, 2010, *First Draft of USASO Version as of September 28, 2009*,("SPD") provided to the Union during negotiations, except that:

1. References in the SPD to "USASO" shall be deemed to be references to "USA"

2. There will not be an HMO plan, and

3. To the extent that federal law requires more generous benefits to be provided, the SPD will be amended to reflect those additional benefits and such benefits will be provided by the Plan

ii. In the event of any conflict between the aforementioned SPD and the Open Access Plus Plan – Benefit Summary, USASO, LLC, Effective 1-1-11 ("Benefit Summary"), prepared by Cigna HealthCare and provided to the Union during negotiations, the Benefit Summary shall be controlling.

Note: Page 51 of the SPD provided to the Union has two hand notations. The effects of those notations are that the referenced, in-network, outpatient mental health and substance abuse visits are 100% covered after the employee makes the applicable co-pay for the visit.

iii. Dental – Cigna PPO or DMO, as elected by the employee, as described in the United Space Alliance Dental Plan Summary Plan Description, effective January 1, 2002 and amended January 1, 2008, except that the annual plan maximum per person under the Dental PPO plan shall be $1500 and not $2000. USA shall no longer contribute to the IAM Benefit Trust Dental Program.

iv. Vision Coverage, as provided during 2010.

v. Employee contributions shall be 30% of the cost to the Company to provide the coverage the employee selects. As has been the practice, the first paycheck dated in 2011 will reflect the change in contributions.

9. Life Insurance

a. Basic Life: 1.5X basic annual earnings through December 31, 2010. Effective January 1, 2011, the amount becomes 1.0 times basic annual earnings.

b. Met Life Optional Life: Employee purchased Term Life coverage of 1, 2, 3, 4, or 5 times basic annual earnings.

10. AD&D

Employee may elect coverage in amounts of $25,000, $50,000, $100,000, $50,000 or $500,000.

11. Short Term Disability

a. **Basic Core Plan:** The Company provides a basic benefit of $105 per week, through December 31, 2010. This benefit terminates effective January 1, 2011.

b. **Buy-Up Plan:** Optional employee purchase of STD coverage of up to 60% of basic annual earnings.

c. Effective January 1, 2011, the current 5 work day waiting period will be reduced to 3 work days. If the employee is determined to be disabled for more than 3 work days the benefits will commence as of the first work day of the disability.

12. Long Term Disability

Optional employee coverage to provide sixty percent (60%) of basic annual earnings.

13. Flexible Spending Account

Employees may elect to have pre-tax deductions for Dependent Day Care and Health Care expenses not covered by insurance, as allowed by such program.

14. Retiree Medical Insurance

a. The provisions of the USA Retiree Medical Plan for Certain Former Lockheed Martin Space Operations LMSO & Certain Florida Ops Represented Employees ("Plan"), applicable to members of the bargaining unit, remain unchanged, except as noted herein. The premium for the early retiree medical coverage to be paid by the retiree will continue to be based on the formula established in 1992 and the retiree's actual number of years of continuous service with United Space Alliance, including recognized service with predecessor contractor(s). Participation in and coverage under the USA Retiree Medical Plan for Certain Former Lockheed Martin Space Operations LMSO & Certain Florida Ops Represented Employees will only be available to employees hired prior to November 4, 2007.

b. To receive benefits:

   i. By December 24, 2010 the employee must have achieved the required years of service and attained the required retirement age (60), as specified in the Plan in order to be entitled to receive benefits, and

   ii. By not later than the earlier of the last day of the month following the month in which the last Shuttle flight lands or September 30, 2011 the employee must have terminated employment with USA and elected to receive benefits under the Plan

c. Except as may be required by law, USA shall have no obligation to make any funding or pre-funding payments to the Plan after August 27, 2010.

d. When in accordance with sound benefit practices a termination date for the Plan and the Trust is determined appropriate due to lack of funds in the Trust, USA shall proceed in accordance with applicable law to effect such termination of the Trust and the retiree medical Plan.

15. Long Term Care

Optional employee coverage to provide long term care facility/professional home care benefits.

16. Miscellaneous Met Life Optional Coverage

- Group Legal Services
- Pet Insurance
- Auto & Home Insurance

17. Machinist Custom Choices Work-site Benefits

The Company has agreed to allow the IAM to offer the Machinist Custom Choices Work-site Benefits program of supplemental insurance benefits to employees in the bargaining unit through their designated agent, Employees Benefit Systems, Inc. (EBS).

18. IAM National Pension Fund 401(k) Plan

The Company has agreed to allow participation by bargaining unit employees in the IAM National Pension Fund (401k) Plan through December 24, 2010, subject to the parties reaching agreement on the details.

Any benefit plans included above in this offer are subject to the provisions contained in official Plan Documents which shall be controlling in all instances.

For the Union:	For the Company:
Nick Mrdjenovich Business Representative	R. S. Claus Labor Relations

ADMINISTRATIVE LETTER NO. 2 - Overtime Agreement

August 28, 2010

Nick Mrdjenovich, Business Representative
International Association of Machinists
and Aerospace Workers (AFL-CIO)
271 Taylor Avenue
Cape Canaveral, Florida 32920

Dear Mr. Mrdjenovich:

This will confirm the following overtime agreement, effective August 28, 2010:

1. Every reasonable effort should be made in fairness to all employees to schedule that employee with the lowest amount of accumulated overtime. The work should be clearly defined and the qualified employee in the required classification be given an opportunity to perform the task. If refused under these circumstances, the employee is still charged with the overtime on the overtime list.

2. Employees will be charged for amount of overtime worked or refused. Overtime will be charged by pay hours to the nearest tenth (1/10th) of an hour. For example:

   Eight (8) hours at time and one half = Twelve (12) hours;
   Eight (8) hours at double time = Sixteen (16) hours;
   Two and three-tenths (2.3) hours at time and one half = Three and four-tenths (3.4) hours.

   Overtime rosters are to be updated no later than mid-shift each day, Monday through Friday. Updates shall include all charges incurred since the last update. The roster should be updated through the normal close of business on Friday afternoon to include projections of scheduled weekend requirements, if operational schedules permit. Unscheduled weekend requirements should be made based on the roster at close of business on Friday. An employee who is absent from work on the last regular work day of his regular work week may be bypassed for weekend overtime assignments.

3. Unscheduled weekend overtime requirements, such as emergency call-ins, will be covered by the supervisor or person in charge attempting to call the employee with the lowest hours first, working up the list until he obtains sufficient employees to complete the task. An employee will not be deemed

ineligible for unscheduled weekend overtime requirements because he was unavailable when scheduled weekend requirements were assigned (e.g., an employee assigned to a standard work week who was absent from work on sick leave/vacation on Friday when weekend overtime requirements were scheduled, is eligible for unscheduled weekend overtime requirements which arise after the normal close of business on Friday afternoon).

4. Overtime work is to be distributed as fairly and equitably as practical among the employees who are normally assigned to perform the work. Distribution of opportunities and performance of overtime work are intended to be made in a manner which will minimize the likely need for waivers from and to ensure compliance with maximum work time policies, as promulgated from time to time by NASA, (hereinafter "Maximum Work Time Policy (ies)"). Any amendment or modifications to Administrative Letter No. 2 must be agreed to by the parties.

5. When the third shift is not manned, overtime should be covered by holding the second shift over and/or bringing day shift in early. If covering an entire third shift with overtime, an attempt should be made to split the overtime between first and second shift.

6. Overtime will be manned by shifts who normally work the respective hours. This does not preclude appropriate pre- and post-shift assignments in support of operations. However, management should use sound judgment to ensure the most equitable and efficient allocation of work in such instances. Employees will not be temporarily transferred to another shift in order to avoid requesting waivers for those employees regularly assigned to the shift on which there is an overtime requirement, except when necessary to avoid a waiver to work more than 13 days straight or to avoid a waiver for any greater amount of time.

7. An employee changing overtime groups will be averaged in the new group and will be kept on the roster from which transferring until his first day actually worked in the new group.

8. Employees temporarily (less than 30 days) assigned to another overtime group, or assigned to a different location, will bring overtime hours worked back and be charged on their list upon returning. For purposes of determining overtime eligibility the temporarily assigned employee(s) shall be averaged into the overtime list where assigned. The temporarily assigned employee will continue to remain eligible for weekend overtime requirements in his regularly assigned overtime group.

9. A supervisor should determine the number of employees needed to accomplish assigned work and notify his employees of his requirement. When overtime is required, the employees who will not violate the Maximum Work Time Policy rules will be asked to work. If an employee is asked to work and refuses, he is charged. If a supervisor has then gone

through the list and has been unable to adequately staff his requirement, he then assigns the lowest qualified employee on the list. In this instance, that employee is charged with the overtime twice.

10. For unscheduled emergency call-ins, the supervisor or person in charge should attempt to call the employee with the lowest hours first, working up the list until he obtains sufficient employees to complete the task. A supervisor may take into consideration skill, ability and travel time, but should use sound judgment to avoid potential labor problems.

11. Under justifiable operational circumstances, a supervisor may continue to work that crew into the next shift. During negotiations, a period of two hours was established as a guide for continuation of a task on overtime. Situations requiring more than two hours will have to be handled on an individual basis and are subject to challenges by the Union.

12. An employee leaving on vacation for a week or more may work overtime on the weekend preceding vacation if he desires, or request to be off and not be charged. Employees who schedule vacation in conjunction with a holiday normally will not be eligible for overtime until reporting for the first regular workday after the holiday period. However, such employees may be offered overtime when requirements cannot be filled from available, eligible employees. Employees who decline overtime under such circumstances will not be charged.

13. After extended sick leave in excess of thirty (30) calendar days, an employee will be averaged into his overtime list.

14. If an employee reports to work with temporary restrictions acceptable to management, supervision will use their best judgment in assigning overtime until limitations are lifted by authorized medical personnel. Employees denied overtime opportunity due to such restrictions, beyond thirty (30) days and every thirty (30) days thereafter will be averaged into the overtime list.

15. An employee, upon his return from a disciplinary suspension, shall be charged with the number of overtime hours he would have been offered if eligible to work during his disciplinary suspension.

16. A new hire will be averaged into his overtime list upon being asked to work.

17. Overtime records will be maintained according to this procedure by overtime group, shift, and job classification where applicable on United Space Alliance's Standard Form. Records will be posted where they are readily available for employee review. If charges are posted for two (2) work days or more and no errors are identified by employees or the Union,

there shall be no liability for resulting bypasses. Proven errors may, however, be corrected for up to thirty (30) days after posting.

18. Union officials and stewards will not be charged for overtime declined in order that they may attend Union functions. Employees declining overtime in order to attend a mandatory military reserve or National Guard drill will not be charged.

19. The parties' commitment to the reasonable and proper administration of Administrative Letter No. 2 should result in the equitable distribution of overtime and consequent harmonious labor-management relations.

    As a further safeguard for the reasonable and proper administration of Administrative Letter No. 2 and in furtherance of the objective of the preceding sentence, requests for remedial actions for improper overtime assignments may arise in the two described instances only and shall be timely addressed as follows:

    A low-accumulated overtime employee who is by-passed for an overtime assignment in favor of another employee from outside his overtime group, who works such assignment on an overtime premium basis, may file a grievance at third step to seek monetary redress.

    A low-accumulated overtime employee who is by-passed for an overtime assignment in favor of another employee with a greater than sixteen (16) hours differential of accumulated overtime, may file a grievance at third step and shall receive pay for the amount of time worked unless the Company asserts an exception covered by Administrative Letter #2. A grievance for a by-pass where the differential is sixteen (16) hours or less may not be filed.

    An employee shall be charged equivalent hours on the overtime roster for any monetary settlement of an overtime assignment grievance; such charge to be posted as of date of settlement of his grievance.

    Nothing in this provision alters the Company's intent to make every reasonable effort to work the qualified employee with the lowest recorded hours except as otherwise provided in this letter.

20. Double time paid, as the result of Article VII, Section 12, "Hurricane Duty Differential," for the first eight (8) hours of an employee's regular work day shall not be charged to the employee's overtime account. The following shall be charged to the overtime account of an employee working Hurricane Duty:

    a. Double time paid for work in excess of 8 hours on the employee's regular work day, and for work performed on a holiday or the seventh day of the employee's work week

b. Time and a half paid for work performed on the sixth day of the employee's work week.

21. When the Company begins training for the job classification of Metal Fabricator, overtime for Welders, Sheet Metal Workers, Machinists, and Metal Fabricators in LES shall be assigned as follows:

a. The overtime list for a given shift, etc. shall include all of the employees on that shift etc. who hold one of the four jobs.

b. All employees in the overtime group shall start with zero overtime hours.

c. Work is to be assigned to the employee with the least overtime who is most qualified to perform the work.

d. An employee is qualified to perform the work if the employee has successfully completed training in at least one of the job skills necessary to perform the work and, if certifications are needed to perform the work, holds such certification(s).

e. The most qualified employee is the one who meets the requirements of "d" and who has successfully completed training in the most number of job skills (welding, machining, and sheet metal, recognizing that no additional training is needed for an employee to be considered trained to perform the work in his current job classification).

f. When the type of work to be performed during the overtime period is not known with certainty, the most qualified employee is the one who has successfully completed training in the most number of job skills (welding, machining, and sheet metal).

g. When the most qualified employees pass on the assignment, the Company shall have the right to force the most qualified employee(s) with the least overtime to accept the assignment if in the good faith opinion of the manager, not doing so might require the assignment of a greater number of employees to perform the work anticipated to be performed during the overtime period than if the most qualified employees were assigned.

h. Until such time as all Welders, Machinists, and Sheet Metal Workers have successfully completed training to be a Metal Fabricator, every January 1 the overtime record for each employee in the overtime group shall be set to zero.

This Administrative Letter is effective for the term of the current Collective Bargaining Agreement only. Further effectivity will require mutual agreement of the parties.

For the Union:

Nick Mrdjenovich
Business Representative

For the Company:

R. S. Claus
Labor Relations

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H = HOLIDAY FOR EMPLOYEES ON REGULAR WORK WEEK
W = GENERAL WAGE INCREASE
A = AUTOMATIC RATE PROGRESSION
■ = END OF CONTRACT

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