

COLLECTIVE BARGAINING AGREEMENT

BETWEEN

**L-3 VERTEX AEROSPACE, LLC.
E6 CLS PROGRAM**

and

**INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE WORKERS
AFL-CIO
DISTRICT LODGE 171**

and its

LOCAL LODGE 850

WORKING TOGETHER

“Working Together” to develop and maintain a high level of trust and respect between the Company and the Union so we can; provide a desirable team environment to meet quality, cost and schedule performance goals of our customer the U.S. Navy.

JULY 1, 2007

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DISTRICT LODGE 171**

AND ITS

LOCAL LODGE 850

THIS AGREEMENT, dated as of the 1st day of July, 2007 by and between L-3 Vertex Aerospace, LLC. - E6 CLS Program (hereinafter referred to as the Company) and the International Association of Machinists and Aerospace Workers, AFL-CIO, District Lodge 171, and its Local Lodge 850 (hereinafter referred to as the Union).

WITNESSETH that

WHEREAS, the Union is the exclusive bargaining agent of certain employees of the Company, and

WHEREAS, the Union and the Company have negotiated a collective bargaining agreement covering wages, hours and other employment, and

WHEREAS, the parties desire to reduce the agreement to writing,

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, the parties hereto agree as follows

ARTICLE 1 RECOGNITION

Section 1.1 Recognition. The Company recognizes the International Association of Machinists and Aerospace workers. AFL-CIO, District 171, Local Lodge 850 as the sole and exclusive bargaining agent with respect to rates of pay, wages, hours of work and all other conditions of employment for all employees covered by this agreement.

Section 1.2 Bargaining Unit. The employer and the Union agree that the employees covered by this agreement shall consist of the following: All employees employed by the L-3 Vertex Aerospace, LLC. on the E6 CLS Program including Electro-Mechanical Senior Lead, Electro-Mechanical Lead, Electro-Mechanical Technician, Supply Technician Lead, Supply Technician excluding supervisors and managers, office clerical employees, professional employees, guards and supervisors as defined by the Act and all other employees of L-3 Vertex Aerospace, LLC.

ARTICLE 2 RIGHTS OF MANAGEMENT

The management of the Company and the direction of the work force is vested exclusively in the Company subject to the terms of this agreement. All matters not specifically and expressly covered or treated by the language of this agreement may be administered for its duration by the Company in accordance with such policy or procedure as the Company from time to time may determine. The Company may at their discretion hire temporary employees for up to sixty (60) work days to perform surge work.

ARTICLE 3 UNION AND COMPANY RELATIONS

Section 3.1 Union Activity During Working Time. Solicitation of Union membership, collection or checking of dues, will not be permitted during working hours. The Company agrees not to discriminate in any way against any employee for the filing of complaints or grievances or for Union activity. Any employee engaged in unsanctioned Union activity during working time, except as specifically allowed by the provisions of this agreement, or by other agreement between the Company and the Union, is subject to disciplinary action.

Section 3.2 Strikes and Lockouts. The Union agrees that during the terms of this agreement and regardless of whether an unfair labor practice is alleged there will be no strike, sympathy strike, slow-down, sit-down, or walk-out and the Union will not directly or indirectly authorize, encourage or approve any refusal on the part of employees to proceed to the location or normal work assignment where no rare or unusual physical

hazard is involved in proceeding to such location. Any employee who violates this clause shall be subject to discipline. The Company agrees that during the term of this agreement there will be no lock-out of employees covered by this agreement. Any claim by the Company that the Union has violated this Section 3.2 shall not be subject to the grievance procedure or arbitration provisions of this agreement and the Company shall have the right to submit such claim to the courts.

Section 3.3 Union Membership. All employees within the bargaining unit defined in Article 1 shall become members of the Union within thirty days (30) days following the beginning of such employment, or within one hundred and twenty (120) days following the execution of this agreement, and shall thereafter maintain their membership in good standing in the Union during the life of this agreement, as a condition of continued employment.

3.3(a) Satisfaction of Obligation. Employees who, under Section 3.3 of this Article 3, are required either to become members of the Union or maintain membership in good standing. Employees may satisfy that obligation by periodically tendering to the Union an amount equal to the Union's regular and usual monthly dues.

3.3(b) Failure to Satisfy Obligation. In the event an employee, who as a condition of continued employment, is required under this Article 3 to become a member of the Union, or maintain his membership in good standing therein, but in any such case does not do so, the Union will notify the Company in writing, through the Manager of Human Resources, or through such other office as may be designated by the Company, of such employee's delinquency. The Company agrees to advise such employee that his employment status with the Company is in jeopardy and that his failure to meet his obligation under this Article 3 within thirty (30) days will result in his termination of employment.

3.3(c) Explanation to employees. Either the Company or the Union may explain to any employee or call to his attention, at any time, his rights and obligations under any or all provisions of this Article 3.

Section 3.4 Payroll Deduction for Union Dues. The Company shall make payroll deductions for the Union's dues upon receipt by the office designated by the Company of a voluntary written assignment covering such deduction on a form mutually agreed to by the Union and the Company. The deduction list will include each such employee's social security number or permanent employee number, name, and amount of deduction and such itemization will be forwarded to the Union. The Union dues shall be in an amount specified on such assignment and the amount will have been approved by the Company in advance as being administratively practicable. Such Union dues deducted shall be tendered to the Secretary-Treasurer of the IAM&AW District 171.

Section 3.5 Indemnity. The Union will indemnify and hold the Company harmless from and against any and all claims, demands, charges, complaints, or suits instituted

against the Company which are based on or arise out of any action taken by the Company in accordance with or arising out of the foregoing provisions of this Article 3.

Section 3.6 Business Representatives - Access to Plant. The business representative of the Union shall have access to the Company plants during working hours for the purpose of conducting legitimate Union business pertaining to this agreement including, but not limited to, the investigation and advising in the handling of grievances, and the Company will not impose regulations which will render the intent of this provision ineffective. The necessary Company badges and credentials will be available to the business representative during working hours. The Union shall keep the Company Business Contracts Administrator currently informed in writing of the name of the accredited business representative.

Section 3.7 Shop Stewards. At Tinker AFB, OK the Union may select not to exceed, except by mutual agreement, two shop stewards from each shop with no more than one shop steward per shift per shop. The Union may select two (2) Shop Stewards each at the Travis AFB, CA, Pax River NAS, MD and Offutt AFB, NE work locations. The Union shall keep the Company, Business and Contracts Administrator, informed in writing of the names of the accredited shop stewards. An employee while serving as a shop steward shall not be surplused, transferred or loaned from his job classification so long as other employees remain in his job classification and on the shift he is designated shop steward.

Section 3.8 Departure from Work Assignment by Stewards to Investigate Complaints or Claims of Grievance. Each steward shall notify and obtain permission from his supervisor before leaving his work assignment for the purpose of investigating complaints or claims of grievance on the part of employees or the Union or contacting the business representative in regard to such claim or grievance. Such permission shall be granted except where there is a substantial reason for delaying the contact or the investigation due to safety conditions or the fact that a critical operation is in process. The Site Manager or SRC Manager as applicable may be present during any discussion relating to any complaint or grievance. However, upon the request of an employee or steward, the Site Manager or SRC Manager as applicable shall authorize a steward to participate in a private discussion with an employee, business representative, or his designee, relating to a complaint or grievance. Discussions of the type described in this Section 3.8 shall be conducted without requiring the employee or steward to clock out provided the discussion does not extend beyond the time that the Site Manager or SRC Manager considers reasonable under the circumstances. Overtime will not be paid for the discussion time without prior approval of management.

Section 3.9 Bulletin Boards. The Company will provide bulletin boards for the use of the Union at locations mutually agreed to. Their use will be restricted to the following:

- (a) Notices of Union meetings;
- (b) Notices of Union elections and results thereof;
- (c) Notices of Union recreational and social affairs;

(d) Such other notices as are mutually agreed upon.

Only notices approved by the Union Business Representative, or his designee, authorized in writing by the Union and approved by the Company may be placed on the bulletin boards.

Section 3.10 Nothing in this agreement is intended to abridge the right of a Site Manager or SRC Manager as applicable to privately discuss with any employee under his or her supervision topics pertinent to the work place, including but not limited to, the employee's job performance.

Section 3.11 Joint Meetings. Should either party desire to discuss with the other any matter affecting generally the relationship of the parties, a meeting of Union and management representatives shall be arranged upon request of either party. Such meeting shall take place at a time mutually convenient to both parties. Any use of Company time for attendance at such meetings shall be arranged in advance by mutual agreement.

This section is intended to provide a free avenue of communication between the Union and the Company, and suggestions, complaints, or other matters may be presented by either party, provided that neither party shall be required to discuss any item brought up by the other party nor be bound to act upon any item presented. However, both parties agree to discuss informal grievances and complaints.

ARTICLE 4

GRIEVANCE PROCEDURE AND ARBITRATION

Section 4.1 Establishment of Grievance and Arbitration Procedure. Grievance or complaints arising between the Company and its employees subject to this agreement, or the Company and the Union, with respect to the interpretation or application of any of the terms of this agreement, shall be settled according to the following procedure. Subject to the terms of this article relating to cases of dismissal or suspension for cause or of involuntary resignation, only matters dealing with the interpretation or application of terms of this agreement shall be subject to this grievance machinery.

Section 4.2 Employee Grievances. In the case of grievances on behalf of employees and subject to the further provisions of Section 4.3 below, relating to cases of layoff or dismissal or suspension for cause of involuntary resignation:

STEP 1. Oral Discussion. The employee first shall discuss his grievance with the steward and if the steward considers the grievance to be valid then the employee and the steward will contact the employee's Site Manager or SRC Manager as applicable and will attempt to effect a settlement of the complaint. This procedure, however, will not prevent an employee from contacting his Site

Manager or SRC Manager as applicable if he so chooses. If the purpose of the employee's contacting his Site Manager or SRC Manager is to adjust the grievance, the steward shall be given an opportunity to be present and such adjustment shall be in conformity with this agreement.

STEP 2. Grievance Reduced to Writing. Handling at management level. If no settlement is reached in Step 1, the steward, if he considered the grievance to be valid, may at any time reduce to writing a statement of the grievance or complaint which the grievant must sign and it shall contain the following:

- (a) The facts upon which the grievance is based.
- (b) Reference to the section or sections of the agreement alleged to have been violated (this will not be applicable in cases of dismissal or suspension for cause or of involuntary resignation).
- (c) The remedy sought.

The steward shall sign and submit the written statement of grievance to the Site Manager or SRC Manager as applicable for his consideration, with a copy to the designated representative of the Company. After such submission, the Site Manager or SRC Manager and the steward may, within the next five (5) workdays, unless mutually extended, settle the written grievance and, over their signatures indicate the disposition made thereof. Otherwise, promptly after the expiration of such five (5) day period, or agreed extension thereof, the Site Manager or SRC Manager and the steward shall sign the grievance and their signatures will indicate that the grievance has been discussed and reconsidered by them and that no settlement has been reached.

STEP 3. Written Grievance Handling at Business Representative/Company Representative Level. If no settlement is reached in Step 2 within the specified or agreed time limits, the business representative or his designee may at anytime thereafter submit the grievance to the designated representative of the Company. After such submission, the designated representative of the Company and the business representative or his designee may, within the next ten (10) workdays, unless mutually extended, settle the grievance and, over their signatures, indicate the disposition made thereof. Otherwise, promptly after the expiration of such ten (10) day period, or agreed extension thereof, the designated representative of the Company and the business representative, or his designee, shall sign the grievance and their signatures will indicate that the grievance has been discussed and reconsidered by them and that no settlement has been reached.

STEP 4. Arbitration. If no settlement is reached in Step 3 within the specified or agreed time limits, then either party may in writing, within ten (10) workdays thereafter, request that the matter be submitted to an arbiter for a prompt hearing as hereinafter provided in Sections 4.6 to 4.7, inclusive.

Section 4.3 Dismissals, Suspensions, Layoff, etc. In cases of layoff or suspension for cause, or of involuntary resignation, the employee shall be given a copy of the layoff, suspension or termination of service slip, as the case may be, if he is available to be presented with such copy. If he is not available, copies of the slip will be sent to the employee and to the Union office. The employee shall have the right to appeal the action shown on the slip providing the Union files a written grievance with the designated representative of the Company within seven (7) workdays after the date of layoff dismissal, or suspension for cause of involuntary resignation, or within seven (7) workdays after the date of the mailing of the copy of the slip. The written grievance then may be processed through subsequent steps.

Section 4.4 Union Versus Company. Processing of grievances which the Union may have against the Company shall begin with step 3 and shall be limited to matters dealing with the interpretation or application of terms of this agreement. Such grievance shall be submitted in writing to the designated representative of the Company, and shall contain the following:

- (a) Statement of the grievance setting forth the facts upon which the grievance is based.
- (b) Reference to the section or sections of the agreement alleged to have been violated.
- (c) The correction sought.

The grievance shall be signed by the designated representative of the Union. If no settlement is reached within ten (10) workdays (unless mutually extended) from submission of the grievance to the designated representative of the Company, both shall sign the grievance and indicate that it has been discussed and reconsidered by them and that no settlement has been reached. Within ten (10) workdays thereafter the Union may in writing request that the matter be submitted to an arbiter for a prompt hearing as hereinafter provided in 4.6 to 4.7, inclusive.

Section 4.5. Retroactive Compensation. Grievance claims involving retroactive compensation shall be limited to sixty (60) calendar days; prior to the written submission of the grievance to Company representatives, provided, however, that this **sixty (60)** day limitation may be waived by mutual consent of the parties.

Section 4.6. Selection of Arbiter - From Federal Mediation and Conciliation Service. The parties shall jointly request the Federal Mediation and Conciliation Service to submit a panel of seven (7) arbiters. Such requests shall state the general nature of the case and ask that the nominees, be qualified to handle the type of case involved. When notification of the names of the panel of seven (7) arbiters is received, the parties in turn shall have the right to strike a name from the panel until only one name remains. The right to strike the first name shall be determined by lot. The remaining person shall be

the arbiter.

Section 4.7 Arbitration - Rules of Procedure. Arbitration pursuant to Step 4 shall be conducted in accordance with the following

4.7(a) The arbiter shall hear and accept pertinent evidence submitted by both parties and be empowered to request such data as he deems pertinent to the grievance and shall render a decision in writing to both parties within thirty (30) days, unless mutually extended, of the completion of the hearing.

4.7(b) The arbiter shall be authorized to rule and issue a decision in writing on the issue presented for arbitration which decision shall be final and binding on both parties.

4.7(c) The arbiter shall rule only on the basis of information presented in the hearing before him and shall refuse to receive any information after the hearing except when there is a mutual agreement, in the presence of both parties.

4.7(d) Each party to the proceedings may call such witnesses as may be necessary in the order in which their testimony is to be heard. Such testimony shall be limited to the matters set forth in the written statement of grievance. The arguments of the parties may be supported by oral comment and rebuttal. Either or both parties may submit written briefs with a time period mutually agreed upon. Such arguments of the parties, whether oral or written, shall be confined to and directed at the matters set forth in the grievance.

4.7(e) Each party shall pay any compensation and expenses relating to its own witnesses or representatives.

4.7(f) The Union and the Company shall equally share the cost of the arbiter including his necessary expenses.

4.7(g) The total cost of the stenographic record (if requested) will be paid by the party requesting it. If the other party also requests a copy, that party will pay one half of the stenographic costs.

Section 4.8 Extension of Time Limits by agreement. Time limits designated in this Article for processing grievances and for bringing a matter to arbitration may only be extended by mutual written consent.

Section 4.9 Agreement Not to be Altered. In arriving at any settlement or decision under the provisions of this Article, neither the parties nor the arbiter shall have the authority to alter this agreement in whole or in part.

Section 4.10 Conference During Working Hours. All conferences resulting from the application of provisions contained in this article shall be held during working hours.

Section 4.11 Business Representative, When Not Available May Authorize Designee.

For any period that the Business Representative is unavailable to serve in that capacity under this Article 4, he may designate an accredited steward or another accredited Business Representative to act for him, as his designee. As to each such period of unavailability, authorization of the designee will be accomplished by the Business Representative informing the appropriate Company representative of the expected period of the Business Representative's unavailability to perform his duties under this Article 4, he shall promptly notify the Company representative of the fact and such notice will terminate the period during which the designee is; authorized to act.

Section 4.12 Signing Grievance Does Not Concede Arbitrable Issue. The signing of any grievance by any employee or representative either of the Company or of the Union shall not be construed by either party as a concession or agreement that the grievance constitutes an arbitrable issue or is properly subject to the grievance machinery under the terms of this Article.

ARTICLE 5 SENIORITY

Section 5.1 Probationary Employees.

5.1(a) For the first ninety (90) days of employment, employees shall be considered as on probation and without seniority. However, if a probationary employee is laid off and rehired within a period of time not in excess of the time he had previously spent as a probationary employee, he will be credited with the time previously worked toward the completion of his probationary period. Upon the completion of his probationary period, his seniority date will then be established as of ninety (90) days prior to the completion date of his probationary period.

5.1(b) During such ninety (90) day period, probationary employees may be laid off or terminated at the discretion of the Company. Such layoffs or termination's during the probationary period shall not be subject to the grievance and arbitration procedure.

Section 5.2 Establishment of Seniority. The seniority date of each employee, who, as of the effective date of this agreement, is in the unit defined in Article 1, on authorized leave of absence from the unit or acting in a Site Manager or SRC Manager as applicable capacity over employees in the unit shall be in conformance with the date carried on the Company's service records. The seniority date of each employee, who, subsequent to the effective date of this agreement is hired, rehired, or transferred into the unit shall be the effective date of such hire, rehire, or transfer.

Section 5.3 Employees With Identical Seniority Dates. When two or more employees have the same seniority date as herein provided, the employee having the lowest clock

number (the last four (4) digits of one's social security number) shall be considered as having the least seniority for tie breaking purposes.

Section 5.4 Accumulation Seniority. Seniority shall accumulate to:

5.4(a) Employees who are on the active payroll of the Company and in the bargaining unit defined in Article 1 of this agreement:

5.4(b) Employees who are promoted to positions supervising bargaining unit employees, shall retain seniority for six months while they remain in a supervisory position; Employees may return to the Bargaining unit to existing job openings only, under paragraph 12.5 of the Agreement;

5.4(c) Employees while on active military service and reinstated in compliance with applicable law;

5.4(d) Time spent on authorized leave of absence for Union business in accordance with Article 8;

5.4(e) Time lost by reason of industrial injury, or industrial illness not to exceed the time limits on layoff statute provided in 5.4(h);

5.4(f) Time spent on authorized leave of absence granted because of pregnancy or to cover periods of non-industrial injury or illness, not to exceed 12 months during any such period;

5.4(g) The first 30 days of any other authorized leave of absence;

5.4(h) Time spent on layoff for a period not to exceed (3) 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 5.5 Loss of Seniority. An individual shall lose seniority rights for the following reasons:

5.5(a) Resignation. In addition to normal resignations, an individual who, while on leave of absence, engages in other employment without prior written approval by the Company, or fails to report for work or to obtain renewal of his leave on or before its expiration, will be considered as having resigned.

5.5(b) Discharge for just cause;

5.5(c) Failure to respond with an acceptance within seven (7) calendar days after dispatch of a recall from layoff notice by certified mail (unless such period is extended by the Company);

5.5(d) Failure to report for work within seven (7) calendar days after acceptance or on such later date as may be designated by the Company;

5.5(e) Failure to keep the Company advised by certified mail of any changes in current mailing address. The Company will fulfill its obligation for notice of recall by mailing a certified notice to the employee's last address of record;

5.5(f) Layoff for a period in excess of three (3) years (or for employees with less than one (1) year seniority, layoff in excess of one (1) year);

5.5(g) Retirement;

5.5(h) Absence in excess of three (3) consecutive working days without notice, either by telephone or written message by messenger to his immediate supervisor shall constitute "resignation" as in 5.5(a) above, unless satisfactory evidence of inability to report for work is shown.

Section 5.6 Transfers To and From the Bargaining Unit.

5.6(a) The Company may transfer or promote employees covered by this agreement to supervisory positions.

5.6(b) Employees transferring to salaried positions shall retain their bargaining unit seniority for six months but shall not accumulate additional seniority while they remain in such salaried positions-

5.6(c) The Company at any time may transfer or demote to positions within this unit those employees who have accumulated or are accumulating seniority under Section 5.2 of this Article 5. Such transfers or demotions may be made subject only to the job return rights of others to the extent provided in Article 12.

ARTICLE 6 WORKWEEK, HOURS OF WORK, SHIFTS

Section 6.1 Workweek. The normal work week shall consist of forty (40) hours and of five (5) consecutive days: Monday, Tuesday, Wednesday, Thursday and Friday. The assigned workweek for each employee for payroll purposes, shall be a period from the beginning of the third shift on Saturday to the beginning of the third shift on the following Friday. The normal work schedule shall consist of five consecutive workdays. Monday through Friday, followed by two days of rest (Saturday and Sunday), except for those employees designated by the Company and who regularly work on Saturday and/or Sunday, whose normal work schedule shall also consist of forty (40) hours and of five consecutive workdays, plus two days of rest, which shall be treated as Saturday and Sunday, in that order. The Company will attempt to meet its irregular workweek

assignments on a voluntary basis among the employees. In the event there are insufficient volunteers to meet the requirement, the supervisor may designate and require the necessary number of employees to work the irregular workweek. Employees assigned to irregular workweek shall be so assigned for a minimum of ninety (90) calendar days.

Section 6.2 Shifts; Lunch Periods; Rest Periods. Each employee shall be assigned to a definite shift with designated times of beginning and ending. The first, second and third shifts each shall be an eight hour and thirty minute period which shall include a thirty minute unpaid lunch period. Each employee who is required to work two or more hours prior to the start of his regular shift shall receive a ten minute rest period prior to the start of his regular shift. Each employee who is scheduled to work two or more hours of overtime after his regular shift shall receive a ten minute rest period prior to the start of the overtime, and every two hours thereafter. Changes of shift assignments shall be made on the first day of a new workweek whenever practicable.

The designated times of beginning each shift during the scheduled workweek (the period covered by Section 7.2) shall be: first shift - between 5:30 A.M. and 8:30 A.M.; second shift between 2:00 P.M. and 6:00 P.M.; third shift between 10:30 P.M.- and 1:30 A.M. of the following day.

Each employee shall be given a ten minute rest period in each half of the shift to which he is assigned; the time of starting each such rest period to be designated by the Company. Changes of shift assignments shall be made on the first day of a new workweek whenever practicable. In the event an employee's shift is temporarily changed (less than five (5) consecutive workdays) during his regular workweek, the employee shall be compensated at the appropriate premium rate on the workday of the change, for all hours worked outside of his previously established shift of work.

Section 6.3 Shift Preference. Senior employees shall be given preference over other employees for placement in an available job openings in their classification. (For purposes of clarification, shifts as defined in this section will include days of rest). Under no circumstances will the provisions of this Section 6.3 be construed to enable an employee, at his instance and request, to displace a less senior employee from his job and shift.

ARTICLE 7 OVERTIME

Section 7.1 Overtime. The Company will attempt to meet its overtime requirements on a voluntary basis among the employees who normally perform the work on a straight time basis; however, in cases of selective overtime, new hires or rehires may be excluded for the first ninety (90) calendar days of their employment. In the event there are insufficient volunteers to meet the requirement, the supervisor may designate and require the necessary number of employees to work the overtime, and a reasonable effort will be made to equalize overtime between employees within a work group, such work groups to

be determined by the Company.

Section 7.2 Time worked within an assigned shift period shall be compensated at straight time rates.

Section 7.3 For time worked outside of his assigned shift, an employee shall be paid one and one-half times his base rate for the first two, hours and double his base rate thereafter.

Section 7.4 For the first eight hours of work by an employee on the first day of this two consecutive days of rest, such employee shall be paid one and one-half times his base rate for that shift and double such base rate thereafter.

Section 7.5 Any time worked on the second day of an employee's two consecutive days of rest shall be paid for at double his base rate for such shift and such double time shall remain in effect for all hours continuously worked.

Section 7.6 Wage Payment Basis. Employees shall be paid for time worked computed to the nearest one-tenth hour.

Section 7.7 New Assignments. When employees are assigned to work in a higher job classification, the new pay rate shall be effective in the employee's paycheck for all hours worked on the date which the new assignment is made. Notification forms of the revised classification shall be given to the employee as soon as practical after the assignment.

ARTICLE 8 LEAVE OF ABSENCE

Section 8.1 Authorized Leaves of Absence. For the time period indicated in each instance, leaves of absence (without pay except to the extent vacation credit or sick leave credit can be used and is used under and in accordance with Articles 16 and 17) shall be granted to an employee on the active payroll:

8.1(a) In case of accident or illness, for the period of time the injury or illness requires that the employee be absent from work. The Company may require satisfactory proof of such illness. Alcoholism may be the basis for granting medical leave to individuals while under treatment at a recognized and accepted treatment center or hospital if such treatment is requested prior to the employee being terminated for unsatisfactory attendance or violation or other Company rules.

8.1(b) In pregnancy cases, upon request of the employee or at such time as leave shall be mandatory under any applicable law. The Company must be notified immediately upon medical confirmation that a pregnancy exists.

8.1(c) For the period of time necessary to serve in the Armed Forces of the United States.

8.1(d) When he is appointed by the President or Directing Representative of the Union representing the particular unit, or selected to a full-time Union position, for the period of time necessary to fill such position.

8.1(e) The Company may grant leaves of absence without pay for other reasons that the Company considers valid.

8.1(f) Requests for leaves of absence must be made in writing to the Company and specify the reason for the absence.

Section 8.2 Return from Leave of Absence. An employee who applies for return from leave of absence on or before the expiration date of his leave will be returned in accordance with the following:

8.2(a) When an employee returns from a leave of absence that was granted due to industrial injury or industrial illness and is medically able to perform the job which was last held.

8.2(a)(1) The employee will be returned to that job if this does not conflict with Article 12.

8.2(a)(2) If this does conflict with Article 12, the employee will be considered for any job that he is qualified and able to perform, or (if a surplus occurred that would have affected him during such leave) be subjected to surplus procedures with Article 12.

8.2(b) When an employee returns from a leave of absence described in paragraph 8.2(a) and is not able to perform the job last held due to medical limitation, he will be considered for any job that he is qualified and able to perform, or (if a surplus occurred that would have affected him during such leave) be subjected to surplus procedures, all in accordance with Article 12.

8.2(c) When an employee returns from a leave of absence that was granted due to non-industrial injury or illness or because of pregnancy, and the period of the leave has not exceeded one year, and the employee is able to perform the job last held, the steps and procedures of subparagraphs 8.2(a)(1) and 8.2(a)(2), limitation will apply.

8.2(d) When an employee returns from a leave of absence described in paragraph 8.2(c) and is medically not able to perform the job which he last held due to medical limitation, he will be considered for any job which he is qualified and able to perform; otherwise, he may be placed on layoff, in accordance with Article 12.

8.2(e) If leave was granted due to non industrial injury or illness and the period of leave is in excess of one year, the employee may be returned to the job title last held providing there is an opening in such job title and placement in such opening is not inconsistent with Article 12; otherwise, he may be placed on layoff.

8.2(f) If leave was granted for military service, the provisions of applicable laws shall apply.

8.2(g) If leave, irrespective of length, was granted for any reason other than those stated in paragraphs 8.2(a) to 8.2(f) inclusive, and in paragraph 8.2(h), the employee will be returned to the job title last held providing there is an opening in such job title and placement in such opening is not inconsistent with Article 12; otherwise, the employee may be placed on layoff.

8.2(h) If leave was granted to accept a full-time position with the Union, the employee will be returned to the job last held if such job is then populated. If such job is not then populated, the employee will be returned to one of equal grade.

ARTICLE 9 SAFETY

Section 9.1 Health and Safety. The Company will continue to make reasonable provisions for the safety and health of employees. The Union shall have the right to confer with the Company on matters pertaining to safety of the employees. A safety committee composed of one (1) employee at each project (shop) location appointed by the Union and up to a like number appointed by the Company will be formed to consider matters relative to these issues. The safety committee shall meet as required (but at least monthly) to conduct investigations and advise management.

The duties of the joint safety committee will be to advise on matters pertaining to Company compliance with applicable laws and regulations, and make appropriate recommendations for the maintenance of proper standards. The principal duty of the joint safety committee will be to assure uniform application of such regulations and standards.

The Union shall cooperate with the Company to keep the plant in a safe, clean and sanitary condition. It is agreed by both parties that high standards of safety are to be maintained. No set of safety regulations, however, can comprehensively cover all possible unsafe working practices. Therefore, the Union and the Company undertake to promote in every practicable way the realization of the responsibility of the individual employee with regard to preventing accidents to himself or his fellow employees.

Section 9.2 Use of Safety Devices. The Company will furnish proper and modern safety and sanitary devices for all employees working on unsafe and hazardous work. Every eighteen months (18) the Company will provide and pay the cost of safety shoes, up to \$75.00. Any replacement of safety shoes within the 18 month period must be approved

by management. It shall be mandatory for all employees to use such devices and/or safety shoes when the Company determines that they are necessary. **Hearing tests.** Hearing tests will be conducted annually for Ground Support Equipment employees only. A copy of all hearing test will be kept in the Human Resource Department and be available upon request by the employees.

Section 9.3 Requirement of Medical Examination. In the interest of continued safety of individuals and their fellow employees, any applicant for employment or any employee may be required through government regulations or by the Company to undergo a medical examination by a doctor of the government's or the Company's selection. If the diagnosis or examination results furnished by the Company doctor are not satisfactory to the employee, he may obtain an opinion from his own doctor. If a disagreement still exists, an additional doctor, mutually agreed upon by the Company and the Union, will be acquired for his analysis. If the mutually agreed upon doctor's diagnosis agrees with the employee's doctor, the Company shall only pay for the services of the mutually agreed upon doctor. The cost incurred for services of all other non-Company physicians shall be the sole responsibility of the employee who gave rise to the dispute.

ARTICLE 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 any decree by 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.

ARTICLE 11 MISCELLANEOUS

Section 11.1 Inventions. Employees shall be permitted to retain ownership of inventions conceived or developed by them while performing work on any of the represented projects as an employee for the Company providing, however that the government and the Company shall have shop rights extending to all such inventions, which rights shall include the non-exclusive royalty-free rights on the part of the Company, to use such inventions and to make, have made, and sell products, parts or tools incorporating such inventions; and on the part of others making products parts or tools for the Company (to be by the Company or in its products), to incorporate or use such inventions In such products, parts or tools, on in the manufacture thereof

Section 11.2 Sabotage. The Union agrees to report to the Company when it has knowledge of any acts of sabotage or damage to or the unauthorized or unlawful taking of Company, government, customer or any other person's or employee's property. The Union further agrees, if any such acts occur, to use its best efforts in assisting to identify the guilty person or persons and notify the Company of its investigation.

Section 11.3 Security Clearance. Nothing in this agreement shall require the Company

to employ or continue to employ or give access to any of its facilities or work locations, any person or persons to whom the cognizant security agency, in the interest of security against espionage or subversive activity, refuses to give access to classified information and/or work. However, the Company will give consideration to assigning an employee in his job title to an area for which he is qualified and a clearance is not required. Employees who can not obtain or lose their security clearance will be placed on lay off status and may access the appeal process for the Security Clearance reinstatement. Upon obtaining or renewing their Security Clearance the employee will return to his previous held job classification. If the employee is unable to obtain reinstatement of his Security Clearance within two years, the employee will be terminated.

Section 11.4 Non-Discrimination. All terms and conditions of employment included in this agreement shall be administered and applied without regard to race, color, religion, national origin, status as a disabled or Vietnam era veteran, age, sex, or the presence of a handicap except in those instances where age, sex or the absence of a handicap may constitute a bona fide occupational qualification. If administration and application of the contract is not in contravention of federal laws, such administration shall not be considered discrimination under this Section 11.4.

Notwithstanding any other provision of Section 11.4 of this agreement, a grievance alleging a violation of this Section 11.4 shall be subject to the grievance procedure and arbitration of Article 4 only if it is filed on behalf of and pertains to a single employee. Class grievances based on alleged violation of this Section 11.4 shall not be subject to the grievance procedure and arbitration under this agreement

Section 11.5 Successor and Assigns. This agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors and assigns; but in the event the Company ceases to perform on this United States Navy Contract, the Company shall be released from all obligations on the project(s) so affected under this agreement

Section 11.6 Performance of Work. Non-Bargaining unit employees will not perform the duties of employees in the bargaining unit, except that which was being performed at the time this agreement was entered into, or in emergency situations, or for the purpose of instructing employees. Non-Bargaining Unit employees are not to perform any unit work solely to prevent a unit employee from earning overtime. Unrepresented employees shall not be assigned to displace employees in the bargaining unit identified in this agreement during periods such unrepresented employees remain outside any such bargaining unit.

Section 11.7 Travel Reimbursement. The Company will furnish, to the Union, copies of the present published Company policies relating to reimbursement of travel

Section 11.8 Uniforms. Uniforms are mandatory. After employees complete their probation period, complete sets of uniforms will be provided as follows: five (5) shirts, five (5) pants, and two (2) jackets. Employees may substitute two (2) coveralls in place of two (2) pants and two (2) shirts.

Each employee will be provided two (2) shirts and two (2) pants the second year. At the third year each employee will be provided three (3) shirts, three (3) pants, and two (2) jackets. Employees may substitute two (2) coveralls in place of two (2) pants and two (2) shirts.

During times of warm weather, employees may wear blue/white T-shirts with the L-3 logo.

Section 11.9 Bargaining Unit Status Report. A quarterly seniority list, updated monthly, will be provided to the Union. The report will include the following information:

- (a) Employee name
- (b) Last 4 digits of the employees Social Security Number.
- (c) Job Classification
- (d) Seniority date
- (e) Current Address

Section 11.10 Masculine - Feminine References. In construing and interpreting the language of this agreement, reference to the masculine such as “he”, “him”, or “his” shall include reference to the feminine.

Section 11.11 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, in care of the Union. Such authorization will remain in effect for the duration of this agreement, unless earlier canceled in writing by the employee.

Section 11.12 Contributions to Guide Dogs of America. 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. Such authorization will remain in effect for the duration of this Agreement, unless earlier canceled in writing by the employee.

Section 11.13 Funeral Leave. Funeral leave of three (3) days, with pay, will be provided for full time Company employees when an employee loses time due to a funeral or interment of a member of their immediate family. Funeral leave will be paid only upon request and with accompanying written particulars of the funeral leave requested. Immediate family members are defined as a parent, spouse, child, stepchild, foster child, brother or sister, grandparent, grandchild or spouse's grandparents, parent-in-law, brother-in-law, sister-in-law.

ARTICLE 12

LAYOFF, RECALL AND TRANSFERS

Section 12 Surplus Action, Transfer, and filling Job Vacancies will be site specific.

Section 12.1(a) In effecting a reduction in force within a work center by job classification, the following procedure shall be followed. Probationary employees will be laid off first, followed by voluntary layoff in the work center and classification; followed by full time employees in the work center, by classification in reverse seniority order.

Section 12.1(b) Affected full time employees referenced in 12.1(a) will be offered a lateral or lower job classification provide they have the required qualifications and certifications on the date of layoff notification, if their seniority permits.

Section 12.2 Recall From Layoff. Employees who are on active layoff status from job classifications having job openings will be recalled in order of seniority. Following any layoff, as employees are needed for recall they shall be recalled in reverse order to the order in which they were laid off. An employee who has bumped to a lower job classification in lieu of layoff will be offered recall to his previous job classification only one time. If he declines the offer he will not have further recall rights to his/her said previous job classification. When an employee returns to his previous job classification the employee shall receive the current rate of pay plus any general wage increases they would have received if the layoff had not occurred. The employees' sick leave balance at the time of the lay off will be reinstated at the time the employee is recalled.

Section 12.2(a) Employees will be notified of recall in writing by certified mail of their last known address on the Company's records, with a copy to the Union, and the employee will be required to report to work within fourteen (14) calendar days following receipt of the written notice. Failure to do so will result in automatic loss of seniority and the employee will be terminated. The employee must keep the Company properly informed of his/her address and phone numbers.

Section 12.3 Temporary Assignment

The Company may temporarily assign employees to perform work assignments for other job classifications. Such work assignment shall not exceed sixty (60) calendar days, unless agreed by the parties.

Section 12.4 Qualifications

The Company will provide the Job Descriptions and "Essential Functions of the job" for the Classifications covered by the Bargaining Agreement.

Section 12.5 Requested Transfer/Job Vacancies

The Company will make known to all employees of any job vacancies or openings, and the employees will make known their interest in such openings. The employee transfer system, including the posting of openings on the Company bulletin boards, will be established and will allow each employee to make application for transfer and will fill the open job positions by seniority and qualifications.

The bidder may be returned to his former job classifications, shift and section, if within (90) ninety working days after beginning the new job classification he fails to show that he is qualified.

"Qualified" and "qualified to perform the work" as used in this agreement shall mean possession of the required experience, if any, and required training, if any, and the ability to perform satisfactorily the required duties of the job and to meet standards of quantity and quality without the need of extensive training.

ARTICLE 13

JURY AND WITNESS DUTY

Section 13.1 An employee absent from work due to required jury duty will be paid for such lost hours at his current straight time base rate, including shift differential where applicable, up to a maximum of eight hours per day, for each regular workday the government body that summoned the employee for jury duty pays the employee. Employees will be paid eight (8) hours jury duty pay and will be excused from their scheduled shift if they serve more than four (4) hours on the day so assigned as a juror. All other employees must report for work provided there are more than four (4) hours available on their shift either prior to their scheduled report time for jury duty or after their release from jury duty (two (2) hours of this time will be considered as travel/preparation time). Second and third shift employees summoned to jury duty will be temporarily assigned to first shift on a weekly basis during the time required to serve. Fees received for jury duty will not be deducted from such pay. The employee will furnish to the Company evidence satisfactory to the Company showing the performance of jury duty that meets the requirements of this Section 13.1.

Section 13.2. An employee absent from work in order to comply with a subpoena as a witness in a federal or state court of law, will be paid for such lost hours at his current straight time base rate, including shift differential where applicable, up to a maximum of eight (8) hours per day, for each regular workday for which he is paid a daily witness fee. Employees will be paid eight (8) hours witness duty and will be excused from their scheduled shift if they serve more than four (4) hours on the day so serving as a witness. All other employees must report to work provided there are more than four (4) hours available on their shift either prior to their scheduled report time for witness duty or after their release from witness duty (two (2) hours of this time may be considered as travel/preparation time). Witness fees will not be deducted from such pay. An employee is not entitled to such pay under this Section 13.2 in circumstances where the employee (1) is called as a witness against the Company or its interests; or (2) is called as a witness on his own behalf in an action in which he is a party; or (3) voluntarily seeks to testify as a witness; or (4) is a witness in a case arising from or related to his outside employment or outside business activities. The employee will furnish to the Company evidence satisfactory to the Company showing his attendance as a witness that meets the requirements of this Section 13.2.

ARTICLE 14 SHORT-TERM MILITARY DUTY

An employee who is a member of a reserve component of the Armed Forces, who is required to enter active annual training duty or temporary special services duty, shall be paid his normal straight time earning, up to a maximum of ten workdays each calendar year. The amount due to the employee under this Article shall be computed and paid upon receipt of the employees Earnings and Leave statement, reduced by the amount received from the government body identified with such training duty or services for the period of such duty (up to the maximum period mentioned above). Such items as subsistence (does not include allowance for quarters), uniform and travel allowance shall not be included in determining pay received from state or federal government.

ARTICLE 15 RATES OF PAY

Section 15.1 Rates of Pay. The base wage for employees covered by this agreement shall be as follows:

JOB TITLE	CURRENT RATE	3.5%	3.5%	3.5%
		11/01/2007	11/01/2008	11/01/2009
Electro-Mechanical Senior, Lead	\$25.75	\$27.65	\$29.12	\$30.64
Electro-Mechanical Tech, Lead	\$23.33	\$25.16	\$26.54	\$27.97
*Electro-Mechanical Tech, Lead (OS)	\$33.54	\$34.71	\$35.93	\$37.19
Electro-Mechanical Tech	\$21.08	\$22.82	\$24.12	\$25.46
*Electro-Mechanical Tech (OS)	\$31.94	\$33.06	\$34.22	\$35.42
Supply Technician, Lead	\$18.97	\$20.63	\$21.86	\$23.12
*Supply Technician, Lead (OS)	\$29.98	\$31.03	\$32.12	\$33.24
Supply Technician	\$17.05	\$18.65	\$19.80	\$20.99
*Supply Technician (OS)	\$26.20	\$27.12	\$28.07	\$29.05
* (OS) Off-Site Travis AFB, CA & Pax River NAS, MD				
Table 1				

Section 15.2 Effective Date of Increase. The effective date of the annual pay increase identified in this agreement shall be 1 November of each year of the Agreement, as identified in Table 1. The effective date of any other pay increase shall be the date of the

occurrence.

Section 15.3 Leads. The Company shall have the right to determine the successful bidder on future Lead positions as opening occur, effective July 1, 2007.

Section 15.4 Shift Differential. When an employee is assigned to the second shift, he shall receive a shift differential of thirty cents (\$0.30) per hour, added to his base rate and made a part thereof while so assigned. When an employee is assigned to the third shift he shall receive a shift differential of sixty cents (\$0.60) per hour added to his base rate and made a part thereof while so assigned.

Section 15.5 Paydays. Paydays for employees under this agreement on all shifts shall be on or before Friday of every second week, at which time they will be paid through the Friday of the preceding week, except when circumstances intervening beyond the Company's control make such practice impossible.

Section 15.6 Report Time/Call-In Time. If an employee reports for work in accordance with instructions he shall receive a minimum of four (4) hours pay at his base rate. Report time will not apply in case of emergency shut down arising out of any condition beyond the Company's control. An employee who leaves work of his/her own volition, or because of incapacity (other than industrial injury), or is discharged or suspended after beginning work, will be paid only for the number of hours actually worked during that day. An employee that leaves work because of incapacity due to industrial injury will be paid eight hours pay at his base rate.

Section 15.7 Irregular Work Week. When an employee is assigned to an irregular work week, he shall have sixty cents (\$0.60) per hour added to his base rate and made a part thereof while so assigned.

Section 15.8 Wage Payment Basis. Employees shall be paid for time worked computed to the nearest one-tenth hour.

Section 15.9 It is the intent of the Company that all employees will be scheduled to work 40 hours per week, 8 hours per day.

ARTICLE 16 VACATIONS

Section 16.1. General. It is the policy of the Company to grant vacation credits to employees. It is believed that a reasonable period of time away from the job is conducive to good health-and well-being and can have a refreshing effect that is to the advantage of the Company as well as the employee. Accordingly, it is management's responsibility to give each eligible employee the opportunity to take a vacation each year. Every effort will be made to ensure that each employee uses all his vacation credits for time off within the period of time available to him.

Section 16.2 Accumulation of Credits.

16.2(a) Vacation credits will be awarded according to the schedule as listed in paragraph 16.4(a) of this Article. Credit will be given for the employee's total length of service which is continuous with the Company, and other predecessor contractors who performed similar work, and was determined to be a predecessor to the Company under the Service Contract Act.

16.2 (b) Vacation credits will be accrued on a bi-weekly pay period basis and will be immediately available for use in (.5) half hour increments.

16.2 (c) Vacation credits will not be **accrued** during period on layoff, strike, or after the first thirty (30) calendar days of a leave of absence.

Section 16.3 Eligibility Conditions. The vacation eligibility date will be the date of last hire by the Company or predecessor contractor when service was continuous, or the most recent rehire date following a termination.

Section 16.4 Accrual for Use of Credits.

The current Vacation and Sick Leave credit balances will be carried over in the conversion year credits and the conversion year credits will be pro-rated from the employee's anniversary date to September 3, 2007 and be added to the accrued balance.

16.4(a) An employee who meets the requirements as set forth in paragraphs 16.3 in this Article shall be eligible for vacation credits in accordance with the following:

VACATION SCHEDULE

Years of Service	Annual Vacation	Credited Hours per Pay Period
1-4 years	10 days	3.0770
5-9 years	12 days	3.6924
10-11 years	15 days	4.6154
12-13 years	16 days	4.9231
14-15 years	17 days	5.2308
16-17 years	18 days	5.5385
18-19 years	19 days	5.8462
20 + years	20 days	6.1539

Section 16.5 Accrued Credits. Previously awarded vacation credits which remain unused on October 31st of each year will be carried to the following year up to a maximum equal to the number of credits the employee was awarded on the employee's

second October 31st. Any unused credits in excess of this maximum carry-over will be lost to the employee.

Section 16.6 Use of Vacation Credits Use of vacation credits will follow the following guidelines.

16.6(a) He shall request vacation dates on forms provided by the company and the company will endeavor to schedule his vacation as requested.

16.6(b) In instances where company management believes the awarding of vacations as requested would interfere seriously with production requirements, the scheduling of vacations shall be as near to the dates requested as possible.

16.6(c) In scheduling vacations, the company will attempt to meet its production requirements by use of employees on a voluntary basis, and, failing in this, the seniors will be given their preference of available vacation dates to the extent established vacation schedules will permit.

16.6(d) There will be no pay-in-lieu of time off for vacation. The intent of this provision is to cause each employee to use the vacation credits awarded for time off.

Section 16.7 Termination.

16.7(a) An employee who is removed from the active payroll shall be provided pay-in-lieu of vacation for all unused and accrued vacation credits in his account, regardless of reason for termination.

16.7(b) An employee who is removed from the active payroll as a result of a voluntary quit, shall be compensated for any vacation accrued upon termination.

**ARTICLE 17
SICK LEAVE**

Section 17.1 Accumulation of Sick Leave.

17.1 (a) Employees, on the active payroll shall earn sick leave credits at the rate of 3.0770 hours per pay period.

17.1 (b) Unused sick leave credits will continue to accumulate from year to year.

17.1 (c) Sick leave credits will not be accrued during period on layoff, strike, or after the first thirty calendar days of a leave of absence.

Section 17.2 Eligibility Conditions.

17.2 An employee's sick leave accrual & credit will not be affected by time spent on an approved Leave of Absence, Vacation, or Sick Leave.

Section 17.3 Use of Sick Leave.

17.3 (a) An employee shall be eligible to use sick leave credits as soon as bi-weekly credits have been awarded. Payment for sick leave shall be at the employee's straight time base rate, including shift differential and irregular work week differentials where applicable, not to exceed a maximum of eight (8) hours pay for any one day of absence.

17.3 (b) Sick leave shall be granted under the following conditions:

1. Illness of employee. A doctor's note is needed if out for more than 3-days.
2. Medical or dental appointments which can only be arranged during working hours. (Employees should be encouraged to arrange medical or dental appointments so as to avoid absence from work when reasonably practical.)

17.3 (c) When sick leave cannot be charged because the employee has exhausted all sick leave credits and he is not yet eligible for an award of his next sick leave credits, the employee may use available vacation credits or be granted leave without pay.

17.3 (d) Employees on leave of absence may use sick leave credits only if the leave is for medical reasons.

ARTICLE 18 HOLIDAYS

Section 18.1 Dates on Which Observed. The following holidays shall be observed by the bargaining unit personnel:

Independence Day
Labor Day
Veterans Day
Thanksgiving Day
Day after Thanksgiving
Christmas Eve
Christmas Day
New Years Day
Martin Luther King Day
Memorial Day

The actual date of observance will be determined by the customers schedule,

Section 18.2 Unworked Holidays. Eligible employees shall receive eight (8) hours pay for unworked holidays (those holidays designated above), at their base rate in effect at the time the holiday occurs, plus shift differential, if applicable.

Section 18.3 Worked Holidays. Employees who are required to work on the above-named holidays shall receive the pay due them for the holidays, plus double their base rate for all hours worked on such holiday, plus shift differential, if applicable, unless the employee starts to work at 10:30 P.M., or thereafter on that day..

Section 18.4 Holidays During Vacation. Should a holiday occur while an employee is on vacation, the employee shall be allowed to take one (1) extra day of vacation with pay in lieu of the holiday as such.

Section 18.5 Holiday Observance When Occurring on a Scheduled Day of Rest. When a holiday falls on an employee's scheduled day of rest, the holiday will be moved in accordance with the following:

18.5(a) If the holiday falls on the first day of rest, the last work day immediately preceding the holiday will be observed as the holiday.

18.5(b) If the holiday falls on the second day of rest, the first work day immediately following the holiday will be observed as the holiday.

Section 18.6 Employees on Irregular Workweek. For those employees who regularly work Saturday and/or Sunday, receiving two (2) consecutive days off during the week, the two (2) days off shall be treated as "Saturday" and "Sunday," in that order, for the purpose of this Article 18. Should any of the holidays observed by the Company occur on such a "Sundays, the following day shall be considered as a holiday for such employees. Should any of the holidays observed by the Company occur on such a "Saturday," the preceding day shall be considered as a holiday for such employees.

ARTICLE 19 GROUP BENEFITS

Section 19.1 Type of Group Benefits Package for Employees on the Active Payroll.

The Company will provide group life, accidental death and dismemberment, medical, dental and weekly disability benefits for eligible full time employees and medical and dental benefits, for covered dependents of eligible full time employees as summarized in the separate document, effective January 1, 2008 and subject to all of the terms and conditions contained in or referred to in a separate document as the Group Benefits Package.

Section 19.2 Cost of the Group Benefits Program for Employees on the Active Payroll (who elect the Group Benefit coverage). The Company will pay the full cost of Life, Accidental Death and Dismemberment, Weekly Disability and Dental benefits for

eligible employees on the active payroll. The Company also pays the full cost of the Dental Plan for eligible dependents. The Company and the employee share the cost of employee and dependent coverage under the medical plan (Company-sponsored Preferred Provider Organization or Health Maintenance Organization) according to the following schedule listed below not to exceed the maximum contributions as illustrated.

	Maximum through 2010	Effective 1/1/08	Effective 1/1/09	Effective 1/1/10
Employee	\$75.00	Prior year plus 20% of increase	Prior year plus 20% of increase	Prior year plus 20% of increase
Employee and Children	\$150.00	Prior year plus 20% of increase	Prior year plus 20% of increase	Prior year plus 20% of increase
Employee and Spouse	\$150.00	Prior year plus 20% of increase	Prior year plus 20% of increase	Prior year plus 20% of increase
Employee and Family	\$225.00	Prior year plus 20% of increase	Prior year plus 20% of increase	Prior year plus 20% of increase

Section 19.3 Details and Method of Coverage. The benefits summarized in the Group Benefits Package shall be procured by the Company under contracts and/or administrative agreements with insurance companies or health care contractors which will be in the form customarily written by such carriers and administrative agents, and the Group Benefits Package shall be subject to the terms and conditions of such contracts and/or administrative agreements, consistent with the plan summary.

Such contracts and/or administrative agreements may require the carriers and/or administrative agents to develop various packages designed to contain costs, based on those portions of the Group Benefits Package which contain the requirement that charges are covered only on the basis of medical necessity. Such cost containment programs or procedures may be utilized to determine the medical necessity of the treatment itself, the appropriateness of the services provided, the place of treatment or the duration of treatment. These programs may include incentives for employees and dependents to use services of an approved Preferred Provider Organization. The carriers or administrative agents and Company will announce each such program or procedure before it is required or available to the affected employees. Any such cost containment Package will not operate to reduce the benefits of such Package to any covered person or to shift the costs covered under such Package to the covered person. The failure of an insurance company or health care contractor to provide for any of the services or benefits for which it has contracted shall result in no liability to the Company, nor shall such failure be considered a breach by the Company of the obligations which it has undertaken by this Agreement. However, in the event of any such failure, the Company shall immediately attempt to provide substitute coverage.

Section 19.4 Administration. The Group Benefits Package shall be administered by the insurance companies, health care contractors or administrative agents with whom the Company enters into contractual relationships for the purpose of providing and/or administering the coverage contemplated by the Group Benefits Package and no question or issue arising under the administration of such Group Benefits Package or the contracts

and/or administrative agreements identified therewith shall be subject to the grievance procedure or arbitration provisions of Article 4 of this Agreement.

Section 19.5 Copies of Policies to be Furnished to Union. Copies of the policies, contracts and administrative agreements executed pursuant to this Article 19, Group Benefits, shall be furnished to the Union. The coverages and benefits indicated in the Group Benefits Package, the rights of eligible employees in respect to such coverages, and the settlement of all claims arising out of such coverages shall be in accordance with the provisions, terms and rules set forth in such policies, contracts or administrative agreements.

Section 19.6 Federal or State Programs. If during the term of this Agreement, there is mandated by federal or state government a program that affords to employees covered by this Agreement similar benefits (such as but not limited to medical and dental benefits) to those that are afforded by this Agreement, benefits afforded by this Agreement shall be replaced by such federal or state program. The Company will comply with the provisions for the furnishing of such program to the extent required by law.

Section 19.7 Fringe Benefit Rate

Fringe Benefit Rate is defined as the minimum Employer Contributions towards providing Group Health Insurance, Life Insurance, Accidental Death and Dismemberment Insurance, Short Term Disability Insurance, Personal Paid Time, Military Duty Pay, Jury Duty Pay, Funeral Leave Pay, and Retirement Benefit Plan(s).

The costing of such fringe benefits for the L-3 Vertex Aerospace, LLC units is an average rate per hour computed on the basis of total hours paid less overtime (2080 man-hours per year) by service CBA employees employed on this contract.

Effective	Rate
1/1/08	\$5.35
1/1/09	\$5.78
1/1/10	\$6.47

ARTICLE 20 RETIREMENT PLAN

Section 20.1 Continuation of Plan. The Company will provide full time employees covered by this agreement an I.R.S. approved 401(k) savings plan. January 1, 2008, the contribution rate shall be three and six-tenths percent (3.6 %) of the employee's base wage. Participants will not be eligible for this contribution while on unpaid leave status (i.e., military leave, personal leave, or other forms of unpaid leave). The employee is immediately vested with all Company contributions.

Section 20.2 The employee may also contribute up to twenty-five percent (25%) of their earnings into the 401(k) and take advantage of the associated income tax deferment.

Section 20.3 The Company shall not be precluded from continuing the Plan in effect as to employees within the unit to which this Agreement relates after expiration or termination of this Agreement, subject to the terms, conditions and limitations of the Plan.

20.3(a) All employees within the unit to which this agreement relates shall be eligible to make voluntary contributions to the Plan. This participation is entirely voluntary

20.3(b) Eligible employees may become Members of the Plan on any month following their date of hire.

Section 20.4 The Company shall contribute to a Company Account on behalf of each voluntary contribution Member. Such contribution shall be equal to 50 percent (50%) of the first eight percent (8%) on the Member's contribution per calendar year. The Company contributions into the 401(k) Plan will close as of December 31, 2007.

Section 20.5 The 401(k) Summary Plan Description shall control the administration of this article.

Section 20.6 Required Plan Amendments. The Company reserves the right to amend the plan to satisfy all requirements of Section 401(a), Section 401(k) or any other applicable provisions of the Internal Revenue Code.

I.A.M. NATIONAL PENSION FUND NATIONAL PENSION PLAN

Section 20.7

A. The Employer shall contribute to the I.A.M. National Pension Fund, National Pension Plan for each hour/day or portion thereof for which employees in all job classifications covered by this Agreement are entitled to receive pay under this Agreement as follows:

\$ <u>0.70</u>	per <u>Hour</u>	effective <u>Jan 1</u> <u>20_08</u>
\$ <u>0.80</u>	per <u>Hour</u>	effective <u>Jan 1</u> <u>20_09</u>
\$ <u>0.90</u>	per <u>Hour</u>	effective <u>Jan 1</u> <u>20_10</u>

If the employee is paid only for a portion of an hour/day, contributions will be made by the Employer for the full hour/day.

B. The Employer shall continue contributions based on a forty (40) hour work week while an employee is off work due to paid vacations or paid holidays. The

Employer shall also make contributions whenever an employee receives severance pay, vacation pay at termination, or vacation pay in lieu of time off.

C. Contributions for a new, temporary, probationary, part-time and full-time employee are payable from the first day of employment.

D. The I.A.M. Lodge and Employer adopt and agree to be bound by, and hereby assent to, the Trust Agreement, dated May 1, 1960, as amended, creating the I.A.M. National Pension Fund and the Plan rules adopted by the Trustees of the I.A.M. National Pension Fund in establishing and administering the foregoing Plan pursuant to the said Trust Agreement, as currently in effect and as the Trust and Plan may be amended from time to time.

E. The parties acknowledge that the Trustees of the I.A.M. National Pension Fund may terminate the participation of the employees and the Employer in the Plan if the successor collective bargaining agreement fails to renew the provisions of this pension Article or reduces the Contribution Rate. The parties may increase the Contribution Rate and/or add job classifications or categories of hours for which contributions are payable.

F. This Article contains the entire agreement between the parties regarding pensions and retirement under this Plan and any contrary provisions in this Agreement shall be void. No oral or written modification of this Agreement shall be binding upon the Trustees of the I.A.M. National Pension Fund. No grievance procedure, settlement or arbitration decision with respect to the obligation to contribute shall be binding upon the Trustees of the said Pension Fund.

ARTICLE 21 DURATION

This agreement shall become effective as of July 1, 2007 (which date is the date as of which this agreement was executed, sometimes referred to as the "effective date of this agreement"), and shall remain in full force and effect until midnight, June 30, 2010, and shall automatically be renewed for consecutive periods of one year thereafter (after June 30, 2010), unless either party shall notify the other in writing, at least sixty days, but not more than seventy-five days prior to June 30 of any calendar year, beginning with 2010, of its desire to terminate the agreement, in which event this agreement shall terminate at midnight at the close of such June 30 unless renewed or extended by mutual written agreement. In the case of such notice, the parties agree to meet immediately thereafter for the purpose of negotiating a new agreement or a written renewal of this agreement.

SIGNATURES OF THE PARTIES

IN WITNESS WHEREOF, the Company and the Union have caused this agreement to be signed by their authorized representatives.

International Association of Machinists
and Aerospace Workers, AFL-CIO

L-3 Vertex Aerospace, LLC.
E6 CLS Program

Jerry L. McCune
President, DBR District Lodge 171

Larry Wert
Director Labor Relations

Tony L. Bennett
Business Representative District 171

Trent Kerbs
E-6 Tinker Site Manager

John J. Tulak Jr. (Tinker AFB, OK)
Committee Member

Donna M. Russell
E-6 Contracts/Business Administrator

Frank Voigt (Offutt AFB, NE)
Committee Member

Chuck Adams
Manager Labor Relations

Delwin A. Harris (Pax River NAS, MD)
Committee Member

Peter D. Castellanous (Travis AFB, CA)
Committee Member

LETTER OF AGREEMENT #1

DRUG AND ALCOHOL FREE WORKPLACE

The Union recognizes the Company's policy to maintain a drug free workplace and to comply with laws and regulations addressing the subject. The Company will implement a drug testing policy that complies with the requirements of the Department of Defense and the Drug Free Workplace Act of 1988.

Employees who have a substance abuse problem are encouraged to utilize a qualified Employee Assistance Plan (EAP) before any actions are initiated by the Company under its Drug Testing Program.

Any employee who tests positive will be suspended. The employee will be enrolled in a certified rehab program with a qualified substance abuse provider. Failure to enroll or complete the program will lead to termination.

Upon completion of the program and providing documentation of such completion the employee will be reinstated, subject to periodic testing for up to one year. The rehabilitation opportunity is for a one time only event. Any additional positive test result will lead to termination.

The above does not apply where termination for reasons including a positive test result is appropriate.

The Union reserves the right to grieve any action taken for improper or unique cause.

Dated this 1st day of July 2007

**Jerry L. McCune
President/DBR
IAM&AW District 171**

**Larry Wert
Senior Manager, Human Resources
L-3 Vertex Aerospace, LLC**

LETTER OF UNDERSTANDING #2

UNION-MANAGEMENT COOPERATION

As a part of our good faith effort of the 2007 negotiations the following understandings were reached to improve Union - management relations. These understandings extend through the terms of this contract unless mutually changed.

- Meetings will be held not less than semi annually between representatives of the Union and management to discuss and resolve concern, and to exchange information of mutual interest.
- The parties agree that in the interest of open communication and a desire to insure that the terms and conditions of this agreement are implemented and clearly understood, a meeting between the parties will occur on or about the mid-term point of this agreement.
- Cooperation. All parties to this agreement hereby commit themselves to the fullest cooperation with the object of maintaining efficient and uninterrupted production.

Dated this 1st day of July 2007

Jerry L. McCune
President/DBR
IAM&AW District 171

Larry Wert
Director Union Relations
L-3 Vertex Aerospace, LLC

LETTER OF UNDERSTANDING #3

OVERTIME DISTRIBUTION

The purpose of this Letter of Understanding is to establish a basic understanding in an effort to meet the provisions of Article 7.1. This Letter of Understanding does not alter the Company's rights as provided in the CBA.

- A. An employee who starts an assignment that will lead to overtime will have the first opportunity to complete the assignment regardless of their position on the overtime roster.
- B. An overtime roster will be maintained at each major work area by shift. Hours worked and rejected will be recorded on the overtime roster.
- C. Notwithstanding the provisions of paragraph A above, overtime assignments will normally be offered first to those employees lowest on the overtime roster.

Dated this 1st day of July 2007

Jerry L. McCune
President/DBR
IAM&AW District 171

Larry Wert
Director Union Relations
L-3 Vertex Aerospace, LLC

LETTER OF UNDERSTANDING #4
NON-STANDARD WORK SCHEDULES

The purpose of this Letter of Understanding is to allow the parties to this agreement to enter into an arrangement that would permit represented employees an opportunity to work an Alternate Work Schedule as permitted by Company procedures. The parties may by mutual agreement waive and/or modify the CBA as necessary to accomplish the Alternate Work Schedule. It is understood that the parties as described in this letter refer to a Union official as identified by the Union, (the designated Union representative must be identified in writing and given to the Business Contracts Administrator).

Dated this 1st day of July 2007

Jerry L. McCune
President/DBR
IAM&AW District 171

Larry Wert
Director Union Relations
L-3 Vertex Aerospace, LLC

LETTER OF UNDERSTANDING #5

SPECIAL BENEFIT ALLOWANCE

(For those employees opting out of the Group Benefit coverage)

This letter is intended to describe an employee's options relative to enrollment in the Group Benefits Package, employee contributions described in Article 19, and the special benefit allowance as negotiated in the collective bargaining agreement between the Union and the Company.

All eligible employees automatically participate in a Company-funded retirement account that includes an optional pretax savings feature, the Business Travel Accident Plan, Short Term Disability Plan and sick leave program. Eligible employees may purchase benefits for which they and their dependents are eligible for as described in the Group Benefits Package. The Company will provide a pay additive, adjusted annually, to assist employees to purchase these benefits. (The rate is \$3.01 per compensated hour, not to exceed 80 hours or \$240.80 in a pay period) The pay additive is paid for that period of time that the Group Benefits Package would otherwise be available as an eligible employee on the active payroll who elected benefits. The cost of the Group Benefits Package is the pay additive plus the contributions and the special spousal contribution, if applicable, described in Article 19, Group Benefits.

Employees may elect the Group Benefits Package when initially offered. If the employee declines the initial opportunity to purchase the Group Benefits Package, later application may be made during the annual open enrollment period or change in status described by the Plan. However, enrollment in the Life Plan will require evidence of insurability subject to approval by the life insurance Company, which may include the requirement for a physical examination at the expense of the employee.

Dated this 1st day of July 2007

**Jerry L. McCune
President/DBR
IAM&AW District 171**

**Larry Wert
Director Union Relations
L-3 Vertex Aerospace, LLC**

LETTER OF UNDERSTANDING #6

BENEFIT ACCRUAL

It is expressly agreed between the parties that the terms of this Agreement, and any accrual benefits are binding on any successor contractor or successor employer whether said successor takes over all or part of the operation. Specifically, but without limitation accrued but untaken sick leave shall continue as an obligation of any successor contractor or successor employer, and the employees covered by the collective bargaining agreement shall continue to have their individual credit with said successor the full amount of sick leave accrued.

Dated this 1st day of July 2007

**Jerry L. McCune
President/DBR
IAM&AW District 171**

**Larry Wert
Director Union Relations
L-3 Vertex Aerospace, LLC**