Collective Bargaining Agreement

Between

BAE Systems Irving

And

Society of Professional Engineering Employees in Aerospace

February 3, 2011

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COLLECTIVE BARGAINING AGREEMENT

Between

BAE Systems Irving

and

SOCIETY OF PROFESSIONAL ENGINEERING EMPLOYEES IN AEROSPACE

This Agreement is executed this 3rd day of February 2011, by and between BAE Systems Irving (the "Company"), and Society of Professional Engineering Employees In Aerospace (SPEEA) (the "Union").

WHEREAS, the Company and the Union wish to encourage the highest possible degree of friendly, cooperative relationship between the parties, and it is the purpose and intent of both the Company and the Union to maintain such cooperative relationship on a basis of mutual understanding and goodwill; and

WHEREAS, the Union is the bargaining agent for the collective bargaining unit described in Article 1;

NOW, THEREFORE, the Company and the Union agree as hereinafter set forth with respect to employees recognized as being represented by the Union ["employee(s)"].

ARTICLE 1
RECOGNITION

Section 1.1 Recognition. For the purposes of collective bargaining with respect to rates of pay and other conditions of employment, the Company recognizes the Union as the exclusive bargaining agent for the collective bargaining unit described as follows:

> As defined by the Certification of Representative dated March 16, 1990, by the National Labor Relations Board in Case No.16-RC-9269: All employees of BAE Systems Irving located at the Company's facilities at Irving, Texas who are classified by the Company in job classifications on payroll code N (nonexempt office workers payroll) but excluding employees in the following payroll code S job classifications: office administrators; marketing assistant; accounting clerk; receptionist or human resources assistant; and, other employees, officers and managers as defined in the National Labor Relations Act.

ARTICLE 2
RIGHTS OF MANAGEMENT

Section 2.1 Rights of Management.

2.1(a) The terms and conditions of this agreement are a minimum and the Company shall be free to grant more favorable terms and conditions and to pay salary rates higher than the salary ranges shown in Article 7 to any Irving employee.

2.1(b) The management of the Company and the direction of the workforce are vested exclusively in the Company subject to the terms of this Agreement. Without limitation, implied or otherwise, 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.

2.1(c) Included in the above specified management rights is the right to subcontract work or to determine the work to be performed by the Company and the location such work is to be performed, which right shall not be subject to arbitration.

2.1 (d) The Company and the Union agree that subcontracting, market access/offset agreements or other assignments of work may be a part of the company's customer solutions strategies. The Company will provide the Union with 30 days advance notification and opportunity for discussion concerning any significant permanent movement of work and the reasons for the movement.

2.1(e) The agreement specified above does not affect the company's right to subcontract as described in this Article 2.

ARTICLE 3
GRIEVANCE PROCEDURE AND ARBITRATION

Section 3.1 Grievance and Arbitration Procedure. Grievances arising between the Company and its employees subject to this Agreement, or between 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 just 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 3.2 Employee Grievance.

3.2(a) Grievances on behalf of employees shall be handled as follows:

STEP 1. Oral submission of grievance to Manager. The employee, and at his or her option, a Union Representative, shall contact the employee's manager and shall attempt to effect a settlement of the grievance. Such oral presentation shall be made within ten (10) workdays following the occurrence of the event giving rise to the grievance. The manager shall, within ten (10) workdays thereafter, provide to the employee an answer to the grievance.

STEP 2. Oral submission of grievance to Second Level Manager or Functional Manager. If the decision of the manager does not settle the grievance, the employee, and, at his or her option, a Union Representative, shall, within ten (10) workdays subsequent to the receipt of the manager's answer, orally present the grievance to the Second Level Manager, or, if there is no Second Level Manager, to the Functional Manager, who shall, within ten (10) workdays thereafter, provide to the employee an answer to the grievance.

STEP 3. Written submission of grievance to Human Resources Manager. If the decision of the Second Level Manager or Functional Manager does not settle the grievance, the Union Representative shall submit the grievance in writing to the Human Resources Manager, or designee, within ten (10) workdays following receipt of the answer provided in Step 2 above. Within ten (10) workdays thereafter, the Human Resources Manager, or designee, shall respond to the grievance in writing to the Union Representative.

STEP 4. Arbitration. Should the decision rendered by the Company within the specified or agreed time limits be unacceptable to the Union, the Union Representative may in writing, within ten (10) workdays thereafter, request that the matter be submitted to an arbiter for a prompt hearing as provided in Sections 3.4 through 3.6.

3.2(b) Employees shall not be discharged or suspended without just cause. An employee shall have the right to appeal a layoff, discharge, suspension, or involuntary resignation by filing a written grievance through the Union, beginning at Step 3, with the Human Resources Manager, or designee, within ten (10) workdays after the date of such layoff, discharge, suspension, or involuntary resignation.

3.2(c) When the Union requests arbitration on behalf of bargaining unit employees who have been laid off, discharged, suspended or have involuntarily resigned, the Company and the Union will exercise reasonable efforts to have the arbitration hearing within ninety (90) days of the request for arbitration.

Section 3.3 Union versus Company and Company versus Union Grievances. Grievances which the Union may have against the Company or the Company may have against the Union, limited as aforesaid to matters dealing with the interpretation or application of terms of this Agreement, shall be handled as follows:

3.3(a) Such grievances shall be submitted to the Human Resources Manager or Union Staff Representative, as the case may be, or to their designated representatives, within ten (10) workdays following the occurrence of the event giving rise to the grievance and shall contain the following:

1) Statement of the grievance setting forth in detail the facts upon which the grievance is based.
2) The section(s) of the Agreement alleged to have been violated.
3) The remedy sought.

3.3(b) The grievance shall be signed by the Union Staff Representative or the Human Resources Manager, as the case may be, or their designated representatives. If no settlement is reached within ten (10) workdays from the submission of the grievance to the designated representative of the Company or the designated representative of the Union, as the case may be, both shall sign the grievance and indicate it has been discussed and considered by them and that no settlement has been reached and the party responding to the grievance will promptly confirm in writing to the other party the denial of the grievance. Within ten (10) workdays thereafter, either party may, in writing, request that the matter be submitted to an arbiter for a prompt hearing as provided in Sections 3.4 through 3.6.

3.3(c) No matter shall be considered as a grievance under this Section 3.3 unless it is presented to the designated persons within ten (10) workdays after occurrence of the last event on which the grievance is based.

Section 3.4 Selection of Arbiter. – Federal Mediation & Conciliation Service. In regard to each case that reaches arbitration, the parties shall jointly request the Federal Mediation & Conciliation Service to submit a panel of seven arbiters. Such request 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 arbiters is received, the parties shall have the right to, alternately, strike a name from the panel until only one name remains. The remaining person shall be the arbiter. The right to strike the first name from the panel shall be determined by lot.

In the event either party is dissatisfied with the credentials of each of the arbiters whose names are contained on the first panel offered by the American Arbitration Association, such party can summarily reject the panel and insists on a second panel. Selection must be made from the second panel.

Section 3.5 Arbitration Rules of Procedure. Arbitration proceedings shall be in accordance with the following:

3.5(a) The arbiter shall hear and accept pertinent evidence submitted by both parties and shall be empowered to request such data as the arbiter deems pertinent to the grievance and shall render a decision in writing to both parties within sixty (60) days (unless mutually extended) of the completion of the oral hearing.

3.5(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.

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

3.5(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 the grievance. Additional information provided in support of the written grievance will only be accepted in order to clarify the stated grievance and must pertain directly to the written grievance without increasing the scope of that grievance. The arguments of the parties may be supported by oral comment and rebuttal. Either or both parties may submit written briefs within 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.

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

3.5(f) The Company and the Union shall, by mutual consent, fix the amount of compensation to be paid for the services of the arbiter. The Union or the Company, whichever is ruled against by the arbiter, shall pay the compensation of the arbiter including necessary expenses.

3.5(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 3.6 Binding Effect of Award. All decisions arrived at under the provisions of this Article by the representatives of the Company and the Union, or by the arbiter, shall be final and binding upon both parties, provided that in arriving at such decisions, neither of the parties nor the arbiter shall have the authority to alter this Agreement in whole or in part.

Section 3.7 Time Limitation as to Back Pay. Grievance claims regarding retroactive compensation shall be limited to thirty (30) working days prior to the written submission of the grievance to Company representatives, provided, however, that this thirty (30) day limitation may be waived by mutual consent of the parties.

Section 3.8 Extension of Time Limits by Agreement. The time limits set forth in this Article are recognized by the parties as being necessary for prompt resolution of grievances. Reasonable extensions of these time limits may be arranged by mutual written agreement. If a decision is not rendered by the Company within the time limits established for Steps 1 and 2 in Section 3.2(a), the Union may thereupon advance the grievance to the next step. Grievances not presented, or presented and not pursued, within the specified or mutually extended time limits will be considered waived.

Section 3.9 Conferences During Working Hours. All conferences resulting from the application of provisions of this Article shall be held during working hours.

Section 3.10 Signing Grievance Does Not Concede Arbitrable Issue. The signing of any grievance by any employee or representative of either the Company or 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 4
RECOGNIZED HOLIDAYS

Section 4.1 Recognized Holidays.

4.1(a) The following holidays shall be observed by the Company:

2011 Holidays

Memorial Day	Monday	May 30, 2011
Independence Day	Monday	July 4, 2011
Labor Day	Monday	September 5, 2011
Thanksgiving Day	Thursday	November 24, 2011
Friday after Thanksgiving	Friday	November 25, 2011
Winter Break	Friday	December 23, 2011
Winter Break	Monday	December 26, 2011
Winter Break	Tuesday	December 27, 2011
Winter Break	Wednesday	December 28, 2011
Winter Break	Thursday	December 29, 2011
Winter Break	Friday	December 30, 2011

2012 Holidays

New Year's Day	Monday	January 2, 2012
Memorial Day	Monday	May 28, 2012
Independence Day	Wednesday	July 4, 2012
Labor Day	Monday	September 3, 2012
Thanksgiving Day	Thursday	November 22, 2012
Friday after Thanksgiving	Friday	November 23, 2012
Winter Break	Monday	December 24, 2012
Winter Break	Tuesday	December 25, 2012
Winter Break	Wednesday	December 26, 2012
Winter Break	Thursday	December 27, 2012
Winter Break	Friday	December 28, 2012
Winter Break	Monday	December 31, 2012

2013 Holidays

New Year's Day	Tuesday	January 1, 2013
Memorial Day	Monday	May 27, 2013
Independence Day	Thursday	July 4, 2013
Labor Day	Monday	September 2, 2013
Thanksgiving Day	Thursday	November 21, 2013
Friday after Thanksgiving	Friday	November 22, 2013
Winter Break	Tuesday	December 24, 2013
Winter Break	Wednesday	December 25, 2013
Winter Break	Thursday	December 26, 2013
Winter Break	Friday	December 27, 2013
Winter Break	Monday	December 30, 2013
Winter Break	Tuesday	December 31, 2013

2014 Holidays

New Year's Day	Wednesday	January 1, 2014

Section 4.2 Unworked Holidays. Employees on the active payroll 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 4.3 Worked Holidays. Employees who are required to work on the above-named holidays shall receive the pay due them for the holiday, plus double their base rate for all hours worked on such holiday, plus shift differential, if applicable, unless the employee starts to work at 10:00 p.m., or thereafter on that day. As an alternative, employees who are requested by their manager (for business reasons) to work on a holiday can opt for regular pay for time worked and select another day as the holiday (with the approval of their manager) within two (2) weeks before or after the observed holiday.

Section 4.4 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 in lieu of the holiday as such.

Section 4.5 Employees on Non-Regular Work Week. For those employees who regularly worked on Saturday and/or Sunday, receiving two (2) consecutive days off during the week, two days off shall be treated as "Saturday" and "Sunday" in that order, for the purposes of this Article 4. Should any of the holidays observed by the Company occur on such a "Sunday", the following day shall be considered as a holiday for such employee. 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 5
VACATION PLAN

Section 5.1 Eligibility for Annual Vacation.

5.1(a) All regular full-time employees on the active payroll of the company who have completed six months or more of company service shall be entitled to vacation credits awarded on a monthly basis not to exceed the annual award as specified in Section 5.2(a).

5.1(b) Vacation credits will be awarded based on total years of BAE Systems Irving service.

5.1(c) Former employees who are rehired with reinstatement rights following military service or layoff will retain their previous company service. Vacation eligibility dates established under previous vacation plans shall remain in effect.

5.1(d) Vacation eligibility dates will not be affected by time on approved leave of absence or time spent on other payrolls.

Section 5.2 Accumulation of Annual Vacation. All regular full-time employees on the active payroll of the Company who have completed one or more years of continuous active service shall be entitled to vacation credits awarded on a monthly basis not to exceed the annual award as specified in Sections 5.2(a)(1) through 5.2(a)(7).

5.2(a) Computation of Credits.

5.2(a)(1) An employee who completes twenty (20) or more full years of credited service shall receive four (4) weeks (160 hours at base rate) vacation with pay.

5.2(a)(2) An employee who completes eighteen (18) but less than twenty (20) years of credited service shall receive 152 hours of vacation with pay.

5.2(a)(3) An employee who completes fifteen (15) but less than eighteen (18) years of company service shall receive 136 hours of vacation with pay at base rate.

5.2(a)(4) An employee who completes ten (10) but less than fifteen (15) full years of credited service shall receive three (3) weeks (120 hours at base rate) vacation with pay.

5.2(a)(5) An employee who completes eight (8) but less than ten (10) full years of credited service shall receive 104 hours at base rate vacation with pay.

5.2(a)(6) An employee who completes five (5) but less than eight (8) full years of credited service shall receive ninety-six (96) hours at base rate vacation with pay.

5.2(a)(7) An employee who completes one (1) full year but less than five (5) full years of credited service shall receive two (2) weeks (80 hours at base rate) vacation with pay.

5.2(b) Computation of Vacation With Pay.

5.2(b)(1) Credit toward vacation with pay and/or pro rata vacation pay will be calculated at the rate of 1/365th of his vacation eligibility for each such day.

5.2(b)(2) Continuous absence of ninety (90) calendar days or more for any reason will be deducted when vacation allowance is calculated.

Section 5.3 Use of Annual Vacation Credits.

5.3(a) Subject to management approval based on Company work schedule requirements, previously awarded vacation credits may be used by the employee without limit. Management will encourage employee use of vacation for time off within the period credits are available. Use of vacation at times convenient to the employee will be arranged to the extent permitted by Company work schedule requirements.

5.3(b) An employee who has completed the first six months of company service following hire-in shall receive 40 hours of vacation credit on the first of the month in which his six month anniversary falls. The first of the following month the employee will receive a full monthly amount and the pro-rated portion of the previous month calculated at 1/365th for each day remaining in the prior month. All following months employees will receive a pro-rated amount of hours of vacation for each month of service completed thereafter based on an annual accrual of 80 hours.

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5.3(c) Previously awarded annual vacation credits which remain unused on any eligibility date will be carried to the following year up to a maximum equal to the number of credits the employee was awarded on the last eligibility date in accordance with Section 5.2.

5.3(d) An exception to the foregoing will be to allow employees to elect to be paid for unused vacation credits, provided the employee makes such election for pay in lieu of vacation in writing at least ten (10) working days before the employee's next company service date. Vacation credits for which pay in lieu is not requested will be carried to the following year and pay in lieu will not be allowed until the end of the eligibility year into which the vacation credits are carried. All payments in lieu of vacation shall be made at the employee's rate in effect on the employee's current vacation eligibility date, including shift differential where applicable.

5.3(e) Vacation credits are to be used in units equal to the scheduled hours in the employee's normal workday; however, vacation credits may be used at a minimum of a half-hour (.5) increment to allow for a partial day absence.

5.3(f) Part-time employees normally will use vacation credits in amounts comparable to their part-time work schedules. However, subject to the scheduling requirements of the organization, a part-time employee may request and receive vacation in eight-hour increments.

5.3(g) Holidays occurring while an employee is on vacation are not deducted from vacation credits.

5.3(h) Payment for vacations will be made at the employee's base rate in effect at the time vacation is taken plus, if applicable, any supplement to the base rate approved by the Company for inclusion in vacation pay.

Section 5.4 Vacation Payment on Termination.

5.4(a) All employees who terminate for any reason will be paid for all unused credits in their vacation account, including any carried over from the previous year. In addition, an employee who terminates by reason of layoff, retirement, death or verified entry into military service, will be paid for unawarded and unused vacation credits prorated for the time between the employee's last vacation eligibility date (or last hire date when the employee has not yet reached the first eligibility date) and the date of termination for layoff, retirement, death or verified entry into military service.

5.4(b) Employees shall be deemed to have terminated on their eligibility date if they worked on the last scheduled workday prior to that eligibility date.

Section 5.5 Donation of Vacation. Employees may voluntarily donate hours from their personal vacation banks to other employees for use in approved extenuating personal circumstances subject to the terms and conditions of the Irving policy for donation of vacation.

ARTICLE 6
SICK LEAVE

Section 6.1 Establishment of Initial Eligibility for Sick Leave.

6.1(a) Employees classified on a salaried payroll become eligible for sick leave upon completion of three (3) months of continuous active service with the Company.

6.1(b) When continuity of employment is broken other than by layoff or termination to enter military service, an employee must begin with the date of re-employment to accumulate three (3) months of continuous active service with the Company before being eligible for sick leave.

Section 6.2 Accumulation of Sick Leave.

6.2(a) An employee who has completed the first three months of company service following hire-in shall receive 15 hours of sick leave credit on the first of the month in which his three month anniversary falls. The first of the following month the employee will receive a full monthly amount and the pro-rated portion of the previous month calculated at $1/30^{th}$ for each day remaining in the prior month. All following months employees will receive a pro-rated amount of hours of vacation for each month of service completed thereafter based on an annual accrual of 60 hours. An additional five (5) hours credit is awarded for each month thereafter to a maximum of sixty (60) hours during the eligibility year.

6.2(b) Following the first year of service, the sick leave award schedule will provide credits of five (5) sick leave hours each month.

6.2(c) Hours will continue to be earned while the employee is on the active payroll in the bargaining unit, but will not be earned while on layoff or during absence in excess of the first ninety 90 calendar days on leave of absence. Such absence from the active payroll will reduce the monthly sick leave award in the proportion of 1/30th of five (5) hours for each calendar day of absence during the month, or a comparable proportionate reduction if a part-time employee, rounded to the nearest tenth of an hour.

6.2(d) An employee who returns to active employment from leave of absence, military leave, active layoff, or the production worker payroll, will have reinstated all unused sick leave hours that remained in the employee's account at the time of leaving the active salaried payroll. Monthly accumulation of sick leave hours will resume upon the employee's return.

6.2(e) Unused annual sick leave hours will be accumulated from year to year, and may be used in accordance with Section 6.3 below. No payoff of unused sick leave hours will occur except as outlined in Section 6.2(g) below.

6.2(f) Accumulated sick leave hours will be lost when an employee retires, resigns, is terminated for cause, fails to maintain active recall-from-layoff status by registering with Human Resources in accordance with instructions, or has been on layoff in excess of four (4) years.

6.2(g) The death of an employee will be an exception to this Section. Payoff of all unused and accrued sick leave will be made in the final check.

Section 6.3 Use of Sick Leave.

6.3(a) Use of sick leave is authorized only in the event of unavoidable absence due to:

6.3(a)(1) Illness or injury causing incapacity of the employee, including the period of authorized medical or pregnancy leaves of absence.

6.3(a)(2) Illness in the immediate family.

6.3(a)(3) Death in the immediate family requiring the presence of the employee in excess of the three (3) days provided by bereavement pay.

6.3(a)(4) Medical or dental appointments of the employee when such can only be arranged during working hours.

6.3(b) Employees shall be permitted to use sick leave for any unavoidable absence due to unplanned, emergent events or occurrences other than those specified in Section 6.3(a) above up to a maximum of two times per calendar month.

6.3(c) Sick leave payment shall be computed at the employee's regular rate of pay in effect on the day(s) of absence. Payment for a partial day's absence will be to the nearest 1/10th hour recorded for the absence.

ARTICLE 7
WORK SCHEDULES - PAY RATES

Section 7.1 Work Schedule. A regular work schedule shall consist of five (5) consecutive workdays, Monday through Friday, followed by two (2) days of rest, Saturday and Sunday. A non-standard work schedule shall consist of four (4) workdays and three (3) days of rest. A non-regular work schedule shall consist of five (5) consecutive workdays which include Saturday and/or Sunday and two (2) consecutive days of rest. An irregular work schedule shall consist of work periods which start at any time of the day, with days of rest which are not consecutive or with daily work periods of more or less than eight (8) hours and with less than two (2) days of rest during the work week.

7.1(a) Regular and Non-Regular Work Schedules. Each employee shall be assigned to a definite shift with designated beginning and ending times which shall be the same for each regular workday. The first and second shifts each shall consist of an eight-hour and thirty-minute period which shall include a forty-minute lunch period, ten (10) minutes of which shall be paid time and thirty minutes of which shall be unpaid. The third shift shall consist of a seven-hour period which shall include a forty-minute lunch period, ten minutes of which shall be paid and thirty minutes of which shall be unpaid.

7.1(b) Non-Standard Work Schedules. Each employee shall be assigned to a definite shift with designated beginning and ending times. The first and second shift shall consist of a ten-hour and thirty-minute period which shall include a forty-minute lunch period, ten minutes of which shall be paid and thirty minutes of which shall be unpaid. The third shift shall be a nine

hour period which shall include a forty-minute lunch period, ten minutes of which shall be paid and thirty minutes of which shall be unpaid.

7.1(c) The Company may assign an individual employee or groups of employees to any shift to meet operational requirements. The following shift identification will apply:

1) A shift which begins at any time between 4:00 am and 10:59 am (both times inclusive) will be designated as first shift.

2) A shift which begins at any time between 11:00 am and 8:29 pm (both times inclusive) will be designated as second shift.

3) A shift which begins at any time between 8:30 pm and 3:59 am (both times inclusive) will be designated as third shift.

7.1(d) Full-time employees may, at their own request and when deemed appropriate by management, be assigned to irregular work schedules.

7.1(e) For full-time employees on irregular work schedules at their own request, assigned shift as used in this Agreement shall mean any combination of scheduled work periods in a workday. Shift identification for employees on irregular work schedules at their own request will be first shift for any work week in which such schedule is effective.

7.1(f) In the event management determines that a requirement exists to work employees other than on a regular schedule as defined above, the Company will attempt to meet its requirements on a voluntary basis among the qualified employees. If there are insufficient volunteers to meet the requirement, the manager may designate and require the necessary number of employees to work the required schedule.

Section 7.2 Part-Time Employees. Any employee whose weekly work schedule is less than the normal work week shall be considered as a part-time employee and shall be subject to all provisions of this Agreement except as otherwise provided in Sections 7.2(a) through 7.2(d):

7.2(a) Shifts and lunch periods for part-time employees will be assigned in accordance with Company procedures and will not be subject to Section 7.2.

7.2(b) Shift Premium. If more than half of the part-time employee's work period falls between 6:00 am and 6:00 pm, they will not be eligible for shift premium pay. If at least half of such period falls between 6:00 pm and 6:00 am, they will be eligible for second shift premium pay.

7.2(c) Holidays. Part-time employees will not be eligible for holiday pay for holidays which fall on a day on which they are not normally scheduled to work. Holiday pay for part-time employees will be limited to the number of hours which the part-time employee is normally scheduled to work on the day on which a paid holiday falls. Part-time employees who are required to work on a paid holiday will be paid at double their regular hourly rate for time worked and, in addition, will receive holiday pay as provided above.

7.2(d) Overtime. The provisions of Section 7.7 of this Agreement do not apply to part-time employees. For the first ten hours worked in excess of forty in a work week, part-time employees shall receive one and one-half times their base rate, and for all hours worked in excess of fifty in a work week, employees shall receive double their base rate.

Section 7.3 Base Rate Adjustments.

7.3(a) Selective Salary Adjustments.

7.3(a)(1) The Company will establish three selective salary adjustment funds in accordance with the dates set forth in Table I, below:

Table I
SELECTIVE SALARY ADJUSTMENT FUND
COMPUTATION DATES, EFFECTIVE DATES
AND INCREASE AMOUNTS

Fund Computation Date	Increase Effective Date	Selective salary adjustment Percentage	Minimum Adjustment
February 4, 2011	February 5, 2011	1.0%	0%
February 3, 2012	February 4, 2012	2.5%	1.0%
February 1, 2013	February 2, 2013	2.5 %	1.0%

7.3(a)(2) Each selective salary adjustment fund will be generated by multiplying each eligible employee's base salary on the fund computation date by the Increase Percentage listed in Table I, less any adjustments required by Section 7.3(a)(3) below. Each fund thus computed will be expended on the Increase Effective Date to increase the salaries of employees selected from among all eligible employees with minimum adjustments applied as indicated in Table I. All increases to employees' hourly rates will be rounded to the nearest cent. It is agreed that the 1% increase during the first year, effective February 5, 2011, will be in the form of a general wage increase.

7.3(a)(3) The Company in its sole discretion, may selectively increase base salary rates of individual employees on effective dates other than the Increase Effective Dates in Table I, above.

7.3(a)(4) Eligible employees whose base rate on the Fund Computation Date meets or exceeds their rate range maximum as outlined in Table II below, shall not receive a base salary increase. Such employees may receive, at the Company's sole discretion, a base rate lump sum payment on the Increase Effective Date. Eligible employees whose base rate on the Fund Computation Date is in the upper third of their rate range as outlined in Table II below, may receive, at the Company's sole discretion, a base salary increase, a base rate lump sum payment, or a combination of both, on the Increase Effective Date. All lump sum payments will reduce the Selective Salary Adjustment Fund by the amount of the payment.

7.3(a)(5) Upon ratification of this agreement, all bargaining unit employees currently on the active payroll will receive a lump sum bonus of $1,000.00.

7.3(b) In no case shall an individual receive a base salary increase which results in a base salary above their rate range maximum as outlined in Table II.

7.3(c) For payroll computation purposes, hourly rates of pay will be computed on the basis of 2080 compensable hours each calendar year.

7.3(d) "Eligible employee" means those classified in the bargaining unit and on the active payroll on the Fund Computation Date.

7.3(e) Rate Ranges.

7.3(e)(1) The Rate Ranges are set forth in Table II below:

Effective Feb 5, 2011

Range	Minimum	Maximum
AT	$47,000	$85,000
A	$40,200	$72,900
B	$34,900	$62,300
C	$30,350	$53,900
D	$26,575	$47,050

Effective Feb 4, 2012

Range	Minimum	Maximum
AT	$48,175	$87,125
A	$41,200	$74,750
B	$35,775	$63,850
C	$31,100	$55,250
D	$27,250	$48,250

Effective Feb 2, 2013

Range	Minimum	Maximum
AT	$49,375	$89,300
A	$42,225	$76,625
B	$36,675	$65,450
C	$31,875	$56,650
D	$27,925	$49,450

7.3(e)(2) Each person entering or re-entering the bargaining unit, for reason other than layoff or downgrade, will be paid at the applicable Range Minimum of Table II. The Company in its sole discretion may pay such employees amounts in excess of the Range Minimum; such decisions shall not be subject to Article 3.

7.3(e)(3) The Company in its sole discretion may increase the range minimums or maximums shown in Table II.

Section 7.4 Premiums.

7.4(a) Employees assigned to the second shift shall receive a shift differential of sixty-five cents per hour which shall be added to their base salary and made a part thereof.

7.4(b) Employees assigned to the third shift shall receive a shift differential of ten cents per hour which shall be added to their base salary and made a part thereof.

7.4(c) Employees assigned at other than their own request to work a non-regular or a non-standard work schedule as provided in Section 7.1 that includes Saturday and/or Sunday as workdays shall have twenty-five cents per hour added to their base salary and made a part thereof while so assigned.

7.4(d) Employees who work a third shift of six and one-half hours or more will receive a bonus equivalent to one and one-half hours' pay at their base salary. A prorated portion of that bonus will be paid when the employee works less than six and one-half hours on a regular third shift.

Section 7.5 Temporary Military Leave. Employees who are members of a reserve component of the Armed Forces, who are absent due to required active annual training duty or temporary special services duty, shall be paid their normal straight time earnings, including shift differential where applicable, up to a maximum of eighty (80) hours each calendar year. The amount due employees under this Section 7.5 shall be reduced by the amount equal to that portion of the military pay subject to Federal Withholding Tax received from the government body identified with such training duty or services for the period of such duty up to the maximum period stated above. Such items as subsistence, uniform, and travel allowance shall not be included in determining pay received from state or federal government. The employee will furnish evidence to the Company showing the requirement to enter active annual training duty or temporary special services duty that meets the requirements of this Section 7.5. Employees who elect to work or use available vacation credits while on temporary active duty shall not be eligible for military pay differential for that period.

Section 7.6 Jury Duty, Witness Service and Bereavement Pay.

7.6(a) Jury Duty. Employees absent from work due to required jury duty will be paid for such lost hours at their current straight time base rate, including shift differential where applicable, up to a maximum of their scheduled working hours for each regular 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 may 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. Employees will furnish to the Company evidence satisfactory to the Company showing the performance of jury duty that meets the requirements of this Section 7.6(a).

7.6(b) Witness Service. Employees absent from work in order to comply with a subpoena as a witness in a federal or state court of law or at an arbitration resulting from the referral by a court of a lawsuit which has been filed with the court (excluding arbitrations pursuant to a collective bargaining agreement or other contractual provisions) in the state in which they are working or residing will be paid for such lost hours at their current straight time base rate, including shift differential where applicable, up to a maximum of their scheduled working hours for each regular workday for which they are 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 hours of this time may be considered as travel/preparation time). Employees are not entitled to pay under this Section 7.6(b) in circumstances where employees (1) are called as a witness against the Company or its interests; (2) are called as witness on their own behalf in an action in which they are a party; (3) voluntarily seek to testify as a witness; or (4) are a witness in a case arising from or related to outside employment or outside business activities. Employees absent from work in order to comply with a subpoena for a deposition shall be entitled to pay under this Section 7.6(b) on the same basis and subject to the same conditions and obligations as for a witness in court. Employees will furnish to the Company evidence satisfactory to the Company showing their attendance as a witness that meets the requirements of this Section 7.6(b).

7.6(c) Bereavement Pay. Up to three days bereavement leave with pay will be granted to an employee on the active payroll who, because of death in his immediate family, takes time off from work during his normal work schedule as such time is defined in Section 7.1 of this Agreement. Such pay shall be for eight hours at his straight time base rate, including shift differential (if applicable) for each such day off; however, such pay will not be applicable if the employee received pay for such days off under any other provision of this Agreement. Bereavement leave may be taken within thirty (30) days following the death, funeral or service. For the purpose of this Section 7.6(c), the "immediate family" is defined as follows: spouse, mother, father, mother-in-law, father-in-law, sister-in-law, brother-in-law, children, brother, sister, son-in-law, daughter-in-law, grandparents, spouse’s grandparents, grandchildren, stepmother, stepfather, stepchildren, stepbrother, stepsister, half brother, and half sister. In addition, an

employee will be granted bereavement leave for a stillborn child if the employee provides a certificate of fetal death which has been certified by the state.

Section 7.7 Overtime.

7.7(a) The Company will attempt to meet its overtime requirements on a voluntary basis among the employees. In the event there are insufficient volunteers to meet the requirements, the manager may designate and require the necessary number of employees to work the overtime.

7.7(b) Time worked, up to the number of hours in an assigned shift period, on other than days of rest, shall be compensated at straight time rates.

7.7(c) For time worked in excess of the assigned shift hours on other than days of rest, an employee shall be paid one and one-half times his base rate.

7.7(d) For all hours worked by an employee on the first day of his two (2) or three (3) consecutive days of rest, or on the third day of rest, who is assigned on that day to work any shift, such employee shall be paid one and one-half times his base rate for all hours continuously worked.

7.7(e) Any time worked on the second day of an employee's two (2) or three (3) 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.

7.7(f) For all hours of work by employees on the first day of their two (2) or three (3) consecutive days of rest, or on the third day of rest, who are assigned on that day to work the third shift, such employees shall be paid one and one-half times their base rate for that shift and double such base rate thereafter.

7.7(g) In lieu of the provisions of Sections 7.7(c) to 7.7(f), overtime worked in any of the following circumstances shall be paid at double the employees' base rate:

(1) more than 160 overtime hours in a calendar quarter; or

(2) on a weekend immediately following three (3) consecutive weekends worked by employee

Section 7.8 Report Time/Call-In Time. Full-time employees who report for work in accordance with instructions shall receive a minimum of four hours pay at their regular straight time hourly rate for that day. Full-time employees who are called back to the plant for emergency work after having completed the scheduled shift and after leaving the plant property shall receive a minimum of four (4) hours pay at his or her regular straight time hourly rate. Report Time or Call-in Time will not apply in cases of emergency shut downs arising out of any condition beyond the Company's control. Employees who leave work of their own volition, or because of incapacity or are discharged or suspended after beginning work, will be paid only for the number of hours actually worked during the day. Employees who leave work because of incapacity due to industrial injury will be paid the scheduled number of hours for that day at their base rate. Report Time and Call-in Time pay is not in addition to such pay received for time worked.

ARTICLE 8
JOB CLASSIFICATIONS

Section 8.1 Authorized Job Classifications. Appendix A lists all the job classifications authorized as of the effective date of this Agreement. Each job classification in that list shall, for the period of this Agreement, remain in effect, subject to revisions as provided in Section 8.2, unless made inactive by mutual agreement of the Union and the Company.

Section 8.2 Application and Intent Of Job Descriptions.

8.2(a) All job classifications shall be covered by a job description. Each job description describes, for the job classification it covers, the principal aspects of that job classification which distinguish one job from another.

8.2(b) No job description is intended to cover the specifics of any individual employee's job assignment. Job descriptions are intended to: (1) define the general scope of the job classification, (2) define the minimum requirements of the job, (3) establish the responsibilities which collectively support the job and form the basis for the job classification and the rate range designation of a given classification, and (4) provide the guidelines for the preparation of Performance Management Guides.

8.2(c) An employee will normally perform some of the work of higher-rated job classifications and some of the work of lower-rated job classifications in the performance of a job assignment. The normal duties of any employee may include:

8.2(c)(1) Teaching, instructing, or providing assistance to others.

8.2(c)(2) The use of equipment to facilitate the work assignment.

8.2(c)(3) The submission of completed work or any portion thereof for checking or approval.

8.2(c)(4) The reporting of any work impairment such as errors in materials, processes, equipment, etc.

Section 8.3 Work Assignments and Job Descriptions.

8.3(a) Work assignments shall be in accordance with established job descriptions and mutually understood Performance Management Guides. This shall not restrict the right of the Company to alter work functions or to formulate new job descriptions and begin work thereon. Performance Management Guides may be altered in accordance with the procedures of the Performance Management System.

8.3(b) Definition of Performance Management Guides. Performance Management Guides shall consist of job summaries associated with the job classifications listed in Appendix A, and the responsibilities and objectives expected of that job. These responsibilities and objectives shall be the result of the employee's immediate manager and the employee reaching a mutual understanding on these items and formalizing this within the Performance Management Guide.

Section 8.4 New or Revised Job Classifications. If, after the effective date of this Agreement, the Company determines that no existing job classification appropriately covers new or reorganized work assignments, the Company will revise an existing job classification or establish a new job classification which will be incorporated into Appendix A. The new or revised job descriptions will be transmitted to the Union along with the identification of organizations most likely to be affected. At the request of either party, the parties shall discuss the job description and changes may be made by the Company in the interest of clarity or to better describe the work; however, neither the work nor the organization of the work shall be affected. In the event the parties are unable to reach agreement on the rate range, such dispute may be submitted to arbitration. However, the organization of work and the determination of job tasks shall in no way be affected. The arbiter shall have no authority to alter a job description.

Section 8.5 Union Challenges of Rate Range for New or Revised Job Classification. In the event the Union disagrees with the rate range of a new or revised job classification, it must, within thirty (30) calendar days from the date the new or revised job description is forwarded by the Company, challenge the rate range, setting forth in writing the reasons why the Union disagrees and why another rate range, when considered with the representative job classifications with which it is identified, together with the job descriptions for all other job classifications that are authorized within the same occupation, is more appropriate to establish the rate range, otherwise, the job title, job description, rate range, and job activity code as determined by the Company will stand.

8.5(a) If the Union challenges the rate range in regard to a new or revised job classification, Company and Union representatives shall meet promptly at a mutually agreed time for the purpose of attempting to reach agreement as to the appropriate rate range. If no agreement is reached within thirty (30) calendar days after receipt by the Union of the new or revised job description, the Union may, within the next ten (10) calendar days, request that the controversy be submitted to arbitration in accordance with Article 3.4 through 3.8. A Union challenge shall in no way prevent or delay the Company from assigning personnel to the job classification involved in the challenge.

8.5(b) If the Union challenges the rate range of any new or revised job classification for which the Company has submitted a new or revised job description to the Union, and it is determined that the job classification is not in the correct rate range, the Company will pay each employee involved at a rate that is within the range of the corrected rate range for the time in which the employee has performed the duties specified in the job description.

Section 8.6 Individual Employee's Job Classification.

8.6(a) It is a mutual objective of the Union and the Company that the job classification of each employee be an accurate and timely reflection of the work assigned; however, the Company shall retain the exclusive right to reassign employees as necessary to meet work requirements, and employees shall comply with such reassignments notwithstanding the employee's job classifications of record at the time. If the Company determines, by reference to the applicable job description, that an employee's job classification is at a rate range that is higher than is appropriate for the work to which the employee is assigned, the Company may permit the employee to continue in the same assignment without reclassification for whatever period of time the Company elects, or the Company may add to the employee's current assignment or reassign the employee to other work for which the employee's rate range is appropriate, or, within the limitations stipulated in this Article 8, the Company may downgrade the employee to the job classification that the Company deems appropriate for the work assigned.

8.6(b) An employee, who is assigned to work for which the appropriate rate range is lower than the employee's current rate range, may be permitted to continue in such assignments without being reclassified to the lower rate range. The rate range or work assignments of individual employees other than a grievant shall not be introduced or regarded as pertinent evidence for the purposes of Article 3.6(a), unless by mutual agreement of the parties.

8.6(c) An employee may be reclassified to a higher job classification irrespective of their assigned retention index.

8.6(d) Challenges Concerning Individual Employees' Job Classifications. Individual employees may challenge their job classification, within the limitation stipulated in Section 8.6(d)(1), based on the contention that the work assigned by the Company differs from the job description identified with such job classification to the existing job classification. Disputes based on such contention may be processed as grievances in accordance with Article 3, and shall be resolved (whether by agreement or arbitration) exclusively by comparison of existing job descriptions to determine which is more appropriate for the individual work assignment in dispute. Assignment descriptions contained on the Performance Management Guide shall be considered, along with other grievant job assignment information, in resolving individual job classification challenges. Assignment descriptions on Performance Management Guides for

employees other than the grievant may be considered only when such is mutually agreed upon by the Company and the Union.

8.6(d)(1) Short-term variations will from time to time occur in the amounts and types of work assigned to any activity, project, program or organization. Such variations, including, but not limited to, work assignment adjustments made necessary by vacations or other employee absences, are recognized by the Union and the Company as conditions which justify the short-term assignment of employees to work that is at a different rate range than covered by the employees' current job classifications. Accordingly, individual job classification grievances acceptable under the provisions of this Article 8 are limited to assignments of not less than thirty (30) continuous calendar days.

8.6(d)(2) If, subsequent to the processing of a grievance in accordance with Sections 8.6(d) and 8.6(d)(1), it is determined by the Company or an arbiter that an existing higher rate range job classification is appropriate, the Company will appropriately classify the employee and pay the employee who has performed the work at the higher rate range subsequent to the date on which the written grievance was received by the Company and within thirty (30) calendar days prior to that date.

Section 8.7 Temporary Job Classifications. Temporary job classifications may be established by the Company for new or revised work for which no current job classification is applicable and which require a period of time to stabilize job duties. This period will not exceed ninety (90) days unless extended by mutual agreement. The Union will be notified of the effective date and approximate duration of the temporary classification. Employees will be assigned to such new work at not less than their current rate range until the job classification is made permanent. If the temporary job classification is made permanent at a higher rate range than the current rate ranges of the assigned employees, these employees will be paid within the range of the higher rate range for the time assigned to the work covered by the job description for the permanent job classification. Effective upon and after the Company's determination that a temporary job classification has become permanent, the provisions of Section 8.4 shall apply.

Section 8.8. Temporary Assignment. The Company may temporarily assign employees to perform work in any classification. The Union will be notified in advance, where practicable, of the effective date and approximate duration of such temporary assignment. Temporary assignments will not exceed sixty (60) days in duration. Longer periods may be designated by mutual agreement between the Company and the Union. Employees temporarily assigned will not result in the surplus of any represented employee within the assigned classification.

ARTICLE 9
WORKFORCE ADMINISTRATION

Section 9.1 Definitions.

9.1(a) "Surplus" refers to a condition in which the Company determines that the assigned number of individuals exceeds the needs of the activity, project, program or organization to which the individuals are assigned. A surplus may or may not result in layoffs. To the extent deemed practicable by the Company, surpluses **may** be resolved by placing individuals in other assignments.

9.1(b) "Probationary employees" refers to new and rehired employees (hired on or after the effective date of the Agreement) who have been employed for ninety (90) calendar days or less with the Company.

Section 9.2 Procedure Relating to the Filling of Openings.

9.2(a) The parties are agreed that it is in their mutual interest to assure that favorable promotional and retention consideration is granted to those individuals who are best able to maintain or improve the efficiency of the Company, further its progress and contribute to the successful accomplishment of current and future business. Accordingly, in the filling of openings, particular attention will be given to the development, advancement and retention of the existing workforce.

9.2(b) Reassignments and transfers of the following kinds may be made by the Company without regard to the provisions of Section 9.2(d). Positions so filled shall be regarded as vacancies and not open positions.

9.2(b)(1) Reassignments of surplus bargaining unit employees and surplus individuals from other payrolls.

9.2(b)(2) Non-promotional reassignments of non-surplus bargaining unit employees (as, for example, to staff new programs or to avoid surpluses).

9.2(b)(3) Return of bargaining unit employees from layoff status or from leaves of absence.

9.2(b)(4) Transfers into the bargaining unit of individuals who at some previous time were assigned to a position within the bargaining unit or to an equivalent preceding position as listed in Appendix A.

9.2(c) All vacant positions other than those filled as described in Section 9.2(b) shall be designated as openings.

9.2(d) The Company will seek candidates from within the existing workforce for all positions that are designated by the Company as open positions. Employees on the active payroll who have been declared surplus shall have priority rights to openings as described in Section 9.2(d)(1). For openings remaining after the provisions of Section 9.2(d)(1) have been met, other candidates shall receive consideration as described in Section 9.2(d)(2). The Company will select for the open position whichever of the considered candidates it determines will best achieve the purposes set forth in Section 9.2(a).

9.2(d)(1) If an opening occurs for a position in which layoffs are authorized, an employee already assigned to that job classification shall be selected for the open position.

9.2(d)(2) If the opening still exists following application of Section 9.2(d)(1), other candidates will receive consideration as follows:

First Consideration -- Individuals on file for recall and candidates who make timely application for the open position through the Company's internal job posting process.

Second Consideration -- Others.

9.2(e) Internal Application Process. The company will maintain an environment in which non-probationary employees can make known their interest by applying for open positions for which they are qualified to perform. All employees have access to the job posting system to apply for consideration as a candidate for open positions for which they are qualified.

Section 9.3 Retention System and Layoff Procedure.

9.3(a) Objective. The general objective of the procedure stated in this Section 9.3 is to provide for the accomplishment of layoffs for business reasons to the end that, insofar as practicable, the layoffs will be made equitably, expeditiously and economically, and, at the same time, will result in retention on the payroll of those employees regarded by management as comprising

the workforce that is best able to maintain or improve the efficiency of the Company, further its progress and success and contribute to the successful accomplishment of the Company's current and future business. The occurrence and existence of any condition necessitating a layoff, and the number of employees involved, will be determined exclusively by the Company. Following such determination, the Company will notify the Union of the anticipated layoff and, to the extent practicable, the positions and numbers of employees likely to be affected. Affected employees will be given two weeks notice prior to layoff wherever practicable, and will receive consideration for open positions in accordance with Section 9.2(d).

9.3(b) Retention Index. Each employee will be assigned by the Company a retention index as follows, giving consideration to the employee's current and previous job performance, Company service and potential.

9.3(b)(1) Frequency. A retention index review will be held when a surplus is declared for any affected job classification. The retention ranking will be active for a 6 (six) month period. In each review, the Company will group employees for retention purposes and designate the retention index of each employee.

9.3(b)(2) Retention Index Group Make-up. Retention index groups shall be comprised of identical job classifications. The Company may identify separate index groups within a job classification and will review the index groups with the Union prior to the retention process.

9.3(b)(3) Review Process. The Company will determine the retention index of each employee, the members of management who will participate in retention index reviews, the retention index groups to be used, the time, and the other details of such reviews. Members of management participating in the reviews will be instructed by the Company to make retention index assignments with care, giving full consideration to the objective stated in Sections 9.3(a) and 9.3(b). It is recognized that any practicable process of assigning a retention index to each employee cannot be completely free of error as to method used or as to resulting retention index, taking into account the fact that numerous management representatives necessarily must participate in the process and that many of the factors which must be dealt with are intangible in nature. The review process shall not be subject to the grievance procedure.

9.3(b)(4) Retention Index Distribution. Each employee will be assigned a retention ranking (1 through n) for each retention group. A ranking of 1 is the highest.

9.3(b)(5) Retention Index Appeals. An employee who feels the assigned retention index is inappropriate may at any time discuss the matter with his or her immediate manager. If within thirty (30) calendar days following notification of the assigned retention index rating, the employee elects to appeal the rating, and discussion with the immediate manager has not resolved the employee's concern, certain ratings may be appealed for further review as provided below:

9.3(b)(5)(a) Retention index ratings may be appealed where the rating represents a one or more position drop from the previous rating, and it is substantiated that the drop is not due to the effect of workforce reduction.

9.3(b)(5)(b) The employee so affected will address his or her concerns in writing to the Union setting forth the basis for such appeal.

9.3(b)(5)(c) If the Union believes the employee's appeal warrants further review, the Union will notify the Human Resources Manager, or designee, within ten (10) workdays of receipt of the employee's appeal.

9.3(b)(5)(d) Within ten (10) workdays following such notice, the Human Resources Manager, and a Union Representative will meet to resolve the appeal. Pertinent information may be obtained from the employee, and immediate manager, and/or Functional Manager for this meeting. Such resolution by the Human Resources

Manager will be final and binding and will conclude the appeal process.

9.3(b)(6) Retention Index of Reclassified Employees. The retention index of an employee who is reclassified after the retention review will be sustained or revised, depending on the employee's resulting job classification rate range.

9.3(b)(6)(a) Without change in rate range, the employee will retain the same retention index as before the reclassification until the next retention index review.

9.3(b)(6)(b) With a reduction in rate range, the employee will automatically receive a retention index of 1 until the next retention index review.

9.3(b)(6)(c) With an increase in rate range, the employee will automatically receive a retention index which is the lowest occupied index in the employee's new retention index group, until the next retention index review. If the increase is within the same job classification, the employee will maintain the same retention rating until the next retention index review.

9.3(b)(6)(d) As a result of a reclassification, employees may have the same retention rating as noted in 9.3(b)(6)(a) and (b). If a surplus is declared prior to the next retention index review, a separate retention review will be performed for the classification affected.

9.3(b)(7) Retention Index of New-Hire Employees. New hired employees will receive the lowest retention ranking until the next retention exercise. In the case of multiple new employees in the same job classification, the new employees will be assigned the same lowest retention ranking, until the next retention index review. A separate retention review will be performed for the classification affected if a surplus is declared.

9.3(b)(8) Employee Notification. Following each periodic retention index review, the Company will provide each employee with a written notification of the employee's retention index, prior to the effective date except where such is made impracticable due to the unavailability of the employee or the manager occasioned by vacations, travel assignment, etc. In such circumstances, the notification will be given as soon as practicable. The written notification will contain:

9.3(b)(8)(a) The employee's position;

9.3(b)(8)(b) The number of total employees in the employee's retention index group and the employee’s ranking (1 through n).

9.3(b)(8)(c) The effective date; and

9.3(b)(8)(d) The name of the member of management who chaired the review.

9.3(c) Application of Layoff Sequence. When a workforce reduction is determined by management to be necessary within one or more job classifications, management will designate for layoff the required number of employees within such job classifications beginning with probationary employees and moving through the retention rankings from lowest to highest ranking. Exceptions to the designation for layoff may be made by the Company where it desires to retain up to 10% or up to two employees, whichever is greater, of the employees who are within the total group, composed of all classifications, designated for layoff.

9.3(c)(1) Employees designated for layoff shall receive a one time downgrade offer to the last previously held job classification or the next lower job classification held within the bargaining unit.

9.3(c)(2) Employees designated for layoff from a job classification outside the bargaining unit and who have been in those job positions no longer than four (4) years from the date of layoff shall, subject to management discretion, be eligible for a one time

downgrade offer to the job classification within the bargaining unit which they previously held immediately prior to their promotion or transfer into a job position outside the bargaining unit. If a downgrade offer is offered to such employees and the employee accepts the downgrade in lieu of layoff, the employee shall be assigned the lowest retention rating upon their being reclassified into the bargaining unit job classification. Such employees shall retain the lowest retention rating until the next retention exercise.

9.3(c)(3) Employees designated for downgrade have the option of layoff in lieu of that downgrade.

9.3(c)(4) The Company may make downgrade offers to employees who have previously exercised downgrade rights under the provisions of Section 9.3(c)(1) of this Agreement.

Section 9.4 Layoff Status and Return to Active Employment.

9.4(a) Maintenance of Layoff Status.

9.4(a)(1) Each employee laid off under the provisions of this Article will remain on layoff status for a total period of four (4) years from the date the layoff was effective, subject to Section 9.4(a)(2).

9.4(a)(2) Employees shall remain on layoff status in accordance with Section 9.4(a)(1), provided they do not:

9.4(a)(2)(a) Fail to respond to a formal offer from the Company of a job within ten (10) workdays after it is extended or by such later date as may be stipulated by the Company, or

9.4(a)(2)(b) Refuse a formal offer from the Company for a full-time job within the bargaining unit for which the salary offered is equal to or greater than the employee's salary at the time of layoff, or

9.4(a)(2)(c) Fail to report to work within ten (10) workdays following acceptance of a formal Company offer or on such later date as may be stipulated in the Company offer, or

9.4(a)(2)(d) Elect retirement under the Company Retirement Plan thereby removing themselves permanently from layoff status.

9.4(a)(3) Employees removed from layoff status for any reason other than retirement or expiration of the four-year period following layoff will be notified in writing of such removal, and the reasons therefore, by the Company.

9.4(a)(4) Laid off employees who are prevented from meeting the conditions described in Sections 9.4(a)(2)a, 9.4(a)(2)b or 9.4(a)(2)c solely due to medical disability, verified to the Company's satisfaction by their personal physician, shall upon request be granted a waiver for the missed requirement(s).

9.4(b) Return to Active Employment.

9.4(b)(1) It is a mutual objective of the Company and the Union that laid off employees who have not been determined ineligible under Section 9.4(b)(3) be recalled to active employment, and a mutual desire that such recall be offered in approximate reverse order of layoff. Accordingly, employees on file for recall pursuant to Section 9.4(b)(3) will be offered return to active employment within the applicable position, in approximate reverse order of layoff, prior to workforce additions from sources external to the Company, subject to the following limitations:

9.4(b)(1)(a) Nothing in this Section 9.4 will preclude the Company from promoting from within or from hiring from sources outside the Company when projected

requirements exceed the number of employees in applicable job classifications on file pursuant to Section 9.4(b)(3) who are eligible for an offer of recall.

9.4(b)(1)(b) In making recall and hiring decisions, the Company will review the specific qualifications of individuals on the basis of product familiarity, specialized experience or education, customer requirements, and the need to achieve the most efficient and accurate match of individual capabilities to job requirements. Consequently, not all Company decisions relating to recall and hiring can promote the mutual objective and desire stated above. Such decisions will not be subject to Article 3.

9.4(b)(2) The Company periodically will review with the Union the operation of Section 9.4(b)(1) in order to facilitate achievement of the mutual objective and desire stated above.

9.4(b)(3) At the time of layoff, the Company will place in the file for return to active employment the names of all laid-off employees. In order to maintain such recall status, employees must keep the Company informed of their address and interest in returning to active employment by submitting a letter to the Human Resources Office of the Company.

9.4(c) Salary of Returning Laid-Off Employees. Company offers to laid off employees for return to active employment will be extended at whatever salary and rate range deemed by management to be appropriate. Rejection of a formal Company offer for a position outside the bargaining unit or at a salary lower than the employee's salary at time of layoff, or a rate range lower than the rate range from which the employee was laid off, will not be cause for removal from layoff status.

9.4(d) Employees who remain on layoff status for the full period specified in Section 9.4(a)(1) will retain such eligibility from the date of layoff for retirement benefits as provided in the retirement plan under which they are covered.

9.4(e) The Company will maintain a record of all laid-off employees who are on layoff status under the above provisions.

Section 9.5 Severance Pay. In the event economic or operating conditions result in layoff or reduction in workforce, affected employees will be eligible for severance pay. Severance pay will not apply if an employee is laid off and subsequently becomes employed by another part of BAE Systems; if an employee is offered a position with comparable pay and benefits by a successor employer; if an employee is laid off because of an act of God, national emergency or natural disaster; if an employee is laid off because of a strike, picketing of Company, work stoppage or other similar action; and if employment is terminated for any other reason including discharge, resignation, medical layoff, death, retirement or leave of absence.

9.5 (a) Employees laid off as described above shall receive the equivalent of two (2) week's base pay, excluding shift differential, as severance pay. All other employees who sign a waiver of claims against the Company shall receive the equivalent of one (1) week's pay for each full year of service, up to a maximum of thirteen (13) weeks pay. If an employee is recalled and subsequently laid off in that four-year period, the employee shall be eligible for any new accumulated severance benefit. Severance is paid in a lump sum.

9.5 (b) In the event of layoff, medical, dental, and vision coverage for employees and dependents will continue during the severance period until the employee is covered by any other group medical plan either as an employee or as a dependent, but in no event beyond three (3) months after the date of layoff. Required contributions, if any, must be paid during any period of such continuation of coverage.

ARTICLE 10
PERFORMANCE EVALUATION

Section 10.1 The Company and the Union agree that many factors contribute to performance, including but not limited to: initiative, ingenuity, quality and quantity of output, cooperation, attitude and knowledge. It is further agreed that both the Company and the employee share an equal responsibility and a shared commitment to continuous improvement.

Section 10.2 Any performance evaluation system must consist of the following factors:

10.2(a) A mutual understanding of both the employee's responsibilities and objectives as well as those of the immediate manager.

10.2(b) A discussion of methods and skills needed to achieve those responsibilities and objectives.

10.2(c) Periodic reviews between the employee and manager in regard to the progress of the mutually understood responsibilities and objectives.

10.2(d) An appeal process which the employee may use if agreement on responsibilities or objectives cannot be reached, or the final evaluation is deemed by the employee to be unfair.

Section 10.3 Basis for Performance Evaluation. Any system used to evaluate employee performance must:

10.3(a) Promote open, on-going communication between the employee and management.

10.3(b) Enhance employee satisfaction, dignity and trust.

10.3(c) Promote fairness.

10.3(d) Be clearly understandable.

Section 10.4 Frequency. Any performance evaluation system will be based upon a common annual cycle for the employees within the bargaining unit. The initial review and the final evaluation must be completed within thirty (30) calendar days of the annual commencement and conclusion of the review. The employee will be given adequate time prior to each discussion with management to review and compile duties and assignments as well as assess accomplishments. The Company will give notice to the Union sixty (60) days prior to the commencement of this process.

Section 10.5 Review Process. Before a clear and accurate performance definition can be achieved, individual objectives need to be balanced with organizational responsibilities. The employee and immediate manager will meet to develop and mutually understand the employee's job requirements, performance responsibilities and objectives, and the plan for their achievement. This discussion will be held at the beginning of the performance evaluation cycle or upon a significant change in the employee's primary duties and responsibilities.

The discussion will be finalized by a written document reflecting the following:

10.5(a) Clear and accurate job requirements, responsibilities expected of, and mutually understood by the employee and immediate manager.

10.5(b) What constitutes successful achievement of stated responsibilities and objectives.

Section 10.6 Interim Reviews. After the initial responsibilities and objectives are agreed upon by the employee and manager, there shall be a mandatory meeting prior to the end of the seventh calendar month after the evaluation cycle commences. During this meeting the employee's progress toward mutually understood goals and objectives will be reviewed. In addition, any other significant factors will be discussed. At the employee's or manager's discretion, more frequent reviews may be accomplished.

Section 10.7 Appeal Process. An employee who feels that the responsibilities and objectives or the evaluation as to the success of reaching those responsibilities and objectives is inappropriate may, at any time during the evaluation cycle, request that a Union Representative, the appropriate functional manager, and the Human Resources Manager, or designee, meet and respond to the issues raised. Such response shall not be later than thirty calendar days from the date the issues were raised to management pursuant to this Section 10.7. Such response time may be extended by mutual agreement of the parties.

Section 10.8 Disciplinary Problems. The sole purpose of a performance evaluation system is to review an employee's job performance. Problems of a disciplinary nature, such as attendance or violation of company rules, shall be addressed through the established disciplinary process but may be discussed in the performance evaluation review as it directly impacts the employee's job performance.

Section 10.9 Compensation. Any performance review system which may have a direct relationship to an individual's compensation must be mutually agreed to by the Union and the Company.

ARTICLE 11
JOINT MEETINGS

Section 11.1 Joint Meetings.

11.1(a) 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.

11.1(b) This Article 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.

11.1(c) The Company and the Union agree that it is in their best interest to stimulate and support initiatives aimed at improving work processes, productivity, quality, and Employee Involvement. This can best be accomplished by active involvement of the Union and the Company in planning, developing, implementing, and evaluating programs to further these aims. To this end, the Company shall notify the Union as soon as possible regarding relevant information that affects the bargaining unit.

11.2 Monthly Labor Management. Meetings will be held between representatives of the Union and the Company to discuss and resolve concerns, and to exchange information of mutual interest. Topics of discussion for these meetings are inclusive of but not limited to clarification and interpretation of the contract, the use of contract labor, performance management and other items of mutual concern or interest. It is further agreed that the Company and the Union will provide agenda items to each other prior to such meeting.

11.3 Mid-term Meeting. The Company and the Union 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 may occur on or about the mid-term point of this Agreement at the request of either party.

ARTICLE 12
UNION AND COMPANY RELATIONS

Section 12.1 Union Officials.

12.1(a) The Union shall inform the Company in writing of the names and positions of its officials currently and any changes thereto. Only persons so designated to the Company will be accredited as representatives of the Union. Accreditation shall be effective on the third day following the Company's receipt of the notification.

12.1(b) Solicitation of Union membership, collection or checking of dues, or reading of Union newsletters or publications will not be permitted during working time. Distribution of Union newsletter or publication will not be made during working time or in work areas. The Company agrees not to discriminate in any way against any employee for legitimate Union activity, but such activity shall not be carried on during working time except as specifically provided for in this Agreement.

12.1(c) Council Representatives, Negotiating Team members or bargaining unit members, before leaving their assigned work on Union business, shall present authorization from the Union and shall notify their manager. The Union shall provide to the Human Resources Manager, or designee, oral confirmation of such authorization at least one day prior to such leave. The unworked time shall be charged to a special charge account number and the Union agrees to reimburse the Company at the rate of $29.00 an hour for all time so spent. This amount is to be increased on each February 3rd, the amount of increase identified in Article 7.3(a)(1), increased in increments of $.50.

12.1(d) Grievance and Contract Administration.

12.1(d)(1) The Union shall investigate and adjust grievances and perform contract administration exclusively through Council Representatives, who shall be employees, and Union Staff Representatives.

12.1(d)(2) Council Representatives shall notify and obtain permission from their manager before leaving the work assignment for the purpose of investigating complaints or claims of grievance on the part of employees in their work area. Such permission shall be granted except where the manager considers such absence would seriously interfere with the performance of the group of which the representative is a part. Time spent on such approved investigations and discussions shall be considered work time provided such activity does not extend beyond the time that the manager considers reasonable under the circumstances. All Council Representatives in the conduct of their investigations, and before contacting an employee, shall obtain permission of the manager of such employee and advise the manager of the estimated time required for the discussion. Such permission shall be granted except where the visit would seriously interfere with the work of the group. Except as provided in Sections 12.1(d) and 11.1(a), all time lost from work due to Union business shall be handled in accordance with Sections 12.1(c) or 12.1(e).

12.1(d)(3) Access by Union Staff Representatives shall be governed by Section 12.2 below.

12.1(e) Leave of absence without pay shall be granted for the following reasons:

12.1(e)(1) Full-time employment by the Union or its national organization.

12.1(e)(2) Union business authorized by the Executive Board.

If such leaves of absence do not exceed thirty days, the employee shall retain full rights and privileges enjoyed prior to the leave. In the case of leaves granted under Section 12.1(e)(1) which exceed thirty (30) calendar days, the Company will reinstate such individual at not less

than the employee's former rate range or salary plus any general salary increases which occurred during the period of the leave of absence.

12.1(f) The Company and the Union recognize that each individual within the bargaining unit has a full-time work assignment for the Company and, if Union business impairs such work assignment, the Company and Union agree to make arrangements to prevent such impairment in the future.

12.1(g) Council Representatives.

12.1(g)(1) The Union may designate one (1) Council Representative for each fifty (50) employees, or major fraction thereof, up to a maximum of three (3) Council Representatives in the bargaining unit. The Company and the Union may, however, by mutual agreement, establish more Council Representatives.

12.1(g)(2) In the absence of a Council Representative for any reason, the Union may designate a temporary substitute in writing.

12.1(h) Protection of Union Officials.

12.1(h)(1) Council Representatives shall not be laid off during their term of office provided that:

12.1(h)(1)(a) The Council Representative had a retention index rating within the top 66 percent (66%) of the retention group at the time of the most recent election as a Council Representative, provided that, if the Council Representative's retention index was the result of Section 9.3(b)(6), the previous retention index will apply, and

12.1(h)(1)(b) Other employees then represented by the Council Representative remain in the same job classification.

12.1(h)(2) In the event management deems it necessary to involuntarily transfer or loan a Council Representative, the Company will inform the Union of the proposed transfer or loan prior to its effective date and will discuss with the Union the feasibility of transferring or loaning another employee.

12.1(h)(3) The Negotiating Team members, not to exceed four (4) in number, shall not be laid off within the three (3) months immediately preceding the expiration date of this Agreement.

Section 12.2 Union Staff Representatives - Access to Plants. Union Staff Representatives not employed by the Company will be permitted access during working hours to areas in the Company's facilities where employees in the bargaining units defined in Article 1 are assigned, to the extent government and customer regulations permit. Such access shall be only for the purpose of investigating complaints or claims of grievance on the part of employees or the Union and shall be subject to the following:

12.2(a) The Company shall be required to admit only those Staff Representatives who have been agreed to in writing or as may be agreed to by the Company throughout the remainder of this Agreement. Staff Representatives shall notify the designated Human Resources organization of their contemplated visits.

12.2(b) Staff Representatives who are entitled to admittance to the Company's facilities shall sign in where required through the Company designated organization at the plant or facility they desire to enter. Upon being admitted, they shall proceed to the organization they wish to visit, contact the manager then present, state the purpose of their visit and obtain permission prior to contacting any employee in such organization. Such permission will be granted except where there is a substantial reason for delaying the contact due to safety conditions or the fact that a critical operation is in process. Upon leaving the plant or facility they shall sign out where

required and return any temporary identification badges which were issued for the purpose of the specific visit.

12.2(c) Staff Representatives who fail to comply with provisions of Section 12.2 shall forfeit their admittance rights.

Section 12.3 Union Staff Representative, Executive Board Member or Council Representatives – Investigatory Interviews. Each employee has the right, during an Investigatory interview which the employee reasonably believes may result in discipline, to request the presence of the designated Union Staff Representative or Council Representative, if the Union Staff Representative or Council Representative is available. If that Union Staff Representative or Council Representative is not available, such employee may request the presence of another immediately available Council Representative. If the designated Union Staff Representative or Council Representative, pursuant to the employee's request, is present during such an interview, the Union Staff Representative or Council Representative, in addition to acting as an observer, may, after the Company representative has completed questioning of the employee, ask additional questions of the employee in an effort to provide information which is as complete and accurate as possible. The Union Staff Representative or Council Representative shall not obstruct or interfere with the interview.

Section 12.4 Deduction of Union Dues.

12.4(a) Deduction of the Union Initiation Fee and Union Dues. The Company agrees to make weekly payroll deductions for the Union initiation fee and Union dues upon receipt by the office designated by the Company of a voluntary written assignment covering such deductions on a form mutually agreed to by the Union and the Company. Such dues shall be remitted to the Union on or before the fifteenth of the following month. The deductions will be itemized to include the employee's name, social security number, and the amount of deduction. Such assignment is to remain in effect until canceled by the bargaining unit employee so signing on a Company form or in any other written manner acceptable to the Company.

12.4(b) Union Dues Tables. In the event the Union desires to change the present method of computing the amount of dues to be deducted, the Union will obtain written Company approval of the proposed method prior to the change becoming effective through payroll deduction.

12.4(c) Indemnification and Waiver of Claims. The Union expressly agrees to indemnify the Company against any and all employee and governmental claims, demands, suits or other forms of liability that arise out or by reason of action taken or not taken by the Company for the purposes of complying with this Article.

Both the Company and the Union will utilize due diligence in administering and reviewing, respectively, the dues deduction system. In the event the Union discovers administrative errors in Company administration of the system, the Union will give the Company prompt and timely notice of same, whereupon the Company will endeavor to make reasonable administrative corrections consistent with applicable state and federal law. Respecting Company administration of the system, the Union expressly waives as against the Company any and all claims, demands, suits or other forms of liability that may arise out of or by reason of good faith action taken or not taken by the Company for purposes of complying with this Article.

Section 12.5 Bulletin Boards. The Company agrees to provide at least one bulletin board, in a location agreed upon by both the Company and the Union, for the purpose of notifying employees of matters pertaining to Union business. The Union will have the responsibility to properly maintain all Union bulletin boards. All notices shall be signed by a representative of the Union who is authorized by the Union to approve notices. The Company shall be informed of the Union's designated authority.

Section 12.6 Strikes and Lockouts. The Union agrees that during the term of this Agreement, and regardless of whether an unfair labor practice is alleged, (a) there shall be no strike, slow down, sit-down or walk-out, and (b) the Union shall not directly or indirectly authorize, encourage or approve any refusal on the part of employees to proceed to the location of 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

shall be no lockout of employees covered by this Agreement. Any claim by the Company that the Union has violated this Article or any claim by the Union that the Company has violated this Article shall not be subject to grievance procedure or arbitration provisions of this Agreement, and the Company or the Union shall have the right to submit such claim to the courts.

Section 12.7 New Employee Orientation. A designated Union official will be given the opportunity to meet newly hired and/or transferred employees within one week of their indoctrination day or first day of placement into a new position to answer questions about the Union. Such meetings shall be limited to thirty (30) minutes.

Section 12.8 Data Reports. Upon request of the Union, the Company may provide employee-related data for its represented members.

ARTICLE 13
SAVINGS PLAN

Section 13.1 Continuation of Plan. Subject to the continuing approval of the Commissioner of Internal Revenue and of other cognizant governmental authorities, as more particularly hereinafter specified, and to the provisions of Section 13.4, a Savings Plan (hereinafter called the Plan), in the form now in effect as to the employees within the unit to which this Agreement relates, shall continue to be effective while this Agreement is in effect as to such employees in accordance with and subject to the terms, conditions, and limitations of the Plan.

Section 13.2 Approval of Plan. Approval of the Plan by the Commissioner of Internal Revenue as referred to in Section 13.1 means a continuing approval sufficient to establish that the Plan and related trust or trusts are at all times qualified and exempt from income tax under Section 401(a), Section 401(k) and other applicable provisions of the Internal Revenue Code of 1986, and that contributions made by the Company under the Plan are deductible for income tax purposes in accordance with law. The cognizant governmental authorities referred to in Section 13.1 include, without limitation, the Department of Labor and the Securities and Exchange Commission, and their approval means their confirmation with respect to any matter within their regulatory authority that the Plan does not conflict with applicable law.

Section 13.3 Continuation Beyond Agreement. 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.

Section 13.4 Changes to the Current Plan. Subject to action by the Voluntary Investment Plan Committee and to the approvals specified in Section 13.2, all provisions of the Plan are to remain unchanged with the exception of the following amendments:

13.4(a) Vest Company Contributions at 100%. Members will be 100% vested in the Company account at all times.

13.4(b) Permit Salary Deferrals to 50% of Base Pay. Members may increase their salary deferrals from 25% to 50% of base pay effective January 1, 2008.

13.4(c) Company Match. The company match is 75% of the first 8% of employee contributions.

13.4(d) Participant Deferral Agreement. Members may change the rate of their salary deferrals one time a month to be effective as soon as practicable.

13.4(e) Investment Elections. Members may change their future and/or existing account balances on any business day, as often as desired. The changes will be effective as soon as practicable after requested.

13.4(f) Profitsharing contribution. The company will contribute 1.3% of the employee's base pay to their 401k account beginning as soon as administratively possible in 2008.

13.4(g) Effective Date of Amendments. The amendment set forth in Section 13.4(c) shall take effect as soon as administratively possible.

Section 13.5 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 of 1986.

Section 13.6 Participant Elective Contributions Not Applicable for Other Purposes. It is acknowledged that the election of a Member to convert a portion of his or her base pay under the terms of the Plan will be effective for purposes of this Plan and will reduce the Member's compensation insofar as certain payroll taxes may be applicable. However, for all other employment related purposes, including all of the Member's rights and privileges under this labor agreement, his or her base pay or compensation will be considered as though no election had been made.

ARTICLE 14
GROUP BENEFITS

Section 14.1 Type of Group Benefits Program for Employees on the Active Payroll.

All Union employees will be offered the same group health & welfare benefits as are offered to BAE Systems Irving non-represented employees as described below. Benefits may be modified for future plan years at the sole discretion of the Company. If the health and welfare benefits change, the company shall provide advanced notice of these changes, and the Union employees will be notified concurrent with the non-represented employees of these changes.

The Company will provide the following benefits in accordance with the benefits offered to BAE Systems Irving non-represented employees and the cost of these plans will be determined by the insurance carriers and actuarial calculations.

- Medical, Dental and Vision Insurance
- Basic Life and Accidental Death & Dismemberment Insurance
- Optional Life and Accidental Death & Dismemberment Insurance
- Long Term Disability (LTD) insurance

For Short Term Disability, the Company will provide the Value Plan Short Term Disability (STD) benefit which offers a 70% weekly benefit percentage with no maximum weekly benefit. The plan has a 14-day elimination period. Benefits begin on the 15th day following hospitalization, sickness or accident. The benefit duration is 24 weeks.

Other benefits provided to BAE Systems Irving non-represented employees including Vacation Buy/Sell, Long Term Care Insurance, Flexible Spending Accounts and Access Only Retiree Medical plans will be offered to Union employees. Benefits may be modified for future plan years at the sole discretion of the Company.

During the entire term of this Agreement the Company will, at its sole discretion, set the amount of cost to be paid by the Company for the above listed benefits. For participation in the group medical and dental insurance programs, active employees shall pay a portion (percent cost share) of the medical and dental premiums as listed in Appendix B based on the level of coverage, capped at the rates listed for each year. The premium rates for the vision plan are 100% employee paid.

A Summary Plan Description (SPD) describing all of the health and welfare plans will be available to each employee.

Section 14.2 Cost of the Group Benefits Program for Employees on the Active Payroll.

14.2(a) Employees on the Active Payroll. Each employee shall pay a proportionate share of the cost related to his or her medical and dental insurance programs provided by the Company as provided for on Appendix B, Medical and Dental Premium Sharing.

14.2(b) Dependents of Employees on the Active Payroll.

14.2(b)(1) Each employee shall pay a proportionate share of the costs equal to that as specified under 14.2(a) above related to his or her coverage under the Company's medical and dental insurance programs for eligible dependents and/or spouse under the Group Benefits Program.

Section 14.3 Details and Method of Coverage. The benefits summarized in the Group Benefits Program 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 Program shall be subject to the terms and conditions of such contracts and/or administrative agreements, consistent with the summary plan description.

Such contracts and/or administrative agreements may require the carriers and/or administrative agents to develop various programs designed to contain costs, based on those portions of the Group Benefits Program 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 program will not operate to reduce the benefits of such Program to any covered person or to shift the costs covered under such Program 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 14.4 Administration. The Group Benefits Program 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 Program and no question or issue arising under the administration of such Group Benefits Program or the contracts and/or administrative agreements identified therewith shall be subject to the grievance procedure or arbitration provisions of Article 3 of this Agreement.

Section 14.5 Copies of Policies to be Furnished to Union. Copies of the policies, contracts and administrative agreements executed pursuant to this Article 14 shall be furnished to the Union. The coverages and benefits indicated in the Group Benefits Program, 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 14.6 Federal or State Program. 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 will be replaced by such program to the extent required

by law. No question or issue regarding the level of benefits under the federal or state program will be subject to the grievance and arbitration procedure of Article 3.

ARTICLE 15
RETIREMENT PLAN

Section 15.1 Continuation of Plan. Subject to the approval of the Commissioner of Internal Revenue and of other cognizant governmental authorities, as more particularly hereinafter specified, and to the provisions of Section 15.5, a retirement plan (hereinafter called the Plan) in the form now in effect as to the employees within the unit to which this Agreement relates, shall continue to be effective while this Agreement is in effect as to such employees in accordance with and subject to the terms, conditions, and limitations of the Plan.

Section 15.2 Approval of Plan. Approval of the Plan by the Commissioner of Internal Revenue as referred to in Section 15.1 means a continuing approval sufficient to establish that the Plan and related trust are at all times qualified and exempt from income tax under Section 401(a) and other applicable provisions of the Internal Revenue Code of 1986, and that contributions made by the Company under the Plan are deductible for income tax purposes in accordance with law. The cognizant governmental authorities referred to in 15.1 include, without limitation, the Department of Labor, the Pension Benefit Guaranty Corporation and the Securities and Exchange Commission, and their approval means their confirmation with respect to any matter within their regulatory authority that the Plan does not conflict with applicable law.

Section 15.3 Continuation Beyond Agreement. 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.

Section 15.4 Grievances as to the Plan. Only questions concerning the amount of Credited Service under the Plan that an employee has accumulated by reason of employment after the effective date of the Plan shall be subject to the grievance procedure of Article 3 of this Agreement.

Section 15.5 Changes to the Current Plan. Subject to action by the Retirement Committee and to the approvals specified in Section 15.2, all provisions of the Plan are to remain unchanged with the exception of the following amendments:

> **15.5(a) Minimum Benefit.** Plan participants will be entitled to a revision of the current plan which would include a minimum benefit for plan participants. The minimum benefit is as follows: retirements on or after March 1, 2008 will be $50 per each year of credited service.
>
> **15.5(b) Effective Date of Amendment.** The amendment set forth above in Section 15.5(a) shall take effect March 1, 2008, and shall apply only to Employees on the Active Payroll of the Company on or after that date (including those who retire from the employ of the Company on March 1, 2008).

ARTICLE 16
GENERAL PROVISIONS

Section 16.1 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 special disabled or Vietnam-era veteran, age, sex, or 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 or state law, such administration or application shall not be considered discrimination under this Section 16.1.

Notwithstanding any other provision of this Section 16.1 or of this Agreement, a grievance alleging a violation of this Section 16.1, shall be subject to the grievance procedure and arbitration of Article 3 only if it is filed on behalf of and pertains to one individual employee. Class grievances based on alleged violation of this Section 16.1 shall not be subject to the grievance procedure and arbitration under Article 3 of this Agreement.

Section 16.2 Compensable Injuries. Any employee who has been wholly or partially incapacitated for that employee's regular work by compensable injury or compensable occupational disease while in the employ of the Company may, while so incapacitated, be employed in other work within the Company which the employee can do without regard to the provisions of this Agreement. The Union shall be notified of persons to whom this waiver applies and the effective dates of such waiver.

Section 16.3 Federal, State and Local Laws. Nothing in this Agreement shall in any way limit the Company in the enforcement of its legal rights under city, state, or federal law or shall affect the Company's obligation to comply with the laws, regulations, ordinances or directives of the city, state or federal governments.

Section 16.4 Severability. 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 any such part or portion of this Agreement shall not invalidate the remaining portions hereof and they shall remain in full force and effect.

ARTICLE 17
DURATION

Section 17.1 Effective Dates. This Agreement shall become effective on February 3, 2011, and shall remain in full force and effect until the close of February 2, 2014, and shall be automatically renewed for consecutive periods of one (1) year thereafter unless either party shall notify the other in writing at least sixty (60) days and not more than ninety (90) days prior to February 2 of any calendar year beginning with 2011 of its desire to either (1) amend this Agreement or (2) to terminate this Agreement as of a date stated in such notice to terminate, which date will be subsequent to such February 2, provided in any event this Agreement shall expire at the close of February 1, 2017.

Section 17.2 Notice to Amend/Terminate. If either a notice to amend or a notice to terminate is timely given pursuant to Section 17.1, the parties agree to meet within thirty (30) days thereafter for the purpose of negotiating an amendment to this Agreement or a new contract. The nature of the amendments desired must be specified in full in the notice.

Section 17.3 Termination of Agreement. If notice to amend is timely given pursuant to Section 17.1, either party may at any time thereafter notify the other in writing of its desire to terminate this Agreement as of a date stated in such notice to terminate, which date shall be subsequent to February 1st of the year in which such notice to amend is timely given and at least sixty (60) days subsequent to the giving of such notice to terminate.

Section 17.4 Conditions of Termination. This Agreement and any amendment thereof pursuant to this Article, shall continue in full force and effect until either (1) a new contract superseding it is consummated, (2) it is terminated by a notice to terminate timely given pursuant to Sections 17.1 or 17.3, or (3) it expires, whichever shall first occur.

Section 17.5 Successors Clause. This Agreement shall be binding upon the company and its successors until its expiration, or until it is changed by mutual agreement of the parties. It is the expressed intent of the parties that the Agreement remains in effect for its full term. In the event that a successor is announced, the Company will notify the Union of such change and include contact information for the successor if known.

Signed this 3rd day of February, 2011.

Society of Professional Engineering Employees in Aerospace

By: Thomas M. McCarty

President

BAE Systems Irving

By: Daphne Rivera

Daphne Rivera
Human Resources Manager

SPEEA NEGOTIATION TEAM
Bob Brewer, Midwest Director
BJ Moore, Contract Administrator
David Whitley
Debora Proctor
Cindy Caldwell
Leslie Sheren (alternate)

COMPANY NEGOTIATION TEAM
Daphne Rivera
Tom Teter
Teresa Williams
Brandon Weaver

APPENDIX A
JOB CLASSIFICATIONS AND AUTHORIZED RATE RANGES

JOB TITLE	RATE RANGE				
	D	C	B	A	AT
CUSTOMER SERVICE REPRESENTATIVE			X		
CUSTOMER SERVICE REPRESENTATIVE, SENIOR				X	
ENGINEERING TECHNOLOGIST				X	
ENGINEERING TECHNOLOGIST, SENIOR					X
PRODUCT PROCESS QUALITY TECHNOLOGIST			X		
PRODUCT PROCESS QUALITY TECHNOLOGIST, SENIOR				X	
SUPPLY CHAIN ANALYST			X		
SUPPLY CHAIN ANALYST, SENIOR				X	
TRAINING COORDINATOR		X			
TRAINING COORDINATOR, SENIOR			X		
EQUIPMENT SPECIALIST				X	
EQUIPMENT SPECIALIST, SENIOR					X

APPENDIX B

MEDICAL AND DENTAL PREMIUM SHARING

Medical Plan – Weekly Rates			
Year	**2012**	**2013**	**2014**
Employee Cost Share %	11%	12%	13%
Plan and Level of Coverage	Cap	Cap	Cap
Heath Plus			
Employee Only	$11.60	$13.52	$16.88
Employee and Spouse	$23.77	$27.72	$34.60
Employee and Children	$ 21.45	$25.02	$31.22
Family	$ 33.63	$39.22	$48.94

Dental Plans – Weekly Rates			
Year	**2012**	**2013**	**2014**
Employee Cost Share %	13.0%	14.0%	15.0%
Plan and Level of Coverage	Cap	Cap	Cap
Dental High			
Employee Only	$1.53	$1.70	$1.88
Employee and Spouse	$3.32	$3.69	$4.07
Employee and Children	$3.32	$3.69	$4.07
Family	$4.39	$4.87	$5.37
Dental Low			
Employee Only	$0.93	$1.04	$1.14
Employee and Spouse	$2.00	$2.21	$2.44
Employee and Children	$2.00	$2.21	$2.44
Family	$2.63	$2.92	$3.22

Attachment 1

Letter of Understanding
Relating to New Technology and Strategic Improvement

This will confirm the agreement reached during negotiations concerning the Union's participation in the development and implementation of Strategic Improvement project team initiatives set out by management.

1) As recognized in Article 1 of the Collective Bargaining Agreement between the parties, SPEEA is the exclusive representative for employees covered by this Agreement.

2) It is agreed that management will retain management rights, and SPEEA will retain rights as outlined in the Collective Bargaining Agreement and all representative matters having to do with wages, benefits, and other working conditions.

Technical Career Development. The Union and the Company agree that it is to their mutual benefit to work together to explore ways to maintain and continuously improve the technical excellence of the Company and its technical workforce.

Technology Change. The Company and the Union agree that it is to their mutual benefit and a sound economic and social goal to utilize the most efficient machines, processes, methods and/or materials. This utilization is part of the process of continuous strategic improvement, which enhances the Company's ability to compete effectively in the marketplace and, thereby, minimizes the negative impact on job security. It is the Company's policy to assure that training is available for its employees so that they may have the opportunity to acquire the knowledge and skills required by the introduction of technological change. Strategic improvement programs are a means to satisfy the personal and organizational objectives described above through the voluntary participation of and with all levels of employees of the Company.

Job Security. With implementation of new technology or strategic improvement activities, the Company and the Union have a mutual goal to limit the impact of these changes upon the job security of affected employees. Displaced employees will be provided the opportunity to be retrained if necessary, and transferred to another job within BAE SYSTEMS Irving where open positions are in place. With the understanding that all jobs may not be an adequate fit for this type of movement, documented exceptions to this language will be provided to the union. Additionally, open positions posted within 180 days of layoff for employees within the bargaining unit will be provided consideration for these positions. It is understood, however, that downturns in business due to changes in requirements may result in normal surplussing actions. The Union may request a meeting as provided in Article 11 to discuss the provisions of this paragraph.

Technological Planning. It is understood that the implementation of technological change is in itself a process as well as being part of a process of strategic improvement. The technological changes will be introduced progressively over time; therefore the Company will discuss with the Union the planned introduction of technological change into the workplace. It is understood that cooperation between the Company and the Union is vital to the success of implementation.

Communications. The Company and the Union agree to meet not less than annually to review the Company's Strategic Improvement goals and objectives and to discuss methods to be used by both parties in communicating the Company's programs and its aims.

Dated this 3rd day of February, 2011

Society of Professional Engineering Employees in Aerospace

By: Thomas M. McCarty

President

BAE Systems Irving

By: Daphne Rivera

Daphne Rivera
Human Resources Manager

Attachment 2

Letter of Understanding
Relating to Employee Assistance Program

The Company and the Union agree that the establishment of an Employee Assistance Program is a vital and integral part of the effort to maintain a drug- and alcohol-free workplace as well as a desirable benefit for employees requiring assistance in areas that do not involve substance abuse. The Company will, therefore, contract for a counseling service to provide assessment and referral and limited follow-up contact for BAE Systems Irving employees.

The EAP contractor will provide services in the following areas:

- Employee awareness of services to be offered.
- Staff to support Company-operated training, orientation and internal meetings.
- Counseling sessions for purposes of assessment of primary problems.
- Critical incident counseling and intervention.

These services will be broad-based and deal with personal problems which might include:

Chemical Dependency
Relationship Difficulties
Legal/Financial Problems
Mental Health Problems
Eating Disorders
Relocation Adjustment
Catastrophic Illness
Stress Related Disorders
Child/Elder Care

The contractor will provide adequate staff for the accomplishment of these services, be responsible for demonstrating appropriate standards of professional activity and will be held accountable to the highest BAE Systems standards of confidentiality.

Dated this 3rd day of February, 2011.

Society of Professional Engineering Employees in Aerospace

By: Thomas M. McCarty

President

BAE Systems Irving

By: Daphne Rivera

Daphne Rivera
Human Resources Manager

Attachment 3

Letter of Understanding
Relating to Drug and Alcohol Testing

The Union recognizes the Company's desire to maintain a drug-and alcohol-free workplace, and to comply with laws and regulations addressing that subject. The Company will implement drug and alcohol testing (a) to the extent necessary to comply with said laws and regulations, and (b) the reasonable suspicion, post-accident and Employee Assistance Program or positive test follow-up testing that the Company feels necessary to achieve a drug- and alcohol-free workplace. Any other forms of drug and alcohol testing which may be identified by the Company as necessary to meet its drug- and alcohol-free workplace goals will be discussed with the Union and implementation will require mutual agreement of the parties.

The Company and Union have agreed to use a balanced approach to achieving a drug- and alcohol-free workplace. A central component of that approach is the intent to help employees overcome substance abuse problems through a comprehensive Employee Assistance Program. To that end, the Company agrees to provide employees who have verified positive tests an opportunity for rehabilitation, except where termination for independent reasons is appropriate.

The Union reserves the right to grieve the question of whether the Company's program is consistent with this Letter. The Union further reserves the right to challenge any said law or regulation it warrants unjust, to the extent that it affects represented employees.

Dated this 3rd day of February, 2011.

Society of Professional Engineering Employees in Aerospace

By: Thomas M. McCarty

President

BAE Systems Irving

By: Daphne Rivera

Daphne Rivera
Human Resources Manager

Attachment 4

Letter of Understanding
Profit Sharing Program

BAE Systems appreciates and applauds the contribution made by all employees to the success of the Company. In recognition of that contribution, the Board of Directors has granted various "profit-sharing" type programs. These programs have included an All-Employee Stock Appreciation Rights (SARs) Plan and a Profit Sharing Plan. The issuance of these plans, terms of these plans, and the timing of the plans are determined solely by the BAE Systems plc Board of Directors. They are provided to non-represented employees only unless an agreement is reached to provide them to represented employees.

It is agreed that in the event such plans are granted to the non-represented population of BAE Systems Platform Solutions, they shall be provided to the employees covered by this Collective Bargaining Agreement in accordance with the same eligibility conditions.

Dated this 3rd day of February, 2011.

Society of Professional Engineering Employees in Aerospace

By: Thomas M. McCarty

President

BAE Systems Irving

By: Daphne Rivera

Daphne Rivera
Human Resources Manager

Letter of Understanding
Relating to Part-Time Employment

The Company and the Union agree that employee requests to be placed on part-time work schedules to assist employees with personal concerns may be authorized when compatible with Company schedules. The term "part-time work schedule" shall mean a fixed weekly work schedule which is less than the work schedule established by Section 7.1 of the Agreement. No minimum or maximum number of hours will be required, but fixed days and hours of work must be established. A part-time work schedule must be approved by the employee's immediate and second-level management and is applicable only to the particular position the employee occupies when the schedule is approved. Part-time schedules will not be established or changed, including changing to a regular 40-hour work schedule, in the period of November 1 through the following January 2. Approval of a part-time work schedule is subject to revocation at any time. The Company will not hire new employees into the bargaining unit on part-time work schedules and will not normally approve part-time work schedules for employees with less than two years of Company service; provided, the Company may rehire retirees on part-time schedules. The parties will review this program at the mid-term of the Agreement.

Employees on part-time work schedules will be subject to all provisions of the Agreement, except as provided in the Agreement with respect to part-time employees and except as follows:

Group Benefits. Employees on part-time work schedules will be offered an insurance package consisting of the Life, Medical Plan and Dental Plan. All normal Plan provisions will apply. Premiums will be paid by the Company as follows:

Pro-Rated Schedule	**Medical and Dental Coverage**
< 20 hours	Not eligible for Group Insurance
20 + hours	Company contributes 100% of the company contributions

Employees eligible for group insurance must continue to pay their portion of the medical and dental premiums.

Dated this 3rd day of February, 2011

Society of Professional Engineering Employees in Aerospace

By: Thomas M. McCarty

President

BAE Systems Irving

By: Daphne Rivera

Daphne Rivera
Human Resources Manager

Attachment 6

Letter of Understanding
Relating to Contract Employees

In cases where the Company is utilizing the services of Contract Personnel at the same time that represented employees are subject to layoff, the Company and Union agree to meet to discuss the possible impact of Contract Personnel on the represented workforce in relation to the impending layoff. Where feasible, it is the Company's intent to consider the existing workforce to fill a temporary position prior to contract personnel.

Except where there is supporting documentation of performance deficiencies or where there is an operational need requiring the retaining of Contract personnel for a period not to exceed 90 days from the date of any layoff action, no employee from a surplusing job classification shall be laid off while Contract personnel are still employed in that job classification.

The Company shall notify the Union of the basis for the need, the approximate number of contract personnel required and the bargaining unit job classification held by employees performing the type of work involved. If based on a variety of factors (including, but not limited to, the nature of the assignment, the status of the program and the overall need for the skills at issue) the Company needs the skill supplied by Contract personnel for a duration of six months or more and when available employee resources are present within the existing workforce, consideration will be given to such employees for the temporary position prior to a determination by management to use Contract personnel.

Dated this 3rd day of February, 2011.

Society of Professional Engineering Employees in Aerospace

By: Thomas M. McCarty

President

BAE Systems Irving

By: Daphne Rivera

Daphne Rivera
Human Resources Manager

Letter of Understanding
Relating to Sex Crimes

The Union and the Company have agreed in Article 3, Section 3.2 of the Collective Bargaining Agreement that any dismissal or suspension of an employee who has committed a sex crime victimizing a child or children shall be deemed to be for cause. Such action shall not be subject to the grievance and arbitration procedure due to (1) the growing awareness and abhorrence in our society of crimes victimizing children and (2) the deleterious effect the presence in the workplace of such perpetrators on the efficiency and morale of employees of the Company as well as the reputation of the Company and its product.

The Union and the Company further agree as follows:

1) For purposes of Article 3 of the Collective Bargaining Agreement and this Letter of Understanding, the term "sex crime victimizing a child or children" includes rape, sexual assault, statutory rape, incest, child molestation, child pornography, public indecency, indecent exposure, indecent liberties, communications with a minor for immoral purposes, promoting prostitution, and similar crimes as defined in the jurisdiction in which the offense is committed, where the victim of said crime(s) is under the age of 18 years at the time of the commission of the crime(s). An employee shall be considered to have committed such a crime if the employee is convicted of the crime, or if the employee pleads guilty or nolo contendere to the crime, or if the employee enters a special supervision program pursuant to a deferred prosecution arrangement relating to the crime.

2) The provisions of Article 3 of the Collective Bargaining Agreement referred to herein and this Letter of Understanding shall not be deemed to define "cause" or to affect Article 3 in any other respect whatsoever, and shall not be introduced or relied upon in any arbitration or other proceeding involving the parties which does not deal with the suspension or dismissal of an employee who has committed a sex crime victimizing a child or children.

Dated this 3rd day of February, 2011.

Society of Professional Engineering Employees in Aerospace

By: Thomas M. McCarty

President

BAE Systems Irving

By: Daphne Rivera

Daphne Rivera
Human Resources Manager