



AGREEMENT BETWEEN
NORTHROP GRUMMAN SHIP SYSTEMS, INC.
PASCAGOULA OPERATIONS
AND
THE METAL TRADES DEPARTMENT AFL-CIO
PASCAGOULA METAL TRADES COUNCIL
MARCH 4, 2007 - MARCH 7, 2010



NORTHROP GRUMMAN

NORTHROP GRUMMAN



Values

Quality

Customer Satisfaction

Leadership

Integrity

People

Suppliers

Northrop Grumman Ship Systems
Sector Vision:

TO BECOME THE PREMIER FULL CAPABILITY
PROVIDER OF NAVAL SHIPS

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AGREEMENT

THIS AGREEMENT, entered into this 4th day of March 2007, between NORTHROP GRUMMAN SHIP SYSTEMS, INC., Pascagoula, Mississippi, hereinafter referred to as the "Employer" or "Company," and the METAL TRADES DEPARTMENT OF THE AFL-CIO, represented by its affiliate, the PASCAGOULA METAL TRADES COUNCIL, comprised of the following named National and International Unions: The International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers and Helpers of America; the International Union of Operating Engineers; the International Association of Sheetmetal Workers; the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry; the United Brotherhood of Carpenters and Joiners of America; the International Union of Painters and Allied Trades; the Laborers International Union; the International Association of Machinists and Aerospace Workers; the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America; and The International Association of Heat and Frost Insulators and Asbestos Workers ; hereinafter referred to as the "Union" or the "Unions."

It shall be the purpose of the parties of this Agreement to administer its terms in a manner which will promote good will and inspire efficient production and expert workmanship and to encourage an equitable distribution of work and available employment and to prevent any stoppage of work for any avoidable reason.

Both parties to this Agreement do promise to perform and fulfill the conditions set forth herein. In consideration of the covenants and mutual benefits herein contained, the parties agree as follows:

ARTICLE 1 - RECOGNITION

That on May 1, 1940, in NLRB case no. R-1738, the Metal Trades Department, AFL-CIO, was certified by the National Labor Relations Board as the exclusive bargaining representative of the Production and Maintenance employees of the Employer at its Pascagoula, Mississippi plant excluding managerial employees, office clerks, instructors in the welding schools or other craft schools that may be established by the employer, guards, instrument men, inspectors, office porters, cost department clerks and checkers, for the purpose of collective bargaining, and the Employer has so recognized the Union. This certification has been construed as including working leaders in the bargaining unit, and amended October 22, 1976, in NLRB Case No.15-UC-63, to include individuals

RECOGNITION

participating in the employer's training school.

That the Employer recognized that the PASCAGOULA METAL TRADES COUNCIL is affiliated with the METAL TRADES DEPARTMENT of the AFL-CIO and is authorized to act in its behalf as the bargaining agent for affiliated local unions having members employed in the Pascagoula Plant of NORTHROP GRUMMAN SHIP SYSTEMS, INC., Pascagoula, Mississippi.

The Union has waived jurisdiction over electrical work and does not claim to be the bargaining representative for employees engaged in Electrical Production or Electrical Maintenance work.

The parties hereby now agree that the Production and Maintenance employees at Employer's facility located on the East Bank and West Bank of the Pascagoula River constitute the appropriate bargaining unit for the purpose of this Agreement.

ARTICLE 2 - SCOPE

SECTION 1. This Agreement covers the entire East Bank and West Bank operations of the NORTHROP GRUMMAN SHIP SYSTEMS, INC. (except Building Trades Construction and electrical production and electrical maintenance work) as set forth in Article I hereof, including the fabrication and assembly of railcars as defined in the Letter of Understanding between the Company and the Union dated August 20, 1979.

SECTION 2. The provisions of this Agreement shall be binding upon the Company, its successors and assignee.

ARTICLE 3 - UNION SECURITY

SECTION 1. The Company agrees that it will deduct Union dues from the pay of each employee who, in writing, voluntarily authorizes the Company to do so for the period thereby covered. The Company will forward the total amount thus deducted to the official designated in writing by the Union to receive the same within 15 days of the end of the pay period in which it was collected along with an alphabetical listing of the names of members for whom dues deductions were made. The Union representative shall furnish the Company a receipt for dues so received. The authorization for such deductions shall be in accordance with the form noted below.

SECTION 2. Not later than the 15th day of each month the proper official of the Local Union shall submit to the Company a list of the names of its members who have signed new authorization for dues and/or initiation fees deductions and the individually authorized cards directing the Company to withhold from their earnings Union dues and/or initiation fees; and shall also submit the names of its members who have transferred from one department to another within the jurisdiction of the Local Union. The Union official shall submit weekly any request for deduction of delinquent dues. Union fees shall precede credit union deductions.

AUTHORIZATION FOR CHECKOFF OF DUES

CHANGE CHECKOFF DUES

I hereby assign to Local Union No. _____ from any wages earned or to be earned by me as your employee an equal amount to dues, initiation fees, and/or reinstatement fees fixed by the Union in the following fashion: the sum of \$___ in succeeding calendar weeks beginning with the next week following hereof until such weekly deductions total the sum of \$___, and thereafter, (fill in as appropriate) _____ % of my gross earnings each week, and/or the sum of \$___ monthly or such amount as may hereafter be established by the Union as dues or assessments in said Union. This authorization is voluntarily made in order to pay my fair share of the Union's costs of representing me for the purposes of collective bargaining, and this authorization is not conditioned upon my present or future membership in the Union. In addition, this authorization is made with specific understanding that it is not a condition of employment with my employer.

This assignment, authorization and direction shall become operative contemporaneously with the effective date of the Collective Agreement between the Company and the Pascagoula Metal Trades Council on behalf of the affiliated Unions. In addition this authorization is made with specific understanding that it is not a condition of employment with my employer.

This assignment authorization and direction shall be irrevocable for the period of one (1) year, or until the termination of the said Collective Agreement between the Company and the Council, whichever occurs sooner; without regard to whether or not I am a Union member; and I agree and direct that this assignment, authorization and direction shall be automatically renewed, and shall be irrevocable for successive periods of one (1) of each succeeding applicable Collective Bargaining Agreement between the Company and the Union, whichever shall be shorter, unless written notice is given by me to the Company and the Local Union not more than twenty (20) days and not less than ten (10) days prior to the expiration of each period of one (1) year, or of each applicable Collective Bargaining Agreement between the Company and the Council, whichever occurs sooner.

UNION SECURITY

EXECUTED at _____, this day of _____, 20_____

Employee's Signature

Clock # SS #

Witness _____ Endorsed: _____
Designated Representative PMTC,
AFL-CIO

This authorization is made pursuant to the provisions of Section 302 (c) of the Labor Management Relations Act of 1947 and otherwise.

SECTION 2. Dues shall not be changed except in accordance with the provisions of the Constitution and Bylaws of the Union, and, in such event the Union shall notify the Company in writing of such change.

SECTION 3. The Union shall indemnify and save the Company harmless against any and all claims, demands, suits or other forms of liability that shall arise out of or by reason of action taken or not taken by the Company in reliance upon the certified lists furnished to the Company by the Union in accordance with any of the provisions of this Article.

SECTION 4. There shall be no intimidation or coercion of employees into joining the Union or continuing their membership therein.

SECTION 5. There shall be no Union activity on Company premises during Company time other than as otherwise provided in this Agreement.

SECTION 6. There shall be no interference with the right of employees to become or continue to be members of the Union.

SECTION 7. There shall be no discrimination, restraint, or coercion of employees because of their membership in the Union or for any reason.

SECTION 8.

- (a) The Company agrees that when additional employees are required the appropriate Local Union will be given forty-eight (48) hours' notice in advance so that the Union may have a reasonable opportunity to refer applicants for employment. Such notice, including the number and qualifications of employees required, shall be given by Employment of the Human Resources Department. The Union agrees that it will, upon receipt of a request from the Company, refer journeymen, subject to their passing required tests, if any, in order to qualify them for applicable journeyman classifications. This list would be applicable to first class journeymen for classifications in this category covered by this Agreement. The Union shall immediately notify the Company when

- it has no applicants to refer, and the Company may then proceed to recruit from other sources without delay.
- (b) Selections of applicants for referral to jobs by the Union shall be on a non-discriminatory basis and shall not be based or in any way affected by Union membership, bylaws, rules and regulations, constitutional provisions or any other aspect or obligation of union membership, policies, or requirements.
 - (c) The Company retains the right to reject, after normal procedures, and/or test, any job applicant referred by the Union. The Company may discharge any employee for just and sufficient cause as per provisions provided in this Agreement.
 - (d) The Union agrees that it will not discriminate against non-union workers in referring workers to the Company, and the Company agrees that it will not discriminate against union workers in selecting proper applicants referred to it by the Union.
 - (e) A copy of this Article III and Section of this Agreement shall be posted at the Employment Office of the Company and at the place where the appropriate Local Union conducts the operations of referring persons for employment under this Agreement.
 - (f) In selecting applicants for employment the Company shall give preference to any journeyman who has been previously satisfactorily employed by the Company on work covered by this Agreement. It is further agreed that the Union and the Company shall give preference to qualified journeyman applicants living in this work area.
 - (g) The Company will send a Weekly Personnel Activity Report to each Craft Union, and the Pascagoula Metal Trades Council.
 - (h) The Company agrees that it will keep the Union Halls and the Pascagoula Metal Trades Council supplied with sufficient copies of the Labor Agreement between the Company and the Union so that each new employee may visit the applicable Union Hall and obtain a copy. The new employee shall be given a referral card to the Union listing the name and address of the applicable Union's business agent.

SECTION 9. Nothing herein contained shall require the Company or the Union to perform any act in violation of any Federal or State Law. The parties agree to successfully negotiate with respect to any changes in wages, hours, or working conditions required as a result thereof, before such changes are put into effect.

SECTION 10. In the event the Right to Work Act of the State of Mississippi is repealed or modified so as to permit the inclusion, in this Agreement of the maintenance of membership provisions of the previous Basic Agreement dated January 15, 1953, between the parties hereto, such provisions shall then be included.

All employees covered by this Agreement who after the effective date of this Article, are members of the Union in good standing, in accordance with its Constitution and By-Laws and all employees who become members after said effective date shall as a condition of employment maintain their membership in the appropriate Union in good standing for the duration of this Agreement.

ARTICLE 4 - NONDISCRIMINATION

SECTION 1. It is the policy of the Company and the Union that the provisions of the Collective Bargaining Agreement shall be applied to all employees without regard to race, sex, age, color, religious creed, national origin, or disability.

NORTHROP GRUMMAN SHIP SYSTEMS, INC., is an equal opportunity employer and operates under employment practices established by Title VII of the 1964 Civil Rights Act, as amended in 1972, Executive Order 11246 and its applicable amendments, the Age Discrimination Act of 1967 and its applicable amendments, Section 503 of the Rehabilitation Act of 1973 and its applicable amendments, and Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974 and its applicable amendments, the Americans With Disabilities Act of 1990 and its applicable amendments; and the Family Medical Leave Act.

SECTION 2. The parties agree that the Special Seniority Agreement negotiated between the Company and the Union on October 8, 1970, shall remain in full force and effect for the duration of this Agreement.

SECTION 3. Pronouns of the male gender and terms containing the word "men" or "man" are used purely for convenience. These are generic terms of long standing and are intended to include females as well as males. The Company and Union do not prefer one sex over the other in the filling of jobs or making referrals, and no such preference should be inferred or implied.

ARTICLE 5 - HOURS OF EMPLOYMENT

SECTION 1. The regularly established workday shall start not earlier than 7:00 a.m. or later than 8:00 a.m., and this starting time shall be recognized as the beginning of the twenty-four (24) hour day, and the second and third shifts worked within this twenty-four (24) hour period shall be considered as belonging to that day.

Normal hours of employment on each shift shall be as follows: 1st shift - 7:00 a.m. to 3:30 p.m., exclusive of a thirty (30) minute lunch period; 2nd shift - 3:45 p.m. to 12:15 a.m., exclusive of a thirty (30) minute lunch period; and 4th shift - 12:15 a.m. to 7:00 a.m., exclusive of a fifteen (15) minute lunch break.

Shift starting time may be established earlier during the hot weather months, provided the Metal Trades Council is notified and in agreement through mutual written consent in advance of such change.

It is recognized that different shift hours have been established for certain classifications due to the nature of their work.

SECTION 2. The regularly established workday shall consist of eight (8) consecutive hours per day exclusive of a thirty (30) minute lunch period on employee's time. The regularly established workweek shall consist of a forty (40) hour period of five (5) regularly established workdays, Monday through Friday, inclusive.

SECTION 3. This Article defines hours of work and shall not be construed as a guarantee of hours of work per day or per week, or days of work per week.

ARTICLE 6 - OVERTIME AND HOLIDAYS

SECTION 1. Work performed in excess of eight (8) hours in any workday, or work performed in excess of twelve (12) consecutive hours in any one or two workdays, or work performed outside of the regular hours or shift shall be considered as overtime. Work performed on Saturday, Sunday, or holidays, shall be considered as overtime, provided the employee has worked forty (40) regular hours in that workweek. Jury duty, military leave, vacation, holidays, rain days (when an employee is not offered work), job related injury, temporary layoff due to lack of work, death in immediate family, or minister presiding over a funeral service shall count as time worked. In considering the assignment of overtime work, the Company will not eliminate employees from consideration because they have achieved forty (40) hours straight time, nor will an employee with less than forty (40) hours be required to work weekends or holidays. Employees who fall into either category will not be penalized for turning down a weekend assignment.

SECTION 2. The following days shall be considered as holidays: New Year's Day, Good Friday, Monday following Easter, Independence Day, Labor Day, Thanksgiving Day, Friday following Thanksgiving, Christmas Eve, Christmas Day, and three (3) floating holidays which will be observed as defined in the Christmas shutdown schedule. Since Independence Day falls on Saturday in 2009, Friday, July 3, 2009, will be observed as the holiday.

Christmas 2007: The Company will suspend normal operations from December 21, 2007 until January 7, 2008. Employees will be paid

holiday pay for December 24, 25, 26, 27, 28, 2007, and January 1, 2008. Employees will be off without pay December 31, 2007, January 2, 3, and 4, 2008.

Christmas 2008: The Company will suspend normal operations from December 19, 2008 until January 5, 2009. Employees will be paid holiday pay for December 22, 23, 24, 25, 26, 2008, and January 1, 2009. Employees will be off without pay December 29, 30, 31, 2008, and January 2, 2009.

Christmas 2009: The Company will suspend normal operations from December 18, 2009 until January 4, 2010. Employees will be paid holiday pay for December 21, 22, 23, 24, 25, 2009, and January 1, 2010. Employees will be off without pay December 28, 29, 30, and 31, 2009.

SECTION 3. Overtime rates based on the employee's hourly rate, including any shift premium, shall be as follows:

- (a) All work performed outside of regular workday or shift shall be paid for at the rate of one and one-half ($1\frac{1}{2}$) times the regular hourly rate. All work performed on Saturday and the days designated above as holidays shall be paid for at the rate of one and one-half ($1\frac{1}{2}$) times the regular hourly rate, provided the employee has worked 40 regular hours in that workweek.
- (b) All work performed on Sunday shall be paid for at the rate of double time, provided the employee has worked 40 regular hours in that workweek.
- (c) Any employee who works more than twelve (12) hours consecutively shall be paid overtime pay at double his rate for all such consecutive hours over twelve (12).
- (d) Overtime pay shall not be duplicated. When overtime is computed and compensated for work performed in excess of the regular workday, Saturday, Sunday or a holiday, such overtime shall not be considered when computing overtime for work performed in excess of the regular workweek.

SECTION 4. Employees shall be paid for eight (8) hours at their regular basic straight time hourly rate for each of the holidays listed in Section 2 of this Article.

In order for employees to be eligible to receive pay for any of the above noted holidays, or days observed as such, such employees must have:

- (a) Completed their probationary period as provided in Article XII, Section 2 of this Agreement.
- (b) Performed work at least five (5) hours for the Company on the last regular workday immediately preceding and at least six (6) hours the first regular workday immediately following the holiday in question on which the employee was scheduled to work by the Company unless failure to work on such day or days was due to:

- (1) Compensable Accident. (Employees receiving benefits under the “Longshoremen and Harbor Workers Act” will not be eligible for Holiday Pay.)
- (2) Absence authorized by the immediate Foreman, General Foreman, and Labor Relations (including reasonable excuses such as automobile breakdown, family emergency, etc.).
- (3) Sickness of employee validated by doctor's certificate; however, if an employee is off for an extended period by reason of sickness, he must have performed work during the pay period in which holiday occurs, or the three pay periods prior or the three pay periods subsequent to the holiday, in order to qualify for holiday pay. Doctor's certificates shall be presented to the Company's Benefits Leave Desk upon the employee's return to work.
- (4) Death in employee's immediate family, i.e., spouse, parents, step-parents, brother, sister, child/step-child, grandparents (employee's or spouse's), grandchild, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law. Documentation will be required serving as pallbearer.
- (5) Birth of employee's child.

The following shift schedule will be worked on the last working day before Good Friday, Thanksgiving and Christmas:

First Shift..... 7:00 a.m. - 12:00 Noon
 Second Shift..... 12:30 p.m. - 5:30 p.m.
 Third Shift..... 5:45 p.m. - 10:45 p.m.

Employees laid off due to lack of work within five (5) working days immediately preceding a designated holiday shall qualify to receive pay for such holiday.

SECTION 5. It shall be the policy of the Company to distribute overtime as equally as practicable within reason among qualified employees. A list of all employees by departments in a crew will be compiled with the employee having the most seniority in the department at the top of the list. All other employees will be ranked in descending order according to their seniority in the department. As overtime becomes available in the department, it will be assigned to the most senior qualified employee on the list. When the employee accepts or rejects the overtime, his name will drop to the bottom of the list. Thereafter, the next most senior qualified employee will be offered the overtime work in the

department. When he accepts or rejects the overtime work, his name will drop to the bottom of the list. All other qualified employees will likewise be offered overtime on such a rotating basis by order of seniority.

An employee who cannot perform overtime work because he is on excused absence when his name appears at the top of the list, will retain his position on the list and be offered the next overtime work for which he is qualified when he is available to perform it. In all other cases an employee's name will be placed at the bottom of the list if he fails to perform overtime work when it is offered.

Inequities in the assignment of overtime shall normally be adjusted by offering appropriate available overtime to affected employees as mutually agreed between the Company and the Union. The Company will be held responsible for misassignment of overtime and liable if upheld through the grievance procedure to pay the aggrieved employee four (4) hours straight time pay for overtime unjustly taken from him.

A list of overtime to be worked shall be provided to the Stewards weekly.

SECTION 6. An employee required to work overtime past the regular quitting time of his shift shall be paid the applicable premium rate for all hours worked but in no event less than one (1) hour's pay at the applicable premium rate.

ARTICLE 7 - SHIFTS

SECTION 1. Shift work will be permitted in all classifications without restriction on the following basis:

SECTION 2. When only one (1) shift is employed, the regular workday shall consist of ten (10) consecutive hours exclusive of a thirty (30) minute lunch period, with pay for ten (10) hours, and the regular workweek shall consist of forty (40) hours.

SECTION 3. When two (2) shifts are employed, the regular workday for the first shift shall consist of ten (10) consecutive hours exclusive of a thirty (30) minute lunch period, with pay for ten (10) hours, and the regular workweek for the first shift shall consist of forty (40) hours; the regular workday for the second shift shall consist of eight (8) consecutive hours exclusive of a thirty (30) minute lunch period, with pay for eight (8) hours, and the workweek for the second shift shall consist of forty (40) hours. A shift differential of eighty cents (\$.80) per hour above the regular hourly rate shall be paid for work performed on the second shift.

When two 12-hour shifts are employed, the regular workday for each shift shall consist of eleven and one-half (11^{1/2}) consecutive hours exclusive of a thirty (30) minute lunch period; appropriate overtime premium shall be paid for hours over eight (8); and a shift differential of eighty cents (\$.80) per hour above the regular hourly rate shall be paid for work performed on the second shift.

SECTION 4. When three (3) shifts are employed, the regular workday for the first shift shall consist of eight (8) consecutive hours exclusive of a thirty (30) minute lunch period, with pay for eight (8) hours, and the regular

workweek for the first shift shall consist of forty (40) hours; the regular workday for the second shift shall consist of eight (8) consecutive hours exclusive of a thirty (30) minute lunch period, with pay for eight (8) hours, and the workweek for the second shift shall consist of forty (40) hours. A shift differential of eighty cents (\$.80) per hour above the regular hourly rate shall be paid for work performed on the second shift. The regular workday for the fourth shift shall consist of six and one-half (6¹/₂) hours, exclusive of a fifteen (15) minute lunch period with pay for eight (8) hours plus eighty cents (\$.80) per shift provided the full shift is worked, and the workweek for the fourth shift shall consist of thirty-two and one-half (32¹/₂) hours.

SECTION 5. In the event it is necessary to operate any portion of the work continuously, three (3) shifts of eight (8) hours each may be established. Employees assigned to such work shall work and receive pay for eight (8) hours. Since no regular lunch period is designated, lunch may be eaten as work permits. Employees working on this schedule on second shift shall receive a premium of eighty cents (\$.80) per hour, in addition to their regular hourly rate. This schedule for three (3) shifts shall apply only to those operations which when working three (3) shifts shall be governed by Section 4 of this Article.

SECTION 6. Employees with one year seniority** desiring a shift change shall be assigned, if qualified, on the basis of seniority, provided such employees have made their request to their Foreman and the local Union in writing. Management and Union representatives shall meet as required to coordinate and act upon shift transfer request.

New employees may be assigned to the first shift for the duration of their probationary period. In application of the above provisions, it is mutually understood that irrespective of preference, the Company may retain sufficient qualified employees on each shift as may be necessary in the interest of economy and efficiency.

**After probationary period for employees under the jurisdiction of the Operating Engineers and Pipefitters Local Unions.

SECTION 7. For payroll purposes, the eight (8) hour shift from 11:00 p.m. to 7:00 a.m. are designated as the third shift and the six and one-half (6¹/₂) hour shift from 12:15 a.m. to 7:00 a.m. is designated as the fourth shift.

ARTICLE 8 - WAGES

SECTION 1. Wage rates for classifications as described shall be as contained in the schedule attached hereto designated "Appendix A" and hereby made a part of this Agreement. This

schedule shall also contain the amount of premium pay applicable to any particular job or assignment calling for any remuneration over and above the basic straight time hourly rate.

Employees hired into journeyman classifications after February 4, 1990, who do not have recall rights, will be hired at a "hire rate" which will be \$1.00 per hour below the classification rate. After 2,000 work hours, this new hire will be advanced to the "top" rate.

Employees hired into non-journeyman classifications after February 4, 1990, who does not have recall rights, will be hired \$1.00 per hour below the classification rate. After 2,000 work hours, these employees will be advanced \$.50 per hour. They shall remain \$.50 below the classification rate.

Employees hired into non-journeyman classifications between September 25, 1983 and March 7, 2010 will remain at \$.50 per hour below the classification rate.

SECTION 2. The wage rates as established shall not prevent the payment of higher rates nor shall they serve to lower any higher basic hourly wage rate any individual employee may now be receiving.

SECTION 3. In the event new classifications are established by the Company during the term of this Agreement, the Company and the Union will negotiate on the proposed rate for the new classification. If no agreement is reached within ten (10) days, the Company shall have the right to install the new classification and rate; and the Union shall have the right to arbitrate the appropriateness of the new rate. Where this Section is in conflict with the intent of Article 19, an arbitrator may decide appropriateness of the classification and the rate.

SECTION 4. Wages shall be paid weekly on Employer's time and in no case shall more than one (1) week's pay be withheld. All grievance settlements shall be paid within two (2) pay periods after settlement by the Company and the Local Union.

SECTION 5. Any employee who may be laid off, resigns, or is discharged shall receive all wages due him less estimated state and federal tax deductions on the employee's demand providing the demand is made during the regularly scheduled Payroll hours.

SECTION 6. When an employee is required to perform the work, temporarily, of another employee receiving a higher rate of pay, he shall receive the higher rate, but if required to perform, temporarily, the work of another employee receiving a lower rate, his rate will not be changed. Such temporary period shall not exceed three (3) days.

SECTION 7. Any employee injured on the job and having to leave the job, or being detained in the Plant Medical Hospital, on orders of the Plant Medical Department shall be paid for the full eight (8) hour shift, on the first day he is sent out, including applicable premiums if any. A copy of the injury report should be given to the employee.

In the event an employee, while on the job, is fatally injured or injured seriously enough to require hospitalization, the Company will notify the Chief Steward and/or the Union Hall immediately.

SECTION 8. Employees traveling on authorized company business will be reimbursed for allowable expenses incurred in accordance with provisions of applicable policies and/or procedures.

SECTION 9. COST OF LIVING ADJUSTMENT

This contract provides the potential for a lump sum Cost of Living Adjustment (COLA) in February 2009 and February 2010 based on changes in the Annual Consumer Price Index for Urban Wage Earners and Clerical Workers for the South Region, All Items (CPI-W). A COLA will be calculated as follows:

February 2009 COLA

The percentage change from 2007 to 2008 in the Annual CPI-W will be multiplied by the journeyman rate in effect in the first year of the contract (\$20.00/hr) to calculate the CPI Prescribed Wage Increase for year 2 of the CBA (rounded to the nearest 1¢). To the extent the CPI Prescribed Wage Increase exceeds the contract wage increase for year 2 (55¢), each employee will be paid the difference for all hours paid for pay periods in 2008 as a lump sum. Payment will be made in the 1st pay period of February 2009. Employees earning less than the journeyman rate will be paid a proportionate increase.

February 2010 COLA

The percentage change from 2008 to 2009 in the Annual CPI-W will be multiplied by the journeyman rate in effect in the 2nd year of the contract (\$20.55/hr) to calculate the CPI Prescribed Wage Increase for year 3 of the CBA (rounded to the nearest 1¢). To the extent the CPI Prescribed Wage Increase exceeds the contract wage increase for year 3 (55¢), each employee will be paid the difference for all hours paid for pay periods in 2009 as a lump sum. Payment will be made in the 1st pay period of February 2010. Employees earning less than the journeyman rate will be paid a proportionate increase.

ARTICLE 9 - SAFETY AND HEALTH

SECTION 1. The Employer shall furnish adequate toilets, showers, lockers, drinking water and safety facilities; said toilets and showers, etc., to be kept in a sanitary condition at all times; these facilities to be in convenient locations, in accordance with current and applicable OSHA Standards and Regulations.

SECTION 2. Employees shall be furnished blowers or other means of ventilation where needed. Respirators shall be furnished and required to be used when welding galvanized

materials. Where appropriate, the Company will take necessary measures and provide necessary equipment for the protection of employees working with materials of a hazardous nature.

SECTION 3. Employees working at or repairing acid vats or in Galvanizing Plant, shall be furnished rubber gloves, aprons, and boots and shall be required to wear same while handling raw acid. Kettle men shall be furnished protective aprons, gloves, aluminized pants, rubberized pants and any other protective equipment that is needed.

SECTION 4. Properly cooled drinking water shall be made available to all employees during working hours in a sanitary manner and convenient location.

SECTION 5. The Unions and the Company agree to cooperate in the enforcement of the Safety Rules.

SECTION 6. Sufficient help shall be provided mechanics and apprentices to insure the work is being performed in a safe and efficient manner.

SECTION 7. Painters working with paints and oils may leave their work five (5) minutes before the quitting signal at lunch time and the end of the shift in order to wash the paint from their hands.

SECTION 8. When work performed is of such a nature that eyes should be washed out, spray painters and rusters and carbon arc gougers shall be allowed up to fifteen (15) minutes before quitting signal to go to First Aid for washing out of eyes, etc.

SECTION 9. Employees are cautioned that abuse of these privileges resulting in unproductive time shall be cause for warning for first offense and more severe disciplinary action up to and including discharge for any subsequent abuse.

SECTION 10. Scaffolding and temporary safety hand rails shall be erected by journeymen carpenters and any welding required in connection therewith shall be performed by certified welders with at least one year's experience. Any welding required on lifting lugs or lifting devices on assemblies shall be performed by a first class certified welder.

SECTION 11. In the event an employee feels that he is required to work under hazardous or unsafe conditions, he shall be given the opportunity to immediately call the matter to the attention of his Foreman, area steward, or safety committeeman, who in turn would notify the Safety Department if not resolved.

SECTION 12. Whenever a change occurs or before a new safety regulation is put into effect, Labor Relations will call a meeting of the business representatives of the Union signatory to this Agreement and the President of the Metal Trades Council for discussion before such change is made.

SECTION 13. A Labor Safety Committee will be organized and composed of the Business Agents (or their designated representatives) of all Unions. This Committee will meet monthly with representatives of the Safety Department to discuss safety conditions in the shipyard.

SECTION 14. Any employee required to work on all “dirty work” will be furnished boots and coveralls upon requisition signed by his Foreman to perform such work. Laborers will not be forced to work in greasy or oil tanks without coveralls. Department 36 employees shall be provided with coveralls for inspection of tanks.

SECTION 15. Employees will be required to perform cleaning duties incidental to their jobs for safety, housekeeping, and orderliness. This is to be interpreted to mean that each craft will be expected to pick up scrap material, etc., resulting from their own activities, and laborers will be expected to perform general yard wide cleaning and sweeping duties.

SECTION 16. Company will instruct employees in proper use of safety equipment required to perform assigned work, and employees recognize their responsibility to use safety equipment in the proper manner.

SECTION 17. The employee shall provide the first safety hat and first pair of safety glasses, and if any safety item is destroyed or damaged in the performance of a job, it shall be replaced free of charge.

SECTION 18. In the mutual interest of fair and reasonable application of a new safety rule, the Company will take into consideration recommendations by the Union prior to implementation.

SECTION 19. Employees applying Kevlar glue will be given sufficient time just prior to lunch time and at the end of the shift to remove same.

SECTION 20. Laborers cleaning (wiping) oily tanks may have sufficient time before the quitting signal for lunch time and at the end of the shift in order to wash oils from their hands.

ARTICLE 10 - CALL-IN PAY

SECTION 1. An employee who properly reports for work on any day, and who reports in condition for work, but is not put to work, shall receive three (3) hours' pay computed as if he had actually worked the full three (3) hours on that day, with the following exceptions:

- (a) If an employee cannot perform his regular duties due to bad weather, power failure, breakdown of machinery or other reason beyond the control of the Company, such employee may be assigned to other work within his jurisdiction and work the full shift. Employees who refuse such assignment shall not receive any pay for that day.
- (b) Employees who are sent home for reasons outlined in (a) above without being assigned to other work shall remain available and be paid for two (2) hours while waiting to

see if the conditions clear up.

- (c) Limited work due to the above will be equally distributed among the crews.
- (d) If he voluntarily quits or is discharged, he shall receive pay only for time worked.

SECTION 2. An employee who properly reports to work and is put to work shall receive not less than four (4) hours' pay (computed as if he had actually worked the full four (4) hours on that day), with the following exceptions:

If laid off by reason of bad weather, power failure, breakdown of machinery or other cause beyond the control of the Company, he shall receive pay for time worked, but not less than two (2) hours.

SECTION 3. Employees who are called in and report for work outside their regularly scheduled shift shall be paid a minimum of four (4) hours' pay at the applicable rate, but this shall not apply to overtime hours worked immediately before an employee's regular shift which shall be paid for at the applicable rate for time actually worked.

SECTION 4. Employees who have received either three (3) or four (4) hours' pay in accordance with the provisions of Section 1 or Section 2 of this Article and are later called back during their regular shift, shall receive not less than three (3) hours' pay computed as if he had actually worked the three (3) hours, in addition to such hours he may have received under the provisions of Section 1 and Section 2.

SECTION 5. In the case of premium days, premium rates shall be paid.

SECTION 6. Should it become necessary in the judgment of the Company to suspend operations because of threatened or actual danger to life, health, or property, whether by act of God or man, the Company shall, where possible, give not less than one hour's notice of such suspension by radio and television or other communication methods available. Where no such notice has been given, employees who thereafter report and make themselves available for work will be allowed to clock in, and are eligible for call-in pay or work assignment.

If for reasons beyond the control of the Company, it is not possible to give one hour's notice of such work suspension, any employee who reports for work shall be entitled to call-in pay provided such employee is available for such work as may be required by the emergency, taking into account the employee's work capabilities.

SECTION 7. Maintenance employees covered by this Agreement, who are put to work prior to start of their shift, will be paid no less than one (1) hour's pay.

ARTICLE 11 - VACATIONS

SECTION 1. Each employee covered by this Agreement shall become eligible for vacation with pay on his vacation eligibility date, provided his Company seniority has not been broken and provided he has worked at least twelve hundred (1200) hours. Vacation eligibility shall be as follows.

Effective June 7, 1999, each employee will receive one (1) additional day (8.0 hours) of vacation each year as that employee's personal floating holiday. This extra vacation day will be credited each year on the employee's vacation anniversary date.

- (a) One year seniority: Fifty-six (56) hours.
- (b) Two years seniority: Sixty-four (64) hours.
- (c) Three years seniority: Seventy-two (72) hours.
- (d) Four to ten years seniority: Eighty-eight (88) hours.
- (e) Ten to twelve years seniority: One hundred eight (108) hours.
- (f) Twelve to fifteen years seniority: One hundred and twenty-eight (128) hours.
- (g) Fifteen years or more seniority: One hundred and sixty-eight (168) hours.

SECTION 2. Seniority for computing vacations shall be broken by the conditions specified in Article XII - Seniority; as causing an employee to lose seniority privileges.

SECTION 3. In computing the twelve hundred (1200) hours worked, credit will be given for:

- (a) All time lost as a result of accident sustained while at work, but in no event to exceed six hundred (600) hours.
- (b) Time lost due to personal illness of the employee and attested to by evidence acceptable to the Company's Benefits Leave Desk, but not to exceed one hundred and sixty (160) hours.

All hours worked shall apply toward accrued vacation.

SECTION 4. The employee's vacation eligibility date shall be the yearly anniversary of his Company seniority date, or such other vacation eligibility date as he holds as of the effective date of this Agreement. There shall be no further adjustment of vacation eligibility dates.

SECTION 5. Vacations are not cumulative and must be taken within the 12-month period following the eligibility date. Vacations of one week or more shall be requested one month in advance. Vacations scheduled in advance shall not be cancelled within the two weeks prior to the start of the vacation. Senior employees shall have preference in the selection of vacation periods. In the case of split vacations, senior employees shall have preference in the selection of only one vacation period.

Effective February 4, 1990, employees will be allowed to take two (2) weeks of their vacation in one-day increments. One-day vacations must be scheduled one week in advance and approved by management. No call-in vacation will be allowed. One-day vacations shall not be paid in advance.

Effective April 5, 2007, employees will be allowed to take up to

24 hours annually of vacation in two (2) hour increments, not to exceed four (4) hours in any one day. Incremental vacation must be scheduled in advance.

An employee may, at his option, take all of this vacation at one time.

SECTION 6. Employees who work less than twelve hundred (1200) hours during the year preceding their vacation eligibility date shall be eligible for a proportionate part vacation under the following conditions:

- (a) Proportionate part vacation shall be paid to eligible employees under the following circumstances:
 - 1. When an employee is laid off or resigns and requests his proportionate part.
 - 2. On his vacation eligibility date, to an employee who has not qualified for a full vacation by reason of failure to work twelve hundred (1200) hours and who has not been paid a proportionate part during the preceding twelve (12) months; provided he is on the active payroll or is laid off or leave of absence status on his vacation eligibility date.
- (b) Proportionate part vacation shall be determined on the basis of the following minimum requirement of hours worked:

600 Hours	1/2 Vacation
700 Hours	7/12 Vacation
800 Hours	2/3 Vacation
900 Hours	3/4 Vacation
1000 Hours	5/6 Vacation
1100 Hours	11/12 Vacation
- (c) Vacation to be paid shall be determined by comparing the employee's qualifying hours with the minimum requirements outlined above and paying that proportion for which his hours meet the requirements.
- (d) For the purpose of this Section "Hours Worked" shall include actual hours worked, vacation and holidays, and shall also include credit as provided in Section 3 above.
- (e) Employees who have worked a total of twelve hundred (1200) hours or more shall on their vacation eligibility date receive full vacation credit provided they have not been paid a proportionate part during the preceding 12 months.

SECTION 7. Employees who have earned vacations in their previous vacation year and resign prior to taking vacation shall receive payment in lieu of such vacation. Such payment shall be made as soon as practical following resignation.

SECTION 8. Employees who qualify for vacation under Sections 1, 6, and 7 shall be paid at their regular straight time rate they are receiving on the date they start their vacations.

SECTION 9. In the event of the death of an employee who has earned full vacation or proportionate part as outlined in Sections 1 and 6 and such vacation has not been taken, the amount of vacation allowance due shall be paid in accordance with the provisions of law.

ARTICLE 12 - SENIORITY

SECTION 1. Each employee who is on the active payroll of the Company as of the date of this Agreement shall have seniority status in accordance with his length of continuous service.

SECTION 2. All new employees covered by this Agreement shall be considered to be on probation for the first sixty (60) days of employment exclusive of testing and preparatory training. During the probation period, the Company may, at its option and without limitation, transfer, lay off, or dismiss such employee. When an employee satisfactorily completes his probationary period, his length of service with the Company for the purpose of determining his seniority status will be computed from the date of actual commencement of work for the Company.

SECTION 3. Continuous service is that period of employment which has not been interrupted by any of the conditions enumerated in a subsequent paragraph of this Article and which describes under what conditions seniority is lost.

SECTION 4. In all cases of reduction of the working force, whenever skill, ability, and efficiency are relatively equal, length of service shall be the determining factor.

The Company shall notify the business representative of the Union in writing prior to any layoff which deviates from seniority, stating the reason for such deviation and providing the Union an opportunity to discuss the matter.

SECTION 5. Employees who advance to their present classification from a previous classification within the same department may at the time they are laid off request that they be transferred back to their previously held classification provided they have greater seniority than the job incumbents at that time. It shall be the responsibility of the employee to request such consideration. Gantry crane operators who did not come up through the ranks shall have bumping rights in the gantry bridge crane classification in lieu of layoff, provided he has greater seniority than the employees presently in that classification.

SECTION 6. The Company shall handle such request as expeditiously as possible consistent with maintaining the efficiency of the yard, and in view of the number of employees at any one time.

SECTION 7. A reduction of the working force for a period of

five (5) working days or less shall not be considered a layoff. A reduction of the working force for a period of ten (10) working days for the purpose of ship movement or sea trials on the LHD contracts shall not be considered a layoff, provided no employee shall be affected by more than two 10-day periods within twelve (12) months. This clause shall not be construed so as to permit rotating employees for the purpose of sharing work or to arbitrarily lay off an employee for less than a week and permit another employee to perform the work formerly being performed by the employee.

It shall be the policy of the Company, to the extent practical, to make an earnest effort to place on other work, employees who are relieved from their regular work by reasons of launchings, commissioning, sea trials or submarines in dry dock. The senior affected employees, if qualified, shall be placed on work available.

SECTION 8. The Company shall be furnished by each employee who is laid off, his current address, and the Company shall notify such employee "and the applicable Union" when an opening is available in his job classification, in the order of his seniority. Whenever such employee is notified to report and does not report for work or present a reasonable excuse within seven (7) workdays after the date of postmark, the Company may consider such employee as having permanently left the employ of the Company. The Company shall furnish the Union a list of employees who are recalled. The Company may temporarily fill any vacancy with workmen available locally while waiting for men or women with seniority to report for work.

Employees may waive recall to short duration work (six (6) months or less) without loss of seniority, provided such waiver is made in writing to the Company and the Union before they are eligible for recall. Such waiver may be cancelled by written notice to the Company and the Union, in which case the employee will be eligible for recall in line with his seniority when a vacancy occurs.

The Company shall not be liable for errors in estimating the duration of available work.

SECTION 9. Seniority privileges will be recognized by the Company as herein set forth on a department basis unless it is mutually agreed by the Company and any of the respective Unions signatory to this Agreement that another basis is more practicable and efficient. In such event, such Agreement shall be reduced to writing signed by the Company, the individual Union, and the President of the Pascagoula Metal Trades Council and considered part of this Agreement.

In the interpretation of the above paragraph, the parties acknowledge that employees in each department are grouped, for seniority purposes, by job classifications and layoff within a department are made by job classification.

The Company shall have the right to transfer work and/or to assign employees between West Bank and East Bank when workload or schedule requirements make such actions necessary.

When assigning employees from one bank to the other bank, the Company will give five (5) working days written advance notice to the affected employees so that they can make the necessary adjustments in transportation to the new job site. During this notification period, the Company may transport such employees from one side to the other on Company time, in a safe manner.

SECTION 10. Employees shall lose all seniority privileges for any of the following reasons:

- (a) Voluntarily quitting the employ of the Company.
- (b) Discharge for just cause.
- (c) Layoff for thirty-six (36) months or more, except as qualified by Section 13.
- (d) Absence from work without explanation for a period of seven (7) consecutive workdays. When there is good cause established for such unexplained absence, the said employee shall retain his seniority privileges.
- (e) Failure to report for work when notified as provided in Section 8 of this Article.

SECTION 11. An employee who is transferred from one department to another department covered by this Agreement shall accrue seniority from the date of his assignment in the new department and shall retain and accrue seniority in his former department. It is the intent of this Section that no employee shall accrue seniority in more than two departments at one time, the first department and last department.

This provision is applicable to all transfers occurring after November 1, 1971. The seniority of employees who transferred prior to November 1, 1971, shall be governed by the Seniority provisions of the previous Labor Agreement.

SECTION 12. If an employee is transferred to a supervisory or other position within NORTHROP GRUMMAN SHIP SYSTEMS, INC., so as to be excluded from the coverage of this Agreement, such employee shall retain his seniority in the position from which he was transferred and in the event he is retransferred to such position, shall resume his seniority which he had as of the date of this transfer plus that which he accumulated while working in management or other capacity.

SECTION 13. An employee who has been laid off and is desirous of maintaining his seniority status may apply by letter to the Company, with a copy to the Union, requesting such consideration within thirty (30) days of his third year layoff anniversary. On receipt of such application, the employee's seniority will be extended for an additional year.

SECTION 14. When openings occur in Department 39, the senior welders (if qualified and can be spared) shall be

transferred. An employee who is not transferred because of the Company requirements shall not be passed over on future openings. Employees represented by the Boilermakers, who transfer into Department 39, will carry their yard seniority with them and this seniority will be used to establish their Department 39 seniority.

SECTION 15. Working leadermen shall be grouped for seniority purposes with the journeymen of their craft and shall be laid off in accordance with the provisions of Article XII, Section 4, of this Agreement.

A working leaderman is an employee who exercises some supervision over a small group of workers and who, at the same time, performs the work of the men supervised. He shall not have the authority to fill out timecards or participate in disciplinary action of employees.

SECTION 16. Senior classified Operating Engineers, based on seniority and ability to do the job, shall have preference in new or vacant job assignments.

SECTION 17. Promotions and reductions in force of transportation dispatchers and teamster drivers by classification will be based on department seniority, subject to the employee's ability to efficiently perform the job.

SECTION 18. When a vacancy occurs in a department represented by Construction and General Laborers' Local 689 and there are employees laid off from other departments represented by Construction and General Laborers' Local 689, such laid off employees will be offered employment to fill such vacancy. It is understood that recalled employees must be able to perform the assigned duties required in the job classification in which the vacancy exists, and such ability to perform will be the determining factor as to whether the employee will be retained.

SECTION 19. Senior employees shall be given preference in shop assignments provided there are sufficient qualified employees available to perform other work requirements efficiently.

ARTICLE 13 - TRANSFER OF WORK AND/OR PERSONNEL

SECTION 1. The formation of Northrop Grumman Ship Systems (NGSS) is designed to position NGSS as a major world-class shipbuilding company with the ability to effectively compete for all non-nuclear shipbuilding opportunities throughout the world. The combination of facilities under NGSS and the synergies among those facilities will bring more stability to the entire workforce and offer more potential advancement throughout the entire workforce and throughout the entire organization. The Company reserves the right to move work and/or employees between all facilities within NGSS. The purposes would customarily be but are not limited to:

- (a) To avoid layoffs and stabilize the workforce.
- (b) To provide sufficient numbers of qualified workers.
- (c) To utilize existing facilities.
- (d) To minimize subcontract labor.

SECTION 2. When employee transfers of this nature to NGSS or other facilities are required, the Company will post notices soliciting qualified volunteers by project/contract. "Qualified" means the ability, skills, and experience to efficiently perform the work required by the Company and the employee has or/is currently performing that work. It shall be the Policy of the Company to distribute these temporary assignments as practicable within reason among qualified employees. A listing of all employees who wish to be considered for such assignments shall be assembled. If there are insufficient numbers of qualified volunteers for an assignment, the Company shall require the least senior qualified Journeyman employee who was hired after March 3, 2003 to accept the assignment unless the employee asserts that the assignment would impose an undue hardship on him and the Company shall consider such a claim on a case by case basis.

If it is determined that such assignment does cause an undue hardship upon that employee the Company would by-pass that employee and select the next qualified employee based on inverse seniority order.

This section shall not apply to emergent/unplanned work.

If the above described assignment lasts longer than six (6) months, the employee has an option to return to Pascagoula or continue on the off site work.

SECTION 3. When an employee is temporarily assigned to work at another facility which is located more than 50 miles from his current facility he will be paid a per diem to cover meals and lodging expenses for each day he works at the facility pursuant to the then applicable DOD Joint Travel Regulations. For each period of assignment to such a facility he will be paid applicable travel expense to and from the facility and all reasonable allocable business expenses while at the assigned facility. Except in emergencies, employees will be given at least five (5) days notice of their date to report to their new facility.

SECTION 4. Employees covered by this Agreement will not be required to transfer to another NGSS facility to perform work at such facility where the employees at the facility are engaged in a lawful and union authorized strike. The Company further agrees not to move work from a facility that is involved in a labor dispute, to a facility that is not. The Council/Union shall appoint stewards in sufficient numbers to represent the employees performing off site work.

ARTICLE 14 - LEAVE OF ABSENCE

SECTION 1. Absences due to illness or injury in excess of thirty (30) calendar days or other absences in excess of five (5)

working days shall be covered by leave of absence, provided that absence due to illness or injury must be reported to the employee's department within five (5) working days. An employee who has completed six (6) months employment with the company shall, on request, be granted leave of absence for warranted reasons under the following circumstances:

- a. Extended absence from work due to personal illness or injury sustained while at work shall be reported to the employee's department within five (5) working days. Such absence shall be authorized in writing and approved by the Company's Benefits Leave Desk. Employees who have been working for the Company sixty (60) days shall be given a leave of absence due to pregnancy, personal illness or injury.
 1. Prior to completion of thirty (30) days absence for either of the above reasons, a doctor's certificate or other satisfactory evidence of continuing disability must be submitted to the Company's Benefits Leave Desk, in order that seniority privileges may be retained.
 2. Seniority shall be accumulated for the full period of all leaves of absences covered by this Agreement.
 3. Normally, no leave of absence for either of the above reasons, including extension thereof, shall extend beyond a maximum period of one (1) year. In case application is made for leave of absence beyond one (1) year, such extension shall be granted only where evidence submitted clearly merits such extension.
- b. Leaves of absence for warranted reasons other than personal illness or injury will be granted on the listed bases provided the employee has completed 6 months of employment:
 1. Such leave will be granted only for reasons which would create undue personal hardship on the employee if leave of absence were not granted.
 2. Such leave shall not exceed thirty (30) calendar days, during which period seniority shall be accumulated.
 3. Such absence shall be authorized in writing by the employee's Trades Manager and approved by Labor Relations
- c. An employee elected or appointed to a Union office requiring his full-time presence and necessitating a leave of absence from his job shall be granted such leave of absence for the period of this employee's term of office. Such leave of absence shall be requested in writing to Labor Relations. During such absence, seniority shall be accumulated.

- d. Employees leaving the employ of the Company to enter the Armed Forces shall retain such seniority privileges as are specified in applicable governmental statutes and regulations.
- e. Should any employee while on leave of absence engage in employment for another employer, such leave shall be considered as cancelled and the employee's services terminated. This is to exclude any and all efforts by the Company to find alternative work for employees on industrial leave of absence.

SECTION 2. The Northrop Grumman Ship Systems, Inc., Information Telephone Number is 935-1122.

ARTICLE 15 - CRAFT JURISDICTION AND WORK ASSIGNMENT

SECTION 1. Work which is generally recognized and established as within the jurisdiction of a craft shall be performed by members of that craft in conformity with general practices in this shipyard. The Employer, including subcontractors, when assigning work to the various departments, shall give full consideration to past practice in this shipyard, established craft jurisdiction based upon previous decisions and recorded agreements between the affected crafts, and shall to the greatest possible extent avoid improper assignment of work. The Unions shall immediately furnish the Company with such decision and recorded agreements and any supplements thereto.

SECTION 2. The Company and the Union have agreed in the above Section that jurisdiction by the several crafts will prevail in this shipyard, and the parties have further agreed that the Company will not arbitrarily assign work so as to avoid the intent of these craft practices.

It is further recognized by the parties that there are certain duties related to the primary scope and efficient performance of each craft that are vital to the economic health of this facility. These duties are normally not considered as requiring the highest skill level of a craftsman, but they are of a nature as to have a substantial impact on the total productivity improvement capability of Northrop Grumman Ship Systems, Inc. Therefore, an incidental duty rate addition has been applied to each journeyman.

The assignments for which the incidental duty rate was applied are described in ADDENDUM A, "PRODUCTIVITY IMPROVEMENT" and are incorporated in the Wage Schedule, Appendix A.

SECTION 3. The Company may assign a mechanic to any location or classification within his craft for which he is qualified. An employee shall accept any such work which shall be assigned

to him, if he shall diligently and to the best of his ability endeavor to perform such work, he shall not be discharged or disciplined because of his inability to perform such work which may be within his craft but outside his classification.

SECTION 4. The Union agrees that there shall be no stoppage of work caused by any jurisdictional dispute, and that all questions of jurisdiction shall be settled in accordance with the policy adopted by the Metal Trades Department of the AFL-CIO.

SECTION 5. It is agreed that the local Metal Trades Council shall be primarily responsible for the prevention of work stoppages because of jurisdictional disputes.

ARTICLE 16 - ASSIGNMENT OF WORK (WEST BANK ONLY)

SECTION 1. The Company and the Union agree that it is not economically feasible to observe strict craft lines prevalent in conventional shipbuilding, when making work assignments or in allocating manpower, and that the full cooperation of both is required to assure maximum efficiency and productivity so that this facility can effectively compete with foreign shipyards. For this reason, while efficiency and productivity are prime considerations, the Company agrees that it will, in making work assignments, give due regard to the primary skill of the employee to whom work is being assigned.

SECTION 2. The Union agrees that the Company shall have the right to make work assignments in the so-called "slab area" (Subassembly, module assembly, integration, launch and ship completion) without regard to craft jurisdiction. Employees in other areas of the facility shall continue to work under the work assignments, practices and agreements in force and existing as of the effective date of this Agreement.

SECTION 3. If an employee is transferred or assigned to work in any area other than the area to which he is normally assigned, he will work in accordance with the practices in that area.

ARTICLE 17 - SUBCONTRACTING OF WORK

SECTION 1. The Company shall have the right to subcontract work when it does not have the necessary equipment, adequate facilities, or skilled employees in sufficient number so as to be able to perform such work economically and meet the quality requirements and delivery schedules that have been established. It is the intent of the parties, however, that work shall not be contracted out solely for the purpose of undercutting the wage rates established by parties for like or similar work.

The Company agrees that prior to subcontracting work currently performed by bargaining unit employees, the appropriate union will be notified, and will have the opportunity to discuss said work prior to any subcontracting.

ARTICLE 18 - MANAGEMENT FUNCTIONS

SECTION 1. Subject to the provisions of this Agreement, the management of the Company and the direction of the working forces, including the right to hire, classify, assign, suspend, promote, demote because of inability to properly perform the work, transfer, discipline or discharge for proper cause, the right to release employees from duty because of lack of work or for any legitimate reason, require employees to observe the Company rules and regulations as appearing in Manuals of Regulations, regulate the use of equipment and other property of the Company, is vested exclusively in the Company; provided, however, that these functions will not be exercised for the purpose of discrimination against any employee because of his membership in the Union.

SECTION 2. The Company shall have the right during the term of this Agreement to establish, maintain, amend and enforce rules and regulations to assure orderly, safe and efficient plant operations. The Union shall have the right to challenge the reasonableness of all such rules and regulations in the grievance and arbitration procedure. Prior to the amendment or implementation of rules and regulations the Company will act in accordance with provision of Article IX.

ARTICLE 19 - GRIEVANCE PROCEDURE

SECTION 1. Should differences arise between the Company and the Union or its employees covered by the Collective Bargaining Agreement as to the interpretation, application, or compliance with the provisions of the said Agreement, there shall be no suspension of work because of such differences, but the matter shall be adjudicated in an orderly manner by submission to an agreed-upon Grievance Procedure and Arbitration as follows:

STEP 1. Within three (3) working days of the occurrence of the alleged grievance, the affected employee and/or his area steward shall orally discuss the alleged grievance with the employee's immediate Foreman. In the event an oral complaint cannot be settled with the immediate Foreman within one (1) working day, the Union representative shall have two (2) days to reduce the grievance to writing and refer it to Step 2. The written grievance shall state the facts out of which the grievance arose, the date it occurred, that Article and Section violated, and the relief sought. The employees under the Teamsters jurisdiction shall be expected to reduce their grievance to writing and turn over the copy of the grievance to their Union

Representative.

- STEP 2. The Chief Steward shall discuss the written grievance with the Trades Manager three (3) working days after receipt of the grievance. The Department Manager may request that a Labor Relations Representative be present. If no satisfactory settlement can be reached within one (1) working day, the answer shall be given in writing and dated; and the grievance and/or steward shall have two (2) working days to refer it to Step 3.
- STEP 3. Copies of the written grievance shall be forwarded to the Union, President of the Metal Trades Council, the Manager of Labor Relations, and employee's Business Agent, who will meet within five (5) working days after receipt of the grievance in Step 3 in an attempt to reach a satisfactory settlement. If agreement is not reached within three (3) working days after this meeting, the grieving party and/or Union shall have five (5) days to refer the grievance in writing to Step 4.
- STEP 4. The Director of Labor Relations and an International Representative or their designated representatives, shall discuss the alleged grievance within five (5) days after receipt of this letter referring the alleged grievance to Step 4. If agreement is not reached within twenty-four (24) hours, either party shall have five (5) days to refer the grievance to Arbitration, by serving notice in writing of such intent upon the other party.

SECTION 2. Steps for processing grievances and time limits designated shall only be extended by mutual written consent of the parties.

SECTION 3. All settlements of grievances shall be made in writing and signed by the parties.

SECTION 4. Any grievance by the Company against the Union shall be filed at Step 4.

ARTICLE 20 - ARBITRATION

SECTION 1. In the event the parties shall be unable to adjust any grievance or dispute arising under this Agreement they shall immediately request the Federal Mediation and Conciliation Service or the American Arbitration Association to submit a panel of seven (7) arbiter nominees, all of whom shall be impartial persons qualified to act as arbiters. The Employer and the Unions shall each have the choice of rejecting the names of three of these seven nominees and the remaining seventh shall be the arbiter. In the event the same nominee shall be rejected by both parties leaving more than one nominee on the list, the one nearest the top of the list, as submitted by the Federal Mediation and Conciliation Service or the American Arbitration Association, shall act as the arbitrator.

SECTION 2.

- (a) The Arbitrator shall be empowered to rule on all disputes pertaining to the interpretation or application of this Agreement. He shall have

no power to add to or subtract or modify any of the terms of this Agreement or any other Agreement made supplementary hereto.

- (b) He shall not establish or change any basic wage rate already in effect. He shall have no power to interpret any State or Federal statute when the compliance or non-compliance therewith shall be involved in the determination of a grievance. Any case appealed to the Arbitrator on which he has no power to rule shall be referred to the parties without decision.

SECTION 3. Any grievance appealed to arbitration shall not be changed or expanded in any manner from its content in the prior steps of the grievance procedure unless by mutual consent of the parties.

SECTION 4. The expense of the impartial arbitration shall be borne equally by the Company and the Union.

SECTION 5. The Arbitrator shall render his award within thirty (30) days following the close of the hearing.

ARTICLE 21 - MANAGEMENT

SECTION 1. Foremen shall perform no work requiring the use of tools or equipment except for the purpose of demonstration, instructions, and checking work performed by other employees or in emergencies when regular craft employees are not available within a reasonable length of time. Management supervision should be required to know the Labor Agreement.

ARTICLE 22 - MISCELLANEOUS

SECTION 1. A suitable bulletin board shall be placed by the Company at each shipway, outfitting dock, shop platen, and warehouse for posting of Union notices related to meetings, dues, entertainment, health, safety or other necessary announcements.

SECTION 2. The Employer shall not discriminate against any employees because of their Union affiliation nor because of their activities as Union Representatives nor for personal reasons; however, no employees will be expected to carry on Union activity during working hours except as provided for in this Agreement. No employee shall be discriminated against for carrying out the provisions of this Agreement, nor for following Employer's orders not contrary to the terms of this Agreement.

SECTION 3.

- (a) Employees shall work until the quitting whistle sounds; except that employees whose tools and equipment are of such a nature as to require considerable time to put up shall be granted sufficient time to do so. For

employees working aboard ship, tool lock-up areas will be provided in a convenient location on the ship. Employees shall have sufficient time prior to the end of shift whistle in order to lock up their tools. It is mutually understood that this provision shall not be abused.

- (b) Because of the differences in the nature of the equipment, location, and other factors, a definite time cannot be designated for such activity; therefore, employees are cautioned that abuse of this provision resulting in unproductive time shall be cause for a warning for first offense and more severe disciplinary action up to and including discharge for any subsequent abuses.

SECTION 4.

- (a) Tools shall be ordinarily issued by Tool Room personnel except when emergency situations require others to obtain necessary tools.
- (b) Materials shall be ordinarily issued by Warehouse personnel except when emergency situations require others to obtain necessary materials.
- (c) This shall not be interpreted as arbitrarily permitting others to issue or obtain tools or material on weekends and holidays on the pretense that an emergency exists.
- (d) Rods and welding related materials shall ordinarily be issued by Rod Room Attendants except when emergency situations require others to obtain necessary materials.

SECTION 5. As a matter of Company policy, senior employees will be given preference when new specialized and/or advanced training programs are established. After such specialized training, provided they pass the required test and/or qualifications, they will have the opportunity to be reclassified in the new classification. Employees declining the offer of such training will be required to sign a slip to that effect. This does not disqualify the employee for the next available training.

SECTION 6.

- (a) Equipment that they normally operate shall be operated by Operating Engineers so classified. This shall not restrict the Company in an emergency or when the yard is not operating to permit another qualified person to perform the job when classified Operating Engineer is not available in a reasonable amount of time. When such a situation occurs, the Company will notify a representative of the Union.
- (b) An Operator may be shifted from one gantry to one other during any one work shift. An Operator may be assigned to one bridge crane and make three additional moves during any one work shift.
- (c) Operators shall not travel with any machine in yard without a Switchman or an assistant unless he has special orders from the Foreman in charge of equipment.

- (d) Operators will not be required to oil or be held responsible for oiling of their machines.
- (e) In the event air compressor operators feel that they are being required to operate and maintain an excessive number of compressors, they shall notify their Business Agent immediately. The Business Agent will notify the Labor Relations Department and both parties will proceed to the shipyard, within a reasonable time after the initial complaint, to investigate the problem.
There will be adequate personnel assigned to sufficiently man the compressors.

SECTION 7. When an employee is requested to work more than two (2) hours beyond the quitting time of his regular shift, he shall be allowed twenty (20) minutes to obtain a lunch, with pay. In the event the employee is required to work through his lunch period and does not receive his twenty (20) minute lunch period, he shall be paid the appropriate premium for such work.

SECTION 8. Employees being laid off, or retiring, will be paid two (2) hours to “clear out.”

SECTION 9. In the event the Company contemplates the discharge of an employee for any reason, a Union Representative will be notified so that he may conduct an investigation of the case.

(Each Union will specify who its “Union Representative” is pertaining to this section.)

SECTION 10. Foreman shall be responsible to see that ventilation, scaffolding and lighting are provided where required before assigning employees to the area.

SECTION 11. Foreman shall be responsible to see that equipment is in good repair, and is available for employees using same.

SECTION 12. Warning slips will be effective for one hundred twenty (120) days at which time they will be stricken from the employee’s record.

SECTION 13. There should be two or more people working together in tanks at all times.

SECTION 14. Employees shall be disciplined only in accordance with Company written rules and regulations in effect at the time of the violation. It is recognized that appropriate discipline must be consistent with the severity and nature of the violation.

SECTION 15. Any Department 36 employee required to perform work on both sides of the river during his scheduled shift shall be provided with transportation.

SECTION 16. Employees requiring tool box locks, and chain and locks for burning lines, will be permitted to acquire the first

such locks from the tool room.

ARTICLE 23 - UNION REPRESENTATIVES AND UNION ACTIVITY

SECTION 1. The Company recognizes the right of the Union to appoint Job Stewards sufficient in number to handle grievances, and agrees to cooperate with such stewards in the performance of their duties. However, only employees who have been designated in writing as stewards for their respective areas of departments, or units, will be recognized. Such designation will be directed to the Company's Labor Relations Office. The sole function of the steward shall be limited to processing grievances arising under the terms of this Agreement. He shall not solicit grievances nor conduct other Union business during working hours. Under no circumstances will a steward have any authority to take strike action, or any other action interfering with the Company's business, and he shall have no authority to issue instructions to, or attempt to, direct the work force; however, this shall not be construed so as to interfere with the processing of grievances.

SECTION 2. All stewards will be working employees and not "walking stewards." A steward will be allowed sufficient time off from his regular job to investigate and process grievances arising in his designated area. However, time allowed for investigating and processing grievances will not interfere with orderly process of stewards regularly assigned tasks. If a grievance is not resolved at Step 1 of the Grievance Procedure, the steward may refer the grievance to the next step by notifying the Chief Steward, who may go to the given area for further investigation of the grievance if necessary.

SECTION 3. The Company agrees to permit Union representatives, other than the Company employees, to enter the Company premises during normal business hours; but on such visits, they must receive the permission of the Labor Relations Office, or in the event personnel there are not available, then whoever is in charge at the Plant Protection Office. This privilege is extended in a spirit of mutual cooperation.

SECTION 4. The Union will keep the Company supplied with a current list of area stewards, and the Company will make no change in area assignments of any area steward until the Business Agent has had five (5) workdays to discuss the matter and appoint a replacement.

ARTICLE 24 - APPRENTICESHIP PROGRAM

SECTION 1. There shall be a Joint Apprenticeship and Training Committee composed of an equal number of representatives of the Employer and the Union. This Committee shall make rules and requirements governing the qualifications, education, and training of all Apprentices. All Apprentices shall be under the direction of the Joint Committee from the time they are hired into the Company until they become a journeyman. An apprenticeship program shall be conducted and administered within the limitations of the below enumerated conditions and

will consist of a Regular Apprentice, Helper Apprentice, and other programs as mutually agreed to by the parties to this Agreement.

SECTION 2. The Apprenticeship Program will be continued in accordance with the standards approved by the U.S. Bureau of Apprenticeship, which shall be countersigned by the Union and the Company. The Apprenticeship Program shall be governed by the above noted standards.

SECTION 3. The Apprentices shall be rotated through various work processes for the purpose of obtaining training in the various phases of the trade. The Apprentice shall not exceed approximately six (6) months of continuous work in any one phase of the trade. Regular Apprentices must be indentured and shall be provided with a copy of the indenture.

SECTION 4. Regular Apprentice Program. Regular Apprentices shall be employed for all apprentice able crafts in a ratio not to exceed one (1) apprentice to five (5) journeymen. Applicants for the Regular Apprentice Program shall be a minimum of eighteen (18) years of age. If sufficient qualified Journeymen are not available to fill manpower needs, the Company shall give preference to the job applicants seeking employment within the Regular Apprentice Program.

SECTION 5. Apprentices shall work with or under a Journeyman or group of Journeymen during the first two thousand (2000) hours of the Apprenticeship Program.

SECTION 6. Applicants for the Regular Apprentice Programs shall be interviewed by the Apprenticeship Committee prior to their being classified as Regular Apprentices to determine their qualification and educational background. Regular Apprentices to fill vacancies in the Indentured Programs shall be selected by the Apprentice Committee prior to the start of the school semesters. These vacancies shall be filled by selecting from among qualified employees and from outside sources if sufficient applicants are not available from employees. Applicants selected for the Regular Apprentice Program shall be rerated to Regular Apprentice rates two weeks prior to the start of Apprentice School.

SECTION 7. Regular Apprentices shall be eligible for advancement to the next step of the apprenticeship training program upon satisfactorily completing 500 work hours and maintaining satisfactory school performance and attendance.

Regular Apprentices who in the judgment of the Joint Apprenticeship Committee must be dropped from the program for reasons of unsatisfactory school performance may be placed in the corresponding Helper Apprentice Program. This placement is contingent upon the committee's assessment of the apprentice's overall record and will require that the apprentice enter the

corresponding step of the Helper Apprentice Program with zero (0) hours credit toward advancement to the next step.

SECTION 8. Applicants for the Helper Apprentice Program shall serve approximately six thousand (6000) hours, Tool Room Helper Apprentices four thousand (4000) hours. At the end of each 1000-hour period, the Helper Apprentice, providing his work is satisfactory, shall be upgraded to the next step of the program. Except for basic blueprint sessions and basic math, the Helper Apprentice will not be required to attend the outside classroom work required of the Regular Apprentice, and may also be required to attend company orientation training sessions. Helper Apprentices who do not pass the required related studies will not receive a pay increase for that progression time until they do pass the course. The 6000-hour period shall be the standard maximum progression; however, exceptional or outstanding performance may be rewarded with the advancement to the next higher step one (1) time during the tenure of the program. Helper Apprentices shall receive wages of a Journeyman upon completion of their apprentice program, provided they are retained in service.

Employees who have previously worked in the shipbuilding trade may be hired into the Helper Apprentice Program commensurate with their previous experience.

The training of a Helper Apprentice will be such as to enable him to attain Journeyman classification.

SECTION 9. General provisions of the Regular Apprentice and Helper Apprentice Programs:

All apprentices must be able to speak, read and write the English language, and understand at least the first four (4) rules of arithmetic.

Helper Apprentices shall be placed on a separate seniority list. When layoffs occur, employees on this list shall be laid off first before Journeymen or Regular Apprentices are laid off.

Regular Apprentices and Helper Apprentices shall be laid off and called back to work after being laid off according to their seniority, and shall be reinstated before any additional apprentices are employed. An apprentice suspended for this reason when reinstated, must complete all hours remaining in current step before progressing to the next period.

Following the successful completion of the probationary period, Regular Apprentice or Helper Apprentice seniority shall start from date of employment. A present apprentice's seniority shall start from the time the apprenticeship began.

SECTION 10. Pipewelder Helper Apprentice Program. The training of a Pipewelder Helper Apprentice will be such as to enable him to obtain first class journeyman status in his craft. The Pipewelder Helper Apprentice Program shall consist of four (4) one thousand (1000) hour periods. The duration of the periods is the maximum, however, exceptional or outstanding apprentices may be advanced to the next highest step at any time they are qualified. Apprentices may not advance to the second step of the program until they have satisfactorily passed the company pipewelding test.

Exceptional or outstanding performance may be rewarded with advancement to the next higher step one (1) time during the tenure of the program, after minimum required certification.

Any apprentice who is not performing satisfactorily may be released from the program during any step for unsatisfactory work performance.

Pipewelder Helper Apprentices hired after April 5, 2007, shall be paid rates in accordance with the schedule listed below:

- 1st 1000 Hours 60 percent of the Journeyman Pipewelder rate.
- 2nd 1000 Hours 76 percent of the Journeyman Pipewelder rate.
- 3rd 1000 Hours 79 percent of the Journeyman Pipewelder rate.
- 4th 1000 Hours 85 percent of the Journeyman Pipewelder rate.

Welder Helper Apprentices hired after April 5, 2007, shall be paid rates in accordance with the schedule listed below:

- 1st 1000 Hours 60 percent of the Journeyman Welder rate.
- 2nd 1000 Hours 78 percent of the Journeyman Welder rate.
- 3rd 1000 Hours 84 percent of the Journeyman Welder rate.
- 4th 1000 Hours 88 percent of the Journeyman Welder rate.

APPRENTICESHIP STEPS OF PROGRESSION

Apprentices hired after April 5, 2007, shall be paid wages for the applicable step of the program in accordance with the schedule listed below:

<u>REGULAR APPRENTICE</u>		<u>HELPER APPRENTICE</u>	
Step	Percent of Journeyman Rate	Step	Percent of Journeyman Rate
1 a.	76.0	1	60
b.	77.5		
2 a.	79.0	2	66
b.	80.5		
3 a.	82.0	3	72
b.	83.5		
4 a.	85.0	4	78
b.	86.5		
5 a.	88.0	5	84
b.	89.5		
6 a.	91.0	6	88
b.	92.5		

- 7 a. 94.0
- b. 95.5
- 8 a. 97.0
- b. 98.5

All Pipewelder Regular Apprentices and Boilermaker Welder Regular Apprentices hired after April 5, 2007, shall be paid wages for the applicable step of the program in accordance with the schedule listed below:

**PIPEWELDER REGULAR
APPRENTICE PROGRAM**

Step	Percent of Journeyman Rate
1 a.	76
2 a.	78
b.	80
3 a.	82
b.	84
4 a.	86
b.	88
5 a.	90
b.	92
6 a.	94
b.	96
7 a.	98

**BOILERMAKER
WELDER
REGULAR APPRENTICE
PROGRAM**

Step	Percent of Journeyman Rate
1 a.	76
2 a.	79
b.	82
3 a.	85
b.	88
4 a.	91
b.	94
5 a.	98

ARTICLE 25 - SEA TRIALS

SECTION 1. Employees who are taken from their regular work to make up a crew for sea trial trips and deliveries will, while engaged thereon, be paid as follows: Each twenty-four (24) hour period will be divided into four (4) watches of six (6) hours each, except that the Steward's Department will continue to work in accordance with past practice. Each employee will stand watches of six (6) hours each, with a rest period of six (6) hours following each watch period. For the first watch worked in each twenty-four (24) hour period, employees will receive straight time pay at their regular rates, and for the second watch worked in each such period, the employees will receive pay at one and one-half (1¹/₂) times their regular rates. In the event

the basic hourly rate of any employee assigned to the Deck or Engine Department, on a trial or delivery trip, is less than the Mechanic's rate, he shall receive the rate of a Mechanic for such trial or delivery trip; however, this does not apply to the employees of the Steward's Department or Wipers who shall receive not less than Helper's (after 500 hours) rate.

Employees who are taken from their regular work to make a crew for vessels being towed from NORTHROP GRUMMAN SHIP SYSTEMS, INC., Pascagoula, Mississippi, to Mobile, Alabama, will be paid in accordance with the overtime provisions of Article V.

SECTION 2. For the purpose of establishing the time of watches, the first watch shall start no less than six (6) hours prior to the scheduled sailing time and shall start at 6 o'clock or 12 o'clock. In the twenty-four (24) hour period beginning with the first watch each employee on the trial trip shall receive not less than eight (8) hours' straight time pay. Employees making the trip shall receive a notice of at least twenty-four (24) hours before sailing date except when emergency situations prevent such notice being given.

SECTION 3. There shall not be less than two (2) Quartermasters on each watch. When a vessel is docking and undocking, the two (2) Quartermasters on watch may remain on the bridge to assist the officer on duty, or be otherwise assigned at the discretion of the Captain. A Quartermaster of the current watch shall be required to stand gangway watch at all times when the vessel is in port except when relieved by a Plant Protection Guard. Quartermasters on duty shall be under direct charge of the officer on duty except in case of emergency. There shall be sufficient qualified journeyman mechanics from each craft on all trial trips to perform required work.

SECTION 4. On all sea trials and deliveries, substantial hot meals shall be provided at regular meal periods whenever feasible.

SECTION 5. When employees are required to travel from the point where vessel on trial run reaches its destination, they shall receive transportation to Pascagoula plus the cost of all meals while enroute and shall be compensated at their regular straight time rate of pay, not exceeding eight (8) hours in any twenty-four (24) hour period if the travel time occurs on or in part within their regular shift hours. Should the department to which the employee is assigned, who is traveling subject to the provisions of this paragraph, be observing a regular shift schedule of more than eight (8) hours per shift, the traveling employee will be compensated for the same number of hours per shift his department is working.

In the event an employee is ordered to report to the yard prior to the start of his shift for the purpose of traveling to another destination to perform work for the Company, he shall receive time and one half (1¹/₂) pay for the time he is ordered to and does report, until the regular starting time of his shift. From the starting time of his shift, he shall be compensated in accordance with the appropriate provision of this Article.

SECTION 6. Section 5 of this Article shall not apply if an employee is required by the Company to travel between Pascagoula and a nearby port (e.g., Mobile or New Orleans). If such travel is outside his regular shift hours, he shall be paid for such travel time at his basic straight time rate between Pascagoula and New Orleans, five (5) hours, and between Pascagoula and Mobile, three (3) hours.

SECTION 7. If time spent in travel in accordance with Section 5 occurs on Saturday, Sunday, or holiday, compensation will be computed in accordance with Article V.

SECTION 8. Those employees returning from sea trials during a regular yard shift, who are normally employed on that shift may elect either to go home, in which case they will receive pay for only sea trial time or they may return to their regular job at their regular rate of pay and work the remainder of the shift. An employee returning to his regular work after returning from sea trial shall receive not less than eight (8) hours' pay.

SECTION 9. Any employee who goes to work in the yard in conformance with the above paragraph shall receive time and one-half (1¹/₂) pay for work performed in excess of eight (8) hours. The number of hours worked shall be computed from the previous midnight to include hours worked upon ships and hours worked in the yard.

SECTION 10. Ice water will be furnished aboard ship whenever feasible.

SECTION 11. Employees who are called out for sea trial and put to work outside their regular scheduled shift shall be paid a minimum of two (2) hours' pay at the applicable rate.

SECTION 12. Department 36 Steaming Crew Operators required to go on Sea Trials of less than twenty-four (24) hours duration shall receive not less than twelve (12) hours straight time pay for that day.

ARTICLE 26 - NO STRIKE NO LOCKOUT

SECTION 1. The Company agrees not to permit any lockout of its employees during the term of this Agreement, except for refusal of the Unions to submit to arbitration as provided for in this Agreement, or failure on the part of the Union to comply with a decision rendered by the arbitrator.

SECTION 2. The Union agrees that neither it nor its officers or agents will engage in, initiate, authorize, sanction, or support any strike, or stoppage of work during the term of this Agreement, except for refusal of the Company to submit to arbitration, as provided for in this Agreement, or failure on the part of the Company to comply with a decision rendered by the arbitrator.

SECTION 3. In the event that at the termination of this Agreement, negotiations are terminated without agreement and efforts at mediation and

conciliation have been exhausted, the Union shall be relieved of the prohibition against strikes, but such relief shall be only in respect to the issue in dispute and only during the continuance thereof.

SECTION 4. In the event any violation of the provisions prescribed and set forth herein above occurs, which is unauthorized by the Union, the Company agrees that there shall be no financial liability on the part of the International or Local Union or any of their officers or agents, provided the Union shall within twenty-four (24) hours after receipt of written notice from the Company, do the following things:

- (a) Advise the Company in writing that such violations have not been authorized or sanctioned by the Union.
- (b) Promptly orders its members to return to work, notwithstanding the existence of any such violation.

SECTION 5. The Company may discipline or discharge an employee who engages in such violations set forth herein above. Any such action on the part of the Company shall be subject, however, to the provisions of the Grievance Procedure and/or Arbitration.

SECTION 6. The Company will not discriminate against any employee covered by this Agreement if he voluntarily and of his own volition does not wish to cross a legal picket line established at the gates of this shipyard, by a bona fide Labor Union.

A legal picket line shall mean one that is not in violation of the Labor Management Relations Act of 1947 as amended, and which has been established in conformance with the Constitution of the International Union or other parent organization with which the picketing Union is affiliated.

ARTICLE 27 - JURY, MILITARY, AND FUNERAL PAY

SECTION 1. An employee who is called for Jury Services shall be excused from work for the days on which he serves or reports to serve, and he shall receive for each such day of Jury Service on which he otherwise would have worked, the difference between eight (8) times his regular straight time hourly rate and the payment he receives for Jury Service. The employee will present proof of service or reporting for service and of the amount of payment received thereof from the Clerk of Court.

SECTION 2. An employee who is ordered to annual military training, not to exceed 80 continuous hours, will be paid the difference between military pay and regular pay. The employee will present a copy of his military pay voucher upon his return from annual training.

SECTION 3. An employee who attends the funeral of a member of the immediate family (spouse, parents, step-parents,

brother, sister, child/step-child, grandparents (employee's or spouse's), grandchild, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law) will receive one day's pay (8.0 hours) when the funeral occurs on a regular, normal workday. Documentation will be required.

If the funeral is held on Saturday or Sunday, and the employee is absent Friday or Monday to attend, the absence will be paid at one day's pay (8.0 hours). Documentation will be required in accordance with current procedure.

ARTICLE 28 - LIFE INSURANCE AND WELFARE PROGRAM

SECTION 1. The Company agrees to provide a \$25,000 Life Insurance and Accidental Death and Dismemberment benefit for all employees covered by this Agreement. An employee shall become eligible and receive the above described insurance coverage when he completes 30 days' employment with the Company.

SECTION 2. INSURANCE PROGRAM

The Company shall provide a program of insurance benefits (i.e., sickness and accident, surgical and hospitalization benefits) as set forth in the Summary Plan Description (SPD) booklet, which has been initialed by the parties. The portion of the premium for such insurance benefits to be paid by each employee shall be as follows: During the first period of the contract, the employee payment will be \$151 per month.

During the second period, the employee portion of the total premium will be \$177 per month.

During the third period, the employee portion of the total premium will be \$194 per month.

- An employee shall become eligible for this insurance after completing 30 days' service, and upon enrollment, such insurance will go into effect and he or she shall be covered the first day of the following month. During the term of this Agreement, if it is necessary to change the third party administrator, it will be a subject of negotiation with the Joint Insurance Committee.
- Employees covered by this agreement shall be eligible to participate in the Northrop Grumman Financial Security and Savings Program (FSSP) and the 50% Company match on the FSSP Part II account. There are also improvements in the plan providing for early retirement at age 60 with 80 points (age 60 with 20 years of service).
- Full-time Union Representatives on leave of absence from the Company, or who are former employees of the Company, shall be eligible to participate in the Ingalls Hourly Retirement Plan

including the right to make contributions and earn retirement credit while on such leave of absence.

SECTION 3. The Company agrees to administer the assets of the Ingalls Shipbuilding, Inc., Hourly Employees' Retirement Plan ("Ingalls Plan") solely for the benefit of the participants of the Ingalls Shipbuilding, Inc., Hourly Employees' Retirement Plan in accordance with the terms and conditions of the Plan.

ARTICLE 29 - TERMINATION OF PREVIOUS AGREEMENT

SECTION 1. This Agreement terminates the Agreement of 2 March 2003 through 4 March 2007, between the NORTHROP GRUMMAN SHIP, SYSTEMS, INC., Pascagoula, Mississippi, and the Metal Trades Department, AFL-CIO, Pascagoula, Mississippi.

SECTION 2. It is distinctly understood and agreed that all previous agreements whether oral or written, by and between the Company and the International Unions who are party to these Agreements are superseded by this Agreement.

SECTION 3. 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 of a court of competent jurisdiction, such invalidation of such part or portion of this Agreement shall not invalidate the remaining portions hereof, provided, however, upon such invalidation the parties agree immediately to meet and negotiate such parts or provisions affected. The remaining parts or provisions shall remain in full force and effect.

ARTICLE 30 - DURATION OF AGREEMENT

SECTION 1. This Agreement shall become effective as of 7:00 a.m. this 4th day of March, 2007, and remain in full force and effect until 7:00 a.m., March 7, 2010, and shall continue in full force and effect from year to year thereafter from 7:00 a.m., March 7, to 7:00 a.m., March 7 each year unless changed or terminated in the manner later provided herein.

SECTION 2. Either party desiring to change or terminate this Agreement after March 7, 2010, must notify the other in writing at least sixty (60), but not more than seventy-five (75), days prior to the expiration date. If notification is given by either party in accordance with this paragraph and the parties have been unable to reach an agreement by the expiration date, either party may at that time treat the collective bargaining agreement as cancelled.

SECTION 3. This Agreement shall not be amended or supplemented except by mutual consent of the parties hereto,

reduced to writing and duly signed by each.

SECTION 4. During the negotiations which resulted in this Agreement, both the Company and the Union had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and the understandings and agreements arrived at by the parties hereto after the exercise of that right and opportunity are set forth in this Agreement. Therefore, the Company and the Union, for the life of this Agreement, voluntarily and unqualifiedly waive the right, and each agrees that the other shall not be obligated to bargain collectively with respect to any subject or matter referred to or covered in this Agreement, or with respect to any subject or matter not specifically referred to or covered in this Agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both parties at the time that they negotiated or signed this Agreement.

IN WITNESS WHEREOF, the Company and the Union, parties hereto, have caused this Agreement to be executed by their respective authorized officers on this 4th day of March 2007.

BOEYENHOFF-CHEMICALS
CORP. EMPLOYEES, INC.


Philip D. Seal
President, Shipbuilders


Edward E. Hughes
Senior Vice President
Human Resources & Administration


Scott E. Jorgensen
Senior Vice President
Ship Construction


M. L. Angino
Director, Labor Relations


Robert M. Gibson
Director, Labor Relations

THE NATIONAL UNION
SHIPBUILDERS (AFL-CIO)


M. A. Conway
President
Puerto Rico Labor Council


W. W. Fairley
Executive Director
International Brotherhood of
Shipbuilders and Marine
Engineers


J. W. McLaughlin
The National Association of
Contractors and Builders of America,
Local No. 2001


Henry J. MacLennan
Chairman
Local 600


J. W. McLaughlin
The International Association of
Shipbuilders and Shipyard Workers,
Local No. 1522


J. W. McLaughlin
The International Brotherhood of
Boilermakers, Iron Shipbuilders,
Blacksmiths, Forgers and Helpers of
America, Local No. 665


J. W. Smith
The International Union of
Operating Engineers, Local No. 988


J. W. Smith
The International Brotherhood of
Boilermakers, Iron Shipbuilders,
Blacksmiths, Forgers and Helpers of
America, Local No. 1025


C. M. Jones
The Iron Works Association of
America and Shipbuilders of the
Painting and Finishing Industry,
Local No. 622


J. W. Smith
The International Association of
Shipbuilders, Local No. 481


J. W. Smith
The International Brotherhood of
Painters, Union Labelers, Signwriters,
and Decorative Artists, Local No. 1021


J. W. Smith
The International Union of
Painters and Allied Trades, Local Council 400


J. W. Smith
The International Association of
Boilermakers, Iron Shipbuilders,
Blacksmiths, Forgers and Helpers of
America, Local No. 665

ADDENDUM A - PRODUCTIVITY IMPROVEMENT

This list describes the related assignments for which the incidental duty rate addition was applied. In no case will the rate addition apply more than one time to the same craft.

Sheetmetal Workers and Pipefitters may touch up with Galvacon.

Steaming Crew Operators will connect or disconnect a hose or line previously installed by Pipefitters where this is a short duration job. (This is in connection with shipboard plant operations.)

Stud Shooter may do his own surface preparation prior to shooting studs. If studs have to be removed, the crafts involved may do their own grinding for stud removal.

Any craft will be allowed to unbolt and rebolt floor plates as required to perform their work.

Hull or Pipe Department employees may do their own preheating.

Combination employees assist the craft they are servicing, in whatever manner necessary, when they are not required to weld, burn, or tack.

Machinists may unbolt and rebolt pipe flanges connected to equipment being repaired, removed, or replaced by Machinists (Unplanned, emergency work of short durations.)

Pipe Department may pack own valves (Incline valves).

All crafts may do their own temporary protection. For masking in preparation for Painters: Journeymen Painters, Apprentice Painters, Paint Helpers, or Laborers may do as required.

Shipfitters service such items as they install, such as greasing hinges and dogs on watertight doors, etc.

All crafts allowed to do light rigging (when special skill is not required) in connection with their work.

The transfer and loading of fuel, tank soundings, and pumping of bilge and ballast will be accomplished by Steaming Crew personnel. Steaming Crew personnel may service operational testing on shipboard equipment as may be required.

Bolting on piping systems may be done by Pipe Department personnel as required. This includes special requirements such as torquing. The first connection to a pressure vessel, i.e., boiler valves, shell valves, will continue to be performed by Outside Machinists.

Shipfitters may perform their own tacking and burning.

Combination employees shall be required to perform necessary grinding, tacking, minor burning, and preheating associated with their primary duties.

Appendix A
Metal Trades Agreement
Basic Hourly Wage Rate

	1 st Period Effective 04/05/07	2 nd Period Effective 03/03/08	3 rd Period Effective 03/02/09
Blacksmith	\$20.10	\$20.65	\$21.20
Boilermaker	20.00	20.55	21.10
Bridge Crane Operator	20.00	20.55	21.10
Burner	20.00	20.55	21.10
Burner (Carbon Arc Gouger)	20.30	20.85	21.40
Burner (Flame Gouger)	20.15	20.70	21.25
Burner (Special)	20.15	20.70	21.25
Carpenter	20.00	20.55	21.10
Carpenter-Maintenance	20.00	20.55	21.10
Compressor Operator	20.00	20.55	21.10
CSA Machine Operator (Combination)	20.20	20.75	21.30
Fab Shop Machine Operator	20.00	20.55	21.10
Transportation Rigger	20.00	20.55	21.10
Furnace Mechanic	20.00	20.55	21.10
Gantry Crane Operator	21.00	21.58	22.16
Grinder-Driller	20.00	20.55	21.10
Heavy Equipment Technician	21.00	21.58	22.16
Heater-Straightener	20.00	20.55	21.10
Insulator	20.00	20.55	21.10
Joiner	20.00	20.55	21.10
Joiner (Combination)	20.20	20.75	21.30
Joiner - Insulator	20.00	20.55	21.10
Joiner - Insulator (Combination)	20.20	20.75	21.30
Launch Pontoon Technician	20.35	20.90	21.45
Loftsmen (Optical)	20.35	20.90	21.45
Loftsmen	20.15	20.70	21.25
Layerout (Shop)	20.00	20.55	21.10
Machinist (Inside)	20.00	20.55	21.10
Machinist CNC (Inside)	22.00	22.61	23.21
Machinist (Outside)	20.00	20.55	21.10
Machinist (Outside Combination)	20.20	20.75	21.30
Machinist (Maintenance)	20.00	20.55	21.10
Machinist Technician (Maintenance)	20.35	20.90	21.45

	1 st Period Effective 04/05/07	2 nd Period Effective 03/03/08	3 rd Period Effective 03/02/09
Mechanic - Tool Room	20.00	20.55	21.10
Metal Processing Mechanic	20.00	20.55	21.10
Mobile Crane Operator	20.00	20.55	21.10
Painter	20.00	20.55	21.10
Pipefitter	20.00	20.55	21.10
Pipefitter-Maintenance	20.00	20.55	21.10
Pipefitter (Combination)	20.20	20.75	21.30
Pipewelder	20.30	20.85	21.40
Pipewelder-Maintenance	20.30	20.85	21.40
Rigger	20.00	20.55	21.10
Sheetmetal Worker	20.00	20.55	21.10
Sheetmetal Worker (Combination)	20.20	20.75	21.30
Shipfitter	20.00	20.55	21.10
Shipfitter (Combination)	20.20	20.75	21.30
Sign Painter	20.35	20.90	21.45
Straddle Carrier Operator	20.00	20.55	21.10
Template Maker	20.00	20.55	21.10
Test & Trials Mechanic	20.00	20.55	21.10
Test & Trials Technician	20.15	20.70	21.25
Tool Grinder Technician	20.35	20.90	21.45
Transportation Service Driver (2)	20.00	20.55	21.10
Transportation Dispatcher	21.00	21.58	22.16
Truck Crane Operator	21.00	21.58	22.16
Welder (Special) (Shell X-Ray, Submarine X-Ray, Lead)	20.30	20.85	21.40
Welder (Structural) (Semi-Automatic or Structural X- Ray Quality)	20.15	20.70	21.25
Welder (Gantry Machine)	20.30	20.85	21.40
Welder (Robotic)	20.30	20.85	21.40
Welder	20.00	20.55	21.10
Welder - Burner	20.20	20.75	21.30

Employees hired in the above classifications after February 4, 1990, will be hired at a rate of \$1.00 below the rate for that classification and after 2,000 work hours at the lower rate, they shall progress to the top rate of their classification.

Employees hired in the below listed classifications after February 4, 1990, will be hired at a rate \$1.00 below the rate for that classification, and after 2,000 work hours shall receive a \$.50 per hour increase and remain at \$.50 per hour below the classification rate.

Employees hired in the below listed classifications between September 25, 1983, and March 7, 2010, will remain at \$.50 per hour below the classification rate.

	1 st Period Effective 04/05/07	2 nd Period Effective 03/03/08	3 rd Period Effective 03/02/09
Air Hammer Operator	\$17.40	\$17.88	\$18.36
Boom Truck Driver	18.62	19.13	19.64
Fork Lift Operator - (1 st 90 days)	16.62	17.08	17.53
(After 90 days)	17.40	17.88	18.36
Furnace Floor Helper	17.40	17.88	18.36
Transportation Rigger Helper (1 st 500 Hours)	17.40	17.88	18.36
Transportation Rigger Helper	18.12	18.62	19.12
Helper (1 st 6 Months)	15.77	16.20	16.64
(After 6 Months)	16.62	17.08	17.53
Laborer	16.62	17.08	17.53
Machinist Set-up Man	19.08	19.60	20.13
Oiler	17.40	17.88	18.36
Pipe Helper (1 st 6 Months)	15.77	16.20	16.64
(After 6 Months)	16.62	17.08	17.53
Rust Machine Operator (1 st 6 Months)	16.62	17.08	17.53
(After 6 Months)	17.40	17.88	18.36
Sandblaster	18.12	18.62	19.12
Temporary Fan Operator	17.40	17.88	18.36
Transportation Service Driver (1)	18.12	18.62	19.12
Warehouse Clerks: 1 st 6 Months	16.62	17.08	17.53
2 nd 6 Months	17.40	17.88	18.36
After 1 Year	18.12	18.62	19.12
By Merit	18.93	19.45	19.97

Warehousemen:

Helper (1 st 6 Months)	15.77	16.20	16.64
Helper (After 6 Months)	16.62	17.08	17.53

The below listed classifications shall be paid as follows:

	1 st Period Effective 04/05/07	2 nd Period Effective 03/03/08	3 rd Period Effective 03/02/09
Laborer Trainee 1	\$12.00	\$12.33	\$12.66
Laborer Trainee 2	13.10	13.43	13.76
Laborer Trainee 3	14.20	14.53	14.86
Laborer Trainee 4	15.30	15.63	15.96
Utilityman I	9.95	10.22	10.50
Utilityman II	12.79	13.14	13.50
Utilityman III	15.64	16.07	16.50

A Working Leaderman shall receive 5% per hour above his classification rate of pay.

Painters shall receive thirty-five cents (\$.35) per hour extra when engaged in spray painting.

Should painters be required to apply P.V.R., Tar Set, Saran or Vinyl (inside tanks only) at a time other than on overtime hours, they shall be paid not less than one and one-half (1^{1/2}) times their regular straight time hourly rate while so engaged.

Pipefitters shall receive a twenty-five cent (\$.25) per hour premium while assigned to work on systems requiring both fitting and brazing; provided employee performs at least one silver braze during the shift.

Carpenters sawing creosote, applying tar and cool seal on buildings or vessels, or applying rubber coating to the sonar dome will receive a premium of thirty cents (\$.30) an hour while so engaged.

Sheetmetal Mechanics assigned to perform layout work or layout by use of templates in the Shop layout area shall receive twenty cents (\$.20) an hour premium while so engaged.

ATTENDANCE BONUS

An employee who works 160 consecutive hours without an absence of regularly scheduled straight time work hours shall receive an attendance bonus of \$75. After achieving the 160 hours bonus, employees will earn an additional \$20 each workweek for which the employee works the entire workweek until the consecutive worked hours are broken. After interruption of consecutive hours worked, the new calculation of consecutive hours will restart at the beginning of the next work week.

The following events will not interrupt the consecutive hours worked in determining eligibility for the bonus: Jury Duty, Military Leave, Vacation, Holidays, Rain Days (when an employee is not offered work), Temporary Layoff, Death in Family (covered by bereavement leave), Minister Presiding over Funeral, and Pallbearer. Except as expressly provided below, an absence of any regularly scheduled straight time work hours shall break the consecutive hours worked for the attendance bonus.

Employees who go out through the Company's Medical Facility on an industrial medical leave of absence will be considered to have worked an entire workweek for purposes of accrual of the attendance bonus during the week they go out and the week they return to work. The industrial medical leave of absence will not interrupt the consecutive hours previously worked by these employees. These employees do not accrue any hours for purposes of receiving an attendance bonus for the full week absences in between the outgoing and incoming week of an industrial medical leave of absence.

Employees excused for official union business will receive the attendance bonus provided the employee works at least 20 hour during the applicable workweek and the Union submits written notice requesting the leave of absence. The request for a union business leave of absence must indicate the period of time and total number of regularly scheduled work hours the employee should be excused for that purpose. The excused hours and the actual work hours must equal forty (40) total hours for the workweek to remain eligible for the attendance bonus.

Employees who miss time not covered above will begin a new 160-hour period on the first Monday following their return to work.

The bonus will be paid during the second pay period following successful completion of a 160/40 hour period of attendance.

**COMPANY MANUAL
OF
RULES AND REGULATIONS**

**NORTHROP GRUMMAN SHIP SYSTEMS, INC.
PASCAGOULA, MISSISSIPPI**

FOREWORD

Each and every employee, and others coming under the Rules and Regulations, assumes full responsibility for being thoroughly familiar with the location of all controlled or hazardous areas.

1. SMOKING

Where it can be traced (including circumstantial evidence) that smoking is the cause of a fire, the party responsible will be held accountable.

Smoking is prohibited in No Smoking Zones and those areas where No Smoking signs are posted. Violators will be subject to immediate discharge.

A No Smoking Zone is any area where:

- (a) Flammable materials are stored.
- (b) Hazards are created due to the type of work being done
- (c) Valuable irreplaceable materials, tools, or equipment are stored.

Fire hazards in various areas will, of course, change from time to time due to work progress and changing of material storage. The designation of a No Smoking Zone will be solely the function of the Management.

No Smoking Zones, to which others may be added from time to time, will at all times include the following:

- (a) Paint shop and paint storage
- (b) Paint locker rooms
- (c) Oil storage
- (d) Carpenter shop and lumber storage yard
- (e) Ammo loading/unloading areas
- (f) All warehouses
- (g) Mold loft storage
- (h) Refrigerated rooms, all vessels
- (i) Oxygen and acetylene plants and storage.
- (j) All vessels in the wet basin shall be restricted from smoking during fueling or defueling; and where restricted materials are stored aboard.

Rules permitting smoking on ships are subject to change but

will depend, generally, on the following conditions:

- (a) Progress of the ship toward completion.
- (b) Areas on a ship where the fire hazard is great; as an example, during the refueling of a ship or the testing of various items of equipment, such as gasoline pumps, etc.

The mere reprimanding of a smoker for violation is by no means an indication that the Company is waiving its rights in other cases to discharge an employee. The Company is to be the judge of when an employee is intentionally disobeying the smoking rules, as there may be circumstances which call for more drastic measures in one case than in another. All other smoking violations will be handled in accordance with the Company's No Smoking policy.

2. SLEEPING

An employee found sleeping during working hours will be subject to immediate discharge.

3. INTOXICATION

Any employee found in the possession of intoxicating liquor, drinking, or under the influence on Company property will be subject to immediate discharge.

4. DRUGS

Any employee found in possession of illegal drugs, or in any way using illegal drugs on Company property, will be subject to immediate discharge. All other drug violations will be handled in accordance with Company Substance Abuse Program.

5. RESTRICTED ITEMS

No one is allowed to enter the yard with radios, recorders, televisions, cellular phones, pagers (beepers) or any other prohibited electronic devices except when approved by the Manager of Security. Violators will be subject to disciplinary action up to and including discharge. No one is allowed to enter the yard with cameras, explosives, firearms, or weapons of any kind, or narcotics, except when approved by the Manager of Security. Violators will be subject to immediate discharge.

6. GAMBLING

Gambling on Company property at any time will not be permitted. Violators will be subject to immediate discharge.

7. BRIBERY

Any employee offering, giving, or taking a bribe of any nature in order to obtain or give work or advancement, or to retain a position will be discharged.

8. FALSIFICATION OF RECORDS

Any employee found submitting, misrepresenting or falsifying any application, certification, medical record, or any other Company document will be subject to immediate discharge.

9. DISORDERS

Any employee who engages in fighting or incites fighting, or threatens other persons with personal or property injury, or uses obscene or abusive language, will be subject to discharge.

Solicitation, or the circulation of petitions, or distribution of written material, for any reason not related to Company business on Company property during working time, will result in discharge.

This rule does not prohibit traditional charitable causes, such as the United Way or Red Cross, or United States bond drives, as approved in advance by the Company.

10. TIMECARDS

Employees are required to punch or scan their own timecard or badge and are not permitted to punch or scan any other employee's timecard or badge. The time as punched in or out must not be altered by any employee. Each employee must sign his own time card and/or daily time log.

Employees violating this rule will be subject to discharge.

11. LATE TO WORK

Employees must be at their work station at starting time. Repeated tardiness will result in warning, followed by further discipline for subsequent offenses. More than two (2) late arrivals within a sixty (60) day period will be considered excessive.

12. QUITTING WORK

Employees are required to remain at their work until the specified time for quitting work, for lunch, and for end of shift. Violations will result in warning for first offense, followed by further discipline for repeated offenses.

13. LOAFING

Employees are expected to produce an honest day's work in return for their wages. Loafing will not be permitted, and workers caught deliberately trying to evade their work will be given a warning for the first offense and more severe disciplinary action up to and including discharge for any subsequent offense.

14. ABSENCE

Employees are expected to report for work daily unless excused by their Foreman or prevented by circumstances beyond their control. Where possible, arrangements for necessary absence must be made in advance with the employee's Foreman. Excessive absenteeism will not be tolerated and will result in a warning followed by further disciplinary action up to and including discharge.

15. WASTE

All employees must recognize the importance of cost of material, tools, and supplies and must be responsible for the quality of their work and preventing waste and damage of material, tools, and supplies within their control. Failure to do this will result in warning followed by further discipline for repeated offenses.

16. DISHONESTY

Common honesty and decency require all to respect the property rights of other employees as well as that of the Company. When employees are found stealing, they will be immediately discharged and subject to possible prosecution.

17. INSUBORDINATION

Employees are expected to be respectful to their Foremen and insubordination will not be tolerated. Foremen are also expected to be respectful to their employees. Willful insubordination or refusal to comply with instructions will result in immediate discharge.

18. CANTEEN SERVICE

Canteens are allowed to dispense food during regular lunch periods only, and employees are not permitted to go to the canteens before the quitting signal. Employees doing so subject themselves to disciplinary action.

19. LEAVING WORK TO ATTEND TO PERSONAL BUSINESS

Employees leaving their work stations without approval from their Foreman to attend to personal business on Company time are subject to warning and further discipline.

20. LEAVING THE YARD DURING WORKING HOURS

Leaving the yard during working hours without permission of a member of management is grounds for discharge.

21. REMOVAL OF PERSONAL PROPERTY FROM YARD

Any personal tools taken from the yard will be accompanied by a Personal Property Pass from the employee's immediate Foreman.

Any personal tool boxes leaving the yard will be sealed by the Company Tool Room.

22. HOUSEKEEPING

The scattering of lunch papers, dirt, and trash is unsanitary and greatly increases the danger of fire. Workers and Foremen are required to keep their work areas clean at all times since a clean shipyard is a safe shipyard. Employees are expected to cooperate by putting all waste materials in waste receptacles. Those deliberately throwing trash on the ground or ships subject themselves to disciplinary action.

23. DEFACING PROPERTY

Defacing Company property, including restroom facilities, in any manner will be cause for discipline up to and including discharge.

24. RADIATION AREAS

Radiation barriers are established for the protection of employees. Crossing radiation barriers without proper dosimeter equipment and authorization shall subject the employee to an immediate disciplinary action for repeated offenses.

25. SAFETY

Employees shall abide by all Safety Rules and Regulations established by the Company, and employees who fail to do so subject themselves to disciplinary action.

26. SECURITY

UNAUTHORIZED DISCLOSURE OF CLASSIFIED INFORMATION VIOLATES DOD REGULATIONS AND CONTRACTUAL OBLIGATIONS AND IS PUNISHABLE UNDER THE PROVISIONS OF FEDERAL CRIMINAL STATUTES.

The employee badge is company property and must be worn at all times, face out, in plain sight on the upper left part of the outer clothing while on Company premises. In addition, this badge must be shown or surrendered to Company officials or Security personnel on request.

EACH CLEARED EMPLOYEE:

- (a) Wears identification badge face out in plain sight on upper left part of outer clothing.
- (b) Discloses classified information only to another person who has the correct clearance and a need-to-know. He/she must tell the other person the classification of the information which he/she discloses.

(c) Reports to Security:

- (1) When he/she becomes a representative of a foreign interest.
- (2) Loss, compromise or suspected compromise of classified information.
- (3) Change of name.

Unclassified information pertaining to Navy contracts may not be discussed outside the shipyard. This information is restricted to Northrop Grumman Ship Systems, Inc., employees and Navy personnel. It may not be released to the public.

27. TOOLS

Lock and store your tools in accordance with your General Foreman's or Foreman's instructions.

Respect tools owned by or issued to other employees.

Report lost tools to your department superintendent who will sign the Lost Tool Report.

Report losses over \$50 to Security.

28. EARLY DEPARTURE

Employees are expected to work their entire scheduled shift. Any employee who leaves the shipyard prior to the end of his or her shift, except for conditions beyond the employee's control, properly documented, will be issued a written warning for the first offense and be subjected to more severe discipline for any additional offenses. More than two (2) early departures within a sixty (60) day period will be considered excessive.

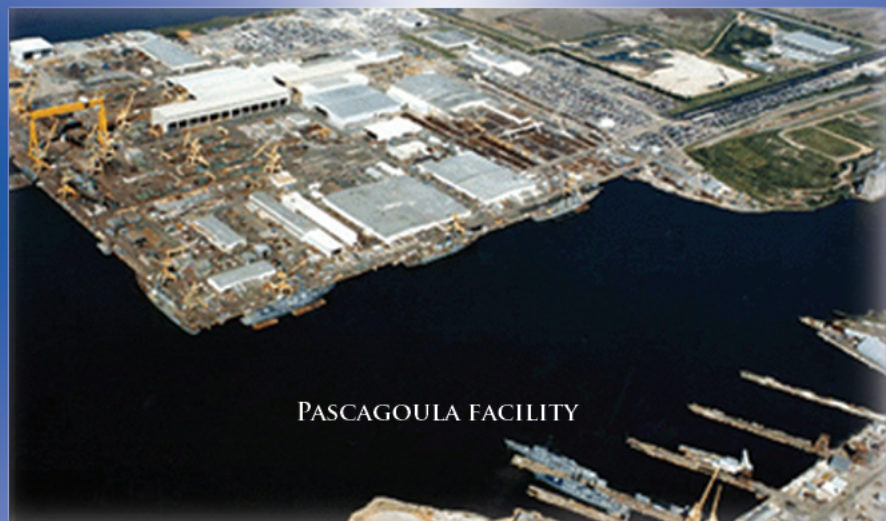
29. PARKING

You can help the parking situation. Here's how:

- Don't block other cars (Improperly parked cars may be towed away at owner's expense).
- Leave no valuables in your car.
- Lock your car.
- Report loss, damage, or theft to Security.
- Persons guilty of parking violations will be subject to disciplinary action.

TRAFFIC RULES

All State Traffic Rules and Regulations apply on Company property, unless otherwise posted.



PASCAGOULA FACILITY

PROCESSED AND PRINTED BY
NORTHROP GRUMMAN SHIP SYSTEMS EMPLOYEES
PASCAGOULA, MISSISSIPPI

NORTHROP GRUMMAN