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By direction of the Secretary of Labor | WAGE AND HOUR DIVISION

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State: Guam

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Employed on U.S. Defense Logistics Agency contract for distribution and warehouse operation services of Defense Distribution Depot Guam Marianas, a government owned, contractor-operated facility.

Collective Bargaining Agreement between Eagle Support Services Corporation and International Brotherhood of Electrical Workers, Local Union 1260 effective July 1, 2005 through June 30, 2010.

Collective Bargaining Agreement between Kellogg Brown & Root Services, Incorporated and International Brotherhood of Electrical Workers Local Union 1260 effective July 1, 2005 through June 30, 2010.

In accordance with Sections 2(a) and 4(c) of the Service Contract Act, as amended, employees employed by the contractor(s) in performing services covered by the Collective Bargaining Agreement(s) are to be paid wage rates and fringe benefits set forth in the current collective bargaining agreement and modified extension agreement(s).

AGREEMENT

BETWEEN

EAGLE SUPPORT SERVICES CORPORATION

AND

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

LOCAL UNION 1260

JULY 01, 2005 – JUNE 30, 2010

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PREAMBLE

It is the understanding by the parties that Kellogg Brown & Root Services, Inc. and Eagle Support Services Corporation intend to conduct "joint bargaining" negotiations with the International Brotherhood of Electrical Workers, Local Union 1260. Whatever bargaining agreement is reached by and between the parties, will be memorialized in separate agreements between Kellogg Brown & Root Services, Inc. and Eagle Support Services Corporation and the IBEW.

The Parties have entered into this Agreement for the purpose of setting forth in writing the understandings they have reached with respect to wages, work hours, and working conditions of the employees covered hereby, as well as to the rights of the Company and the Union, and to provide a peaceful means for the settlement of any disputes which may arise with respect to the interpretation or application of their understandings and agreements as set forth herein.

For this Agreement "the Company" is used to mean Eagle Support Services Corporation (Eagle) who is engaged with Kellogg Brown & Root Services, Inc. (KBR) in performance of work at the Defense Distribution Depot, Guam, Marianas (DDGM).

For purposes of simplicity, the masculine gender is used throughout this agreement although it is understood that all references to gender include both sexes.

AGREEMENT

This Agreement made and entered into this April 1, 2005, to be effective July 1, 2005 through June 30, 2010, between , Eagle Support Services Corporation (hereinafter referred to as "the Company") and the International Brotherhood of Electrical Workers, Local Union 1260 (hereinafter referred to as the Union).

This Agreement shall remain in effect until 12:01 AM on June 30, 2010 without reopening rights for any purpose by either party. This Agreement shall automatically renew itself from year to year thereafter unless written notice of desire to terminate the Agreement is given by either party at least sixty (60) calendar days prior to any annual expiration date thereafter. If written notice of desire to terminate is given, the parties may nevertheless mutually agree in writing to extend this Agreement for a specific length of time beyond the expiration date.

ARTICLE I – RECOGNITION

Section 1. The Company hereby recognizes the Union as the sole and exclusive bargaining representative for all hourly personnel excluding confidential employees, guards, managers, professional employees, supervisors, as defined in the Act located at the Defense Distribution Depot, Guam Marianas (DDGM).

Section 2. Nothing in this agreement shall be construed as waiving any rights or protection granted to the employees, the Company or the Union under any applicable federal or territory law. It is understood and agreed that if any part of this Agreement shall be construed by any court or tribunal of competent jurisdiction or as a result of arbitration pursuant to the grievance procedure hereunder, to be in conflict with any law or executive order, then such part shall, to that extent, be deemed to be null and void from the date hereof without, however, affecting the balance of this Agreement. At the request of either the Company or the Union the parties will meet within thirty days of such change to discuss any issues arising from said legal requirement.

ARTICLE II – NON-DISCRIMINATION

This Agreement shall be applied fairly and shall not in any way be used to discriminate against employees on account of race, color, religious affiliation, sex, age, national origin, veteran or disability status. It is understood that wherever in this Agreement employees or jobs are referred to in the male or female gender; it shall be recognized as referring to both male and female employees.

The Company agrees not to interfere with the rights of its employees to become members of the Union, and there shall be no discrimination, interference, restraint, or coercion, by the Company or any of its agents against any employee because of Union membership or because of acting as an officer of or in any other bona fide activity on behalf of the Union.

ARTICLE III – MANAGEMENT RIGHTS

Section 1. The Company retains, solely and exclusively, all the rights, powers and authority exercised or possessed by it prior to the execution of this Agreement and shall have the exclusive right to exercise all said rights, powers, and authority in the management of the facility and the direction of the working force, except as otherwise specifically provided in this Agreement. Said rights include, but are not limited to the right to employ, assign, transfer, promote, reclassify, layoff, discipline, and discharge employees for just cause; to determine staffing levels, employees' duties, and the number of hours to be worked; including the quality and quantity of output and the work methods for achieving same; to establish standards of performance and to maintain the efficiency of employees; to create, modify, combine or abolish job classifications, departments and facilities in whole or in part; to determine work schedules, starting and stopping times, and overtime; to promulgate and enforce reasonable work rules, policies and standards, to close or relocate its operations and facilities in whole or in part; to make technological changes as it deems appropriate; to contract out services as necessary; and to take such other methods as management may determine to be necessary for the orderly, efficient and economical operation of the business.

Section 2. The Union shall be notified of the company's intent to change existing work rules.

Section 3. The foregoing enumeration Company rights shall not be deemed to exclude other preexisting rights which do not conflict with the provisions of this Agreement, and nothing in this article shall be deemed to limit the Company in the exercise of customary and recognized functions and prerogatives of management.

ARTICLE IV – UNION ACCESS TO OPERATIONS

Section 1. The Company agree that the Union Business Representative or acting business representative will be allowed to visit employees while they are on the job in the Company's operations for the sole purpose of investigating specific grievances or complaints related to the provisions of this Agreement, subject to the customer's rules and regulations regarding Base access. Prior approval must be obtained from the Eagle Support Services Corporation Site Manager or his designee and such visits shall not interfere with any work being performed. The Union Business Representative shall notify the Eagle Support Services Corporation Site Manager his designee when he is leaving the Company's operations.

Section 2. The Company, if they desires, may have a Company representative accompany the Union Business Representative or his designee while he is visiting its operations.

ARTICLE V – GRIEVANCE PROCEDURE

Section 1. "Grievances" shall mean, and be limited to disputes of differences between the Company and the Union, or employees so represented, with respect to the interpretation or application of any specific provision of this agreement. Both parties agree to use their best efforts, including informal meetings involving management, supervision, shop steward, and the grievant, to resolve matters without resorting to the grievance procedure except that any such meetings shall not extend the time limits set forth in this Article. In the event such informal methods do not resolve the grievance, all grievances shall be reduced to writing and processed in accordance with the following steps:

Section 2. All grievances beyond Step 1 involving employee claims shall be in writing on grievance forms and shall be signed by all employees claiming rights thereunder. Such grievances must state the facts, identify the appropriate article, and state the remedy requested. In an effort to adjust employee grievances by mutual agreement, they shall be presented in the following order and within the following time limits:

Step 1: The employee(s), with or without their steward, shall promptly bring a grievance to their supervisor within seven (7) working days following the event or discovery of the event giving rise to the grievance. In the event an employee is unavoidably absent due to illness or injury, or unavailable due to vacation or other approved reasons, the employee's shop steward may bring the grievance to the supervisor. If such grievance is not settled within five (5) working days then:

Step 2: Within ten (10) working days following the event or discovery of the event giving rise to the grievance a written grievance containing the article or section which is claimed to be violated and the remedy requested must be signed by the employee and submitted by the Shop Steward and taken up with the Eagle Support Services Corporation Site Manager or his designee. A meeting will be scheduled within five (5) subsequent working days. If no agreement has been reached within ten (10) working days, the Eagle Support Services Corporation Site Manager will reply in writing. If the written reply is not satisfactory, the grievance may be moved to Step 3.

Step 3: Within five (5) working days of the Step 2 reply, the grievance may be moved to Step 3 by written appeal to the Company's Labor Relations Representative. The Eagle Support Services Corporation Manager of Labor Relations or designee and the Business Representative of the Union, shall meet either in person or by telephone within fifteen (15) working days after receipt of the grievance into a third step. A written reply from the Manager of Labor Relations will be given to the Union within fifteen (15) working days after the meeting. Due to time and distance – a reply by FAX shall be deemed an official reply. If no agreement has been reached within thirty (30) working days from the Step 3 meeting, either party may submit the grievance or dispute to arbitration as covered in the "Arbitration Procedure" article.

Section 3. Any aggrieved employee and their Union representative shall have the right to be present at any stage of the grievance procedure in which the grievance is being considered. No employee may leave the job, take up, or settle a grievance without requesting permission from the immediate supervisor. Such permission will be granted provided it does not retard or interfere with operations, customer commitments or create a hazardous condition. If permission cannot be granted, time limits will be waived until permission is granted. Witnesses called by either party may attend the grievance meeting at any step, subject to the same provisions outlined above.

Section 4. The Company's will grant the Union reasonable and relevant requests to examine time sheets and other records pertaining to the computation of compensation of any individual or individuals whose pay is in dispute or other relevant records pertaining to a specific grievance. Compensation will be paid for reasonable time spent discussing or investigating grievances during normal work schedules, barring special circumstances in no event will the cumulative time paid by the Company for Union Business exceed 40 hours per week. Under special circumstances additional time may be granted by mutual consent of the Union Business Representative and the Manager of Labor Relations.

Section 5. It is understood that the time limits specified herein may be extended by mutual agreement of the parties hereto.

Section 6. Nothing in this Agreement precludes the Union Shop Steward or Business Representative from filing a grievance on behalf of an employee in the event of unusual or unforeseen circumstances.

Section 7. A final decision made with respect to any grievances in first or second step shall apply to that grievance only and shall not become a binding precedent in the case of other grievances, nor a precedent which shall bind the parties as an interpretation of the agreement. All settlements must be consistent with the terms and conditions of this Agreement.

ARTICLE VI – ARBITRATION PROCEDURE

Section 1. The party choosing to arbitrate shall give written notice to the other party setting forth the matter to be arbitrated. If said notice is not served within the thirty (30) working day period specified in Step 3 of the "Grievance Procedure" Article, it shall be deemed that the grievance has been satisfactorily adjusted and the right to arbitrate waived.

Section 2. In the event the Union or the Company submits a grievance to arbitration, a representative selected by the Union shall meet with a representative selected by the Company within five (5) days of receipt of the above notice and attempt to agree on an arbitrator. In the event the parties cannot agree on an arbitrator within (5) working days, the parties will petition with the Federal Mediation and Conciliation Service for a panel of seven (7) arbitrators. In the latter case, the petitioner has the first right to strike a name; the other party shall then strike a name. This procedure shall continue alternately until one (1) name remains.

Section 3. The decision of the arbitrator shall be final and binding on all parties. However, the arbitrator shall not have jurisdiction or authority to add to, subtract from, modify or in any way change the provisions of this agreement. The expense and fees of the arbitrator will be shared equally by the parties.

Section 4. An arbitrator may not review any matter which is not a grievance alleging violation of a specific provision as written and expressed in this Agreement. Further an arbitrator shall not review more than one grievance on the same hearing date or series of hearing dates except by agreement between the parties.

ARTICLE VII – NO STRIKE/NO LOCKOUT

Section 1. The Union agrees that neither it nor any of the employees in the bargaining unit covered by this Agreement will collectively, concertedly, or individually engage in or participate directly or indirectly in any strike, slowdown or stoppage of work during the term of the Agreement and the Company agrees that during the term of this Agreement it will not lock out any of the employees covered by the Agreement.

Section 2. In the event of any violation of Section 1 of this Article, it shall be the duty and obligation of the Union, its officers, agents, or representatives (employee or non-employee) to immediately take all reasonable steps required to bring an end to such misconduct.

ARTICLE VIII – BULLETIN BOARDS

The Company agrees to provide a reasonable number of bulletin boards for the posting of legitimate Union notices pertinent to the Union at the facility. Only notices concerning Union meetings, Union elections, results of Union elections, etc., will be posted. The Union's Business Representative or his designee shall sign all such notices. The Eagle Support Services Corporation Site Manager shall receive a copy of all Union postings.

ARTICLE IX – BARGAINING UNIT WORK

Company employees in job classifications not covered by this Agreement shall not perform work normally performed by employees in the bargaining unit, except in cases of emergency, research work, audit, experimental, or work of a special mechanical nature, (e.g. installation of modifications, when necessary), special training of employees from other locations, or to instruct employees properly. The term "Emergency" is defined to mean an unforeseen combination of circumstances. This Article shall not be construed to prevent employees outside the bargaining unit from performing work normally within their regular duties.

ARTICLE X – OPERATIONAL SUPPORT INTEGRITY AND SENIORITY

Section 1. Operational Support Integrity:

- a) "Operational Support Integrity" shall be defined as the ability to obtain, utilize and retain qualified, well trained personnel to support the mission of DDGM.
- b) "Category I employees", as used herein, are regular full-time employees hired between April 1, 2000 and September 30, 2004.
- c) "Category II employees", as used herein, are regular full-time employees who have a seniority date of 1 October 2004 or later.
- d) "Category III employees" are employees who are hired for a definite time frame or employees who are hired on a call in basis. However, they shall not be considered as full-time employees.
- e) "Surplus labor classification" as used herein, is that specific position(s) scheduled for elimination by actions cited in Article X, Section 6, of this Agreement who have a seniority date of 1 October 2004 or later.
- f) In an effort to preserve the integrity of the work force and maintain continuity of DDGM operations, the Union and the Company agree that a core group of Union-represented employees shall be established as Category I employees.
- g) Recognizing that qualified, well trained personnel are in limited supply on the Island of Guam, the Union and the Company agree that cross-training and cross-utilization promotes the efficiency and effectiveness of the operation and shall be utilized whenever and wherever practicable.
- h) A cooperative effort between the Company and the Union shall exist to define job requirements and create job descriptions. Job Descriptions: A team consisting of up to two union and up to two company personnel shall discuss and review new and/or revised job descriptions in accordance with the terms and conditions of the contract with the Government.

Section 2. Probationary Period: Any employee who has been in the employment of the Company for ninety (90) consecutive calendar days shall be considered a Seniority Employee of the Company. During the probationary period the employee shall be subject to layoff, discipline, or discharge at the sole discretion of the Company, and such action shall not be subject to the grievance procedure.

Section 3. Definitions:

- a) Seniority is defined as including the whole span of continuous service with Raytheon Technical Services Guam (RTSG), Nana Services, Global Food Services, Eagle Support Services, and Kellogg Brown & Root Services, Inc., in the performance of all work performed at Naval Facilities on the island of Guam.
- b) Seniority will not be broken for: (1) periods of approved absence with leave, (2) periods of layoff due to lack of work, (3) periods of absence due to injury or illness. Periods of absence set forth in (2) and (3) shall not exceed 18 months. In the case of occupational injuries, continuous employment will be for the length of the disability or 24 months whichever is less.

- c) When two or more employees are hired on the same day, the last four digits of their Social Security number shall then be used for purposes of layoff, recall and promotion; i.e., if two employees have the same seniority date, the employee that has the lowest number shall be considered to be the most senior of the employees hired on the same day.
- d) As referred to in this Article and elsewhere in this Agreement "continuous service" and "in service at COMNAVMARIANAS", for which seniority shall not be broken and shall continue to accrue, include the following:
 - 1) All paid time off.
 - 2) All leaves of absence without pay of not more than five (5) continuous workdays.
 - 3) All reductions in force for up to eighteen (18) continuous months.

Section 4. Loss of Seniority: All seniority of any employee shall terminate if the employee:

- a) Voluntarily resigns.
- b) Is discharged.
- c) Is on layoff status in excess of 18 months.
- d) Exceeds 18 months absence for sickness or injury, and 24 months in the case of occupational injury.
- e) Is barred by the customer's written order or whose security clearance has been revoked and is not legally reinstated. This paragraph is subject to the conditions noted in the "Security" Article.
- f) Fails to respond to or refuses recall rights or fails to report on deadline established for reporting.

Section 5. Seniority List: A seniority list will be maintained by the Company and will be made available to the Union semiannually. The Company will also furnish a monthly list to the Union reflecting new-hires or rehires, their classification, their date of hire, and termination or layoff dates.

Section 6. Reduction In Force:

- a) It is recognized that applying straight seniority in a layoff situation is not practical in all situations and it may be necessary for the Company to deviate by mutual agreement in order to retain or recall employees of exceptional qualifications who may be considered essential because of the nature of the operations involved. It is understood that the Company shall not act arbitrarily, whimsically, capriciously or otherwise abuse the rights entailed in this paragraph.

The Company shall notify affected employees and the union as soon as practicable, of upcoming layoffs, but not less than two (2) weeks notice. Failure to do so shall be subject to the grievance procedure.

- b) The Union and the Company agree that Category I employees will only be subject to RIF when Government action, Congressional budget constraints or changes in defense spending cause a change in the scope of the DDGM contract, or when other unforeseen circumstances, such as fire, flood, explosion, bombing, earthquake, or Act of God, causing damage to the work location necessitate a reduction in work force.

- c) When a reduction in work force is necessary, the Company will: first RIF all Category II employees before laying off any Category I employees.
- d) The employee who has been identified as being in a surplus labor classification shall have the right of displacement in accordance with the following:
 - 1) To displace the least senior employee in the same labor classification provided the employee has the skill ability, and experience to perform the work.
 - 2) Such employee as is displaced in (1) above, may in turn displace the least senior employee in the next lower occupational classification provided the employee has the skill, ability, and experience to perform the work and provided the displacing employee has more seniority than the employee to be displaced. This procedure may extend to the lowest rated occupational classification on the contract.
 - 3) The employee to be RIFed in accordance with the above shall have the right to displace the least senior employee in any of the sections in the technical or non-technical areas as appropriate, provided the employee has the skill, ability, and experience to perform the work required and provided the employee has more seniority than such employee.
 - 4) In this procedure no employee will have the right to displace any employee in a higher rated occupational classification than the employee's own.
- e) It is understood in the application that the above employees may be given up to 160 hours to demonstrate their ability. Under the right of displacement it is the Company's intent to ensure fair equitable and reasonable treatment of all personnel affected by the bumping process.
- f) In the application of this article, is understood that within each series the least senior employee in the same labor category shall be the first affected.

Section 7. Recall: Employees will be recalled in reverse order of layoff. The Company will call the employee, or if there is no answer after two (2) calls on consecutive days, the Company shall send a recall notice to the employee's last official address and copy the local Union office. The employee has five (5) working days to respond. Failure to do so shall be considered a refusal of recall. It shall be the responsibility of the employee to keep the Company notified of their correct address and telephone number.

Section 8. Severance Pay:

- a) Category I, Category II, employees are eligible for severance pay, at their current straight time rate, in accordance with the following schedule. One week per year of service.
- b) Severance pay shall be paid only in instances where an employee has been involuntarily RIFed because of lack of work, or termination of the Company's contract with the United States Navy.
- c) Employees who are hired by a successor contractor in a comparable position shall not be eligible for severance pay. Employees shall not be eligible for severance pay when lack of work RIF is due to fire, flood, explosion, bombing, earthquake, or Act of God, causing damage to the work location, or from strikes or work stoppages resulting in the inability to maintain normal operations.
- d) An employee who refuses to exercise his rights of displacement under Article X, Section 6, of this Agreement shall not be eligible for severance pay. An employee who volunteers for a layoff so another employee can retain employment shall receive severance pay.

- e) An employee who has been given severance pay at the time of his/her RIF and who is rehired in less than the number of weeks covered by severance pay, will have the amount of overpayment deducted from his/her subsequent earnings.

Section 9. Category III Employee:

- a) Category III employees are temporary employees hired for either of the following:
 - 1) An employee who is hired for a definite time frame (i.e., 30, 60, or 120 days) to:
 - i. Replace a full-time employee who is absent for a prolonged period due to vacation, medical disability, jury duty, military, or personal leave or,
 - ii. Provide short term support as a supplemental work force, during those peak periods of unusually heavy support requirements.
 - 2) An employee who is hired on a call-in basis. Such a person is utilized to replace a regular full-time employee on a short-term basis (i.e., one or two days) due to vacation, illness, jury duty, etc. Such a person is not assigned to a regular scheduled work shift; he/she assumes the work shift, of the person being replaced.
- b) Category III employees will be exempt from the following provisions of this Agreement: Employee Categories & Seniority Status; Medical Plan, Group Life Insurance, Retirement Plans, and Accident and Sickness Weekly Benefit; Leaves of Absence; Jury Duty; Bereavement Pay; Holidays; Vacation; Sick Leave; Hours of Work - excluding overtime.
- c) Category III employees will be paid at 100% of the base hourly rate for each wage grade as specified in the Wage Rate Schedule plus the Health & Welfare rate as specified under this agreement which will satisfy the benefit requirements under the SCA.
- d) The utilization of Category III employees will be closely monitored. The Company and the Union will maintain open dialogue concerning their proper employment.

ARTICLE XI – BUSINESS TRAVEL

Management will select candidates for temporary assignments based on seniority and the qualifications required to perform the tasks. The employees will be asked to volunteer for the temporary assignments. If no volunteers are available, management may require a qualified employee to take the temporary assignment.

Personnel may be selected for training at a location requiring travel. Any travel expenses will be reimbursed in accordance with the JTR for travel approval and expense reporting. Personnel will be selected for training based on seniority. Personnel previously trained in the courses offered shall be excluded from consideration.

Employees who travel more than 25 miles from the work site to perform work for the Company will be furnished transportation designated by the Company. Air travel will be on the carrier designated by the Company. Any travel expenses will be reimbursed in accordance with the JTR and Company policies and procedures for travel approval and expense reporting.

ARTICLE XII - FILLING OF VACANCIES

Section 1. When the Company determines to fill a new or existing job within the bargaining unit, the Company will post a notice of vacancy or job opening for a period of not less than three (3) working days. Subject to the provisions of Section 3, any employee may submit a bid for the job to the Eagle Support Services Corporation Site Manager, in writing, during the posting period. The notice posted declaring that such vacancy or job opening is to be filled shall contain at least the following information:

- a) The date the notice is posted and the date and time the notice will be removed;
- b) The job to be filled and the classification;
- c) Job Specifications;
- d) Rate of Pay,
- e) Effective date the job is to be filled.

The Union's Steward will be furnished a copy of any bid upon request.

Section 2. The Company will award the job on a promotional basis to the most senior qualified employee, as determined by management, with respect to:

- 1) Length of service
- 2) Must meet minimum qualifications for the position
- 3) Lateral and downward job applicants will be considered for the position after applicants seeking promotions.

If two or more employees bidding the job are equally qualified with respect to 1 and 2, then the most senior employee will be awarded the job. The Company retains the discretion to utilize external sources to staff unit positions when qualified individuals do not respond to the job posting during the posting period or are found to not exist within the bargaining unit employees that respond to the job posting.

Section 3. Restrictions on Bidding. An employee who is awarded a job for which he bid must accept it providing the award is made within fifteen (15) workdays of the effective date that the job is scheduled to be filled as provided in Section 1 (e) of this Article, otherwise the employee shall have the option of withdrawing his bid. An employee accepting a job transfer under this article may not bid for another job for a period of twelve (12) months after being awarded the job, unless agreed upon by both parties.

Section 4. Disqualification of Bidder. An employee who is unable to perform the job to which he bid to the satisfaction of the Company within thirty (30) calendar days after being awarded the job shall be returned to the job classification and labor grade he held at the time of submitting the bid, provided an opening exists in that classification otherwise the employee will be put on recall status to that classification. The employee will be told the reasons for such disqualification.

ARTICLE XIII - HOURS OF WORK

Section 1. The normal workday consists of eight (8) consecutive hours, exclusive of a lunch period (normally thirty (30) minutes).

Section 2. No provision of this Agreement shall be construed as a guarantee of any specified number of hours of work either per day or per week; however, it is the intent of the Company that an employee's workweek consist of five (5) eight (8) hour workdays and two (2) consecutive days off.

Section 3. It is understood and agreed that the Company reserves the right to require employees covered herein to perform overtime in accordance with the provisions of this Agreement. When such overtime is required, employees involved shall be given as much advance notice thereof as is reasonably practicable.

Section 4. An employee's workweek normally consists of five (5) eight (8) hour consecutive days and two (2) consecutive days off; however, the two (2) days off may fall into different established work weeks.

Section 5. The first and second scheduled days off consisting of twenty-four (24) hours each in an employee's workweek are counted as the sixth (6th) and seventh (7th) days of the week for overtime purposes.

Section 6. Employees will be allowed one (1) scheduled fifteen (15) minute rest period before lunch and one (1) fifteen (15) minute rest period after lunch in each workday. Said rest periods are to be taken when work permits. Employees scheduled to work four (4) or more hours of overtime shall be entitled to a fifteen (15) minute rest period as the regularly scheduled rest period on the shift the overtime is worked, after working the second hour of overtime. Employees shall work up to the start of the rest period and be at their place of work at the end of the rest period.

Section 7. An employee who is scheduled and reports for work at the scheduled time without an attempt by the Company to notify them not to so report, shall be given two (2) hours work of any type which is available, or if no such work is available, he shall be given two (2) hours pay at the applicable rate; provided, however, that if work is not available as a result of circumstances beyond the control of the management, the Company shall not be so obligated.

Section 8. An employee who is called and reports back for work after he has completed his regularly assigned shift and departed from the premises shall receive a minimum of two (2) hours work or two (2) hours pay at the applicable rate.

Section 9. When an employee is not scheduled, and is called and reports for work, outside his scheduled workweek he shall receive a minimum of two (2) hours work or two (2) hours pay at the applicable rate unless the employee opts to leave when the work is completed.

Section 10. An employee's normal work schedule is his/her five (5) scheduled workdays within his/her established workweek, such schedule to be posted by the Company at least 48 hours prior to the start of next workweek.

Section 11. Employees shall be given a minimum of twenty-four (24) hours written notice in advance of a change in their normal work schedules. An employee who has not received such twenty-four (24) hour notice shall be paid time and one-half for the first eight (8) hours worked of such change.

ARTICLE XIV – OVERTIME

Section 1. When the Company determines that an employee must perform work on an overtime basis, the following shall apply:

- a) Overtime at the rate of one and one-half (1 ½) times the regular rate of pay shall be paid for all authorized hours in excess of forty (40) hours in the employees normal workweek.
- b) All absences with pay in an employee's work shift shall be considered as time worked for purposes of computing overtime with the exception of sick leave.

Section 2. Double Time:

- a) Overtime at the rate of two (2) times the effective hourly rate of pay shall be paid for all hours worked on the seventh (7th) workday, or second (2nd) day off in any workweek.
- b) Pyramiding of Overtime: No employee shall receive more than one (1) overtime rate for the same hours worked and if more than one (1) rate is applicable to the same hours worked, the higher rate only shall be paid.

- c) When overtime is required in a given section, it will be the policy and intent of the Company to offer opportunities to those qualified employees performing the same work on the same shift who desire to work overtime. However in the event no qualified employee desires to work overtime, it shall be the prerogative of the Company to require employees performing similar work to work overtime.

ARTICLE XV – LEAVE OF ABSENCE

Section 1. Personal Leave. The Company may approve a leave of absence without pay or benefits up to ninety (90) calendar days for personal reasons. Such leave must be requested in writing and approved by the Program Manager or designee through the employee's supervisor. Said request must also state the reason for the unpaid leave. Employees must request such leave at least ten (10) calendar days prior to the date the leave would commence, except in cases of emergency.

Section 2. Benefit Date Adjustment. An employee whose leave of absence exceed(s) ninety (90) calendar days in a benefit year of whose leave of absence continues from one benefit year to another shall have their benefit date adjusted to the number of work days he was absent in excess of the ninety (90) calendar days, except for leaves resulting from occupational illness or injury, and leaves for union activities.

Section 3. Failure to Return to Work from Leave of Absence. Failure to return from a leave of absence on the first scheduled workday following the expiration date of said leave, will result in termination of the employee, except in extenuating circumstances involving reasons acceptable to the Company.

Section 4. Leave for Union Activities.

- a) Union Employment - An employee elected or selected to a full time job in the Local Union, which takes him from his employment with the Company, shall upon written request to the Company receive leave of absence, without pay, for a period up to three (3) years. Upon completion of his leave of absence during the existence of this Agreement, he shall be reemployed according to his seniority in work generally similar to that which he did last prior to leaving at the wage rates existing at the time of his return, provided such work is available for him according to his seniority, and he has the ability to perform such work. Seniority shall accumulate during such leave of absence.
- b) Other Union Leave - Permission for occasional additional Union Business leaves of absence without pay shall not be unreasonably withheld by the Company on seven (7) days written request of the Union, to Union shop stewards, unit officers, Executive Board members, and negotiating committee representatives for the negotiation and administration of this Agreement.

Section 5. The Union and the Company will follow Eagle Support Services Corporation General Policy and Procedures with regard to military leave of absence.

ARTICLE XVI – UNION SECURITY

Section 1. Each current employee covered by this Agreement, and who is not a member of the Union, immediately following thirty (30) days after execution of this Agreement, as a condition of continued employment, shall become members of the Union.

Section 2. All other employees hired after the execution of the Agreement shall, immediately following thirty (30) days after their date of hire, or effective date of this Agreement, whichever is later, become members of the Union as a condition of employment, provided that nothing herein shall be interpreted to cause a violation of the Labor Management Relations Act (LMRA), as amended, or any other applicable law, regulation, or Federal court ruling.

Section 3. The Union agrees to consider for membership all present and future employees who apply for membership. If an applicant is denied membership by the Union, that applicant shall not be required to comply with the provisions of this section.

Section 4. All new employees covered by this agreement will be provided a copy of this agreement on their date of hire.

Section 5. The Union agrees to indemnify and hold the Company harmless for any and all claims for damages made by employees or former employees relating to enforcement of this Article.

ARTICLE XVII – CHECK OFF

During the existence of the Agreement, the Company, in so far as permitted by Territory and Federal law, shall deduct out of the current net earnings payable biweekly to an employee covered by the Agreement, applicable service fees or Union dues, initiation fees and reinstatement fees, upon receipt of and in accordance with a deduction authorization, duly executed by the employee, on a card as agreed upon between the Company and the Union and shall continue deductions until such authorization is duly revoked by the employee.

ARTICLE XVIII – SHOP STEWARDS

The Union will submit to the Company a list of accredited shop stewards who will be recognized by the Company as the people to present the employee's grievance to the supervisor. The shop steward, with management approval, may speak with the employee during normal working hours. The Union agrees that the time will be held to a minimum of interference to DDGM operations. The ratio of stewards to employees shall not exceed 1:35, unless mutually agreed upon by the Union Business Representative and the Eagle Support Services Corporation Labor Relations Manager.

ARTICLE XIX – SUCCESSIONS AND ASSIGNS

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors and assigns; but in the event the Company ceases to perform on the contract as identified in Article I, the Company shall be released from all obligations under this Agreement.

ARTICLE XX – SUBSTANCE ABUSE POLICY

The Company will follow its Substance Abuse Policy within the guidelines of the Eagle Support Services Corporation General Policy and Procedures with regard to substance abuse.

ARTICLE XXI – WAGES

See Exhibit A.

ARTICLE XXII – HOLIDAYS

Section 1. The Company will observe the following holidays with pay:

- | | |
|-------------------------------|------------------|
| New Year's Day | Labor Day |
| Martin Luther King's Birthday | Columbus Day |
| President's Day | Veteran's Day |
| Memorial Day | Thanksgiving Day |
| Independence Day | Christmas Day |

Section 2. When a holiday falls on an employee's first designated day off in the workweek, the preceding scheduled workday shall be observed as the holiday.

Section 3. When a holiday falls on an employee's second designated day off in the workweek, the following scheduled workday shall be observed as the holiday.

Section 4. All employees whose work schedules permit will be entitled to have the day off and shall receive their regularly scheduled straight time pay as holiday pay.

Section 5. In case the Company requires an employee to work on a designated holiday, the employee will receive the applicable holiday pay and, in addition, the work performed by such employee shall be paid at one and one-half (1 ½) times their regular rate of pay.

Section 6. An employee, who has been notified at least twenty-four hours in advance to work on a holiday and who does not work without a valid excuse, shall receive no holiday pay for that day. Advance notice may be less than twenty-four hours in case of an emergency.

Section 7. An employee, who has an unexcused absence on a scheduled work day immediately preceding or immediately following a holiday, will receive no holiday pay for such holiday unless the employee has notified the supervisor in writing, prior to the holiday, that the employee will be absent.

ARTICLE XXIII – VACATION

Section 1. Allowances. The vacation year for eligibility and service credit shall be accrued from employee's seniority date (As defined in Article X, Section 3, paragraph a)). Paid vacation will be awarded as follows:

- a) An employee with one (1) year of service, but less than three (3) years of service will be awarded up to 10 days (2 weeks) vacation annually, accrued throughout the year.
- b) An employee with three (3) years of service, but less than eight (8) years of service will be awarded up to 20 days (4 weeks) of vacation annually, accrued throughout the year.
- c) An employee with eight (8) years of service will be awarded up to 25 days (5 weeks) of vacation annually, accrued throughout the year.
- d) Vacation leave shall be accrued on a bi-weekly basis. Vacation leave is accrued during the probationary period; However, it may not be used until the employee has passed their 90-day probationary period.
- e) Vacation hours shall accrue as follows:

Length of Service:	Bi-weekly Accrual Rate	Annual Accrual	Max Carryover Allowed
Less than 3 years	3.07 hours	80 hours	80 hours
3 years, but less than 8 years	6.15 hours	160 hours	80 hours
8 years or more	7.69 hours	200 hours	80 hours
- f) Unused vacation over the maximum annual carryover of 80 hours will be paid out at the employee's current rate of pay on the employee's anniversary date.
- g) Pay in advance will not be provided for vacation periods.
- h) Employees leaving the Company will be paid for all fully earned unused vacation upon termination.

Section 2. Scheduling. Vacation requests must be made in writing to their supervisor fourteen (14) calendar days prior to the vacation start date. The Company reserves the right to approve or deny vacation requests based on business operations. Vacation requests will be approved based on seniority. Vacation may be used in increments of no less than one (1) hour.

ARTICLE XXIV – JURY DUTY

Employees summoned to serve on jury duty will be granted time off not to exceed the limits of the prevailing territory law or up to 10 days of service, whichever is greater. The Company shall compensate the employee for each regular workday so spent, as specified by the governing statute regarding jury duty. If no compensation provision is specified by statute, the employee will receive the difference between gross fees received and the employee's regular earnings that would have been paid for each day of service. Notice of jury duty must be given to the Company upon receipt of a jury summons, and proof of such service must be submitted to the satisfaction of the Company before this Article shall apply.

Any employee scheduled to work third shift when he is called for jury duty shall not be requested to work the night before he is required to report for jury duty, and shall receive payment as outlined above. Employees summoned to jury duty that are released by the Court with less than four (4) hours of service shall return to work.

It is understood that in the application of Articles XXIV and XXV, part-time employees working 20 hours per week or more will receive the benefits on a pro rata basis.

ARTICLE XXV – BEREAVEMENT LEAVE

Section 1. An employee with the Company shall be given up to three (3) paid workdays off to attend the funeral of his immediate family.

"Immediate family" shall be considered as follows:

Spouse, parent, parent of spouse, legal guardian, child, brother, sister, stepparent, stepparent of spouse, stepchild, stepbrother, stepsister, grandchild, grandparent, and grandparent of spouse.

An employee shall be given one (1) paid workday off to attend the funeral of the following extended family members.

Brother/sister of spouse, stepbrother/sister of spouse, half-brother/sister of spouse, son/daughter-in-law, and spouse of employee's brother/sister.

Section 2. Employee may be required to provide proof of claim.

ARTICLE XXVI – RETIREMENT PLAN

The Company will establish a 401(k) plan for bargaining unit employees covered under this agreement with the employer contributions of 3% annually beginning July 01, 2006. Employees will be free to contribute as much as allowed by law into this plan.

ARTICLE XXVII – OVER CLASSIFICATION

All employees who perform work in a higher classification will receive the applicable rate of pay for such classification while engaged in such work.

ARTICLE XXVIII – INSURANCE/SICK LEAVE

Section 1. The Company will pay FCE, a third party benefits manager, for all regular hours worked as follows:

July 01, 2005	\$2.80
July 01, 2006	\$3.00
July 01, 2007	\$3.15
July 01, 2008	\$3.35
July 01, 2009	\$3.60

The benefits manager will provide health insurance through the Guam insurance carrier, Staywell. The Staywell "Silver Plan" and "Gold Plan" will be offered. The benefit plan will be managed by FCE on a calendar year basis, with the first changes to become effective on January 1, 2006 and each January 1 thereafter. The 30 day "Open season" for benefits coverage is planned to begin approximately 45 days prior to the end of the calendar year and end approximately December 15 the of each year. Any monies in excess of those necessary to provide the coverage as set forth in the above will be placed in the employee's 401 (K) plan. Any premium contributions made by an employee will be on a pre-tax basis.

Section 2. Sick Leave.

The use of sick leave is provided to cover paid time away from work in the event that an employee is ill or injured and unable to work in accordance with the employee's terms and conditions of employment.

- a) Absences of more than two (2) consecutive scheduled working days may require a written statement from the employee's physician documenting medical treatment if requested. Absences of more than fourteen (14) consecutive calendar days require a physician's Release to Work Statement detailing any work related limitations. Hospitalization of any duration requires a physician's Release to Work Statement.
- b) Employees who become ill or injured during working hours must report to their supervisor before departing except during a medical emergency.
- c) All employees who are unable to report for work because of illness or injury must notify their immediate supervisor prior to the scheduled start of the employee's shift. When reporting absences, the employee is to report the nature of the illness or injury, anticipated duration of home or hospital confinement, and a telephone number for follow-up, if needed. Absences must be reported daily unless otherwise instructed by the employee's supervisor.
- d) In the event that the nature of the illness or injury prevents the employee from providing the required notification, a family member or friend of the employee should report the employee's absence to the employee's immediate supervisor.
- e) For absences exceeding fourteen (14) consecutive days, the employee is responsible for maintaining weekly contact with their immediate supervisor to keep him or her informed as to their status. The supervisor is then responsible for reporting employee status for employee's absences of over fourteen (14) consecutive working days to the Human Resources Office.
- f) Employees who become ill or injured while on vacation are not allowed to convert vacation days to sick days to offset the days they were ill, except in those instances when the employee is hospitalized, and provides evidence of that hospitalization. Days spent in the hospital and in recuperation may be charged to sick leave, with supporting documentation from the hospital or physician.

- g) Should the employee's supervisor believe that an absence is due to an occupational related illness or injury, the supervisor is responsible for reporting this information to the Department Manager, the Human Resources Department and the Environmental Health & Safety Department
- h) Sick leave is accrued at a rate of 80 hours per year. Sick leave is accrued during the probationary period; however, it may not be used until the employee has passed their 90-day probationary period.
- i) Payment of unused sick leave is not allowed.
- j) Sick Leave may be accumulated up to a total of 160 hours. Earning potential will cease at 160 hours.
- k) Employees will be allowed to use up to three (3) days sick leave annually as personal leave. Such leave must be scheduled and approved in advance.

EXHIBIT A

Wages

	7/1/05	7/1/06	7/1/07	7/1/08	7/1/09
General Wage Increase	3.00%	3.00%	3.25%	3.25%	3.50%
Lump Sum Wages	\$250	\$300	\$350	\$400	\$425

Only employees on the active payroll as of October 01 for the respective year will be eligible for lump sum wages.

POSITION/TITLE	Current	7/1/05	7/1/06	7/1/07	7/1/08	7/1/09
ACCOUNTING CLERK III	13.11	13.61	14.02	14.48	14.95	15.47
ACCOUNTING CLERK III, LEAD	14.11	14.61	15.02	15.48	15.95	16.47
GENERAL CLERK II (GATE GUARD)	9.67	10.60	10.92	11.27	11.64	12.05
GENERAL CLERK III	10.20	11.62	11.97	12.36	12.76	13.21
GENERAL CLERK IV	11.58	12.69	13.07	13.49	13.93	14.42
HAZMAT STORAGE SPECIALIST	18.06	18.60	19.16	19.78	20.42	21.13
MATERIAL EXPEDITOR	17.18	17.70	18.23	18.82	19.43	20.11
MATERIAL HANDLER LABORER	9.60	10.04	10.34	10.68	11.03	11.42
SHIPPING PACKER	13.08	13.47	13.87	14.32	14.79	15.31
SHIPPING/RECEIVING CLERK	13.08	13.47	13.87	14.32	14.79	15.31
STOCK CLERK	9.42	12.31	12.68	13.09	13.52	13.99
SUPPLY TECHNICIAN	15.62	16.15	16.63	17.17	17.73	18.35
SUPPLY TECHNICIAN, LEAD	16.62	17.15	17.63	18.17	18.73	19.35
TRUCK DRIVER, LIGHT TRUCK	9.54	9.83	10.12	10.45	10.79	11.17
TRUCK DRIVER, MEDIUM TRUCK	11.23	11.57	11.92	12.31	12.71	13.15
TRUCK DRIVER, HEAVY TRUCK	11.83	12.54	12.92	13.34	13.77	14.25
WAREHOUSE SPECIALIST	13.43	13.83	14.24	14.70	15.18	15.71
WAREHOUSE SPECIALIST, LEAD	14.43	14.83	15.24	15.70	16.18	16.71
COMUTER OPERATOR III	15.79	16.26	16.75	17.29	17.85	18.47
COMUTER OPERATOR IV	17.03	18.04	18.58	19.18	19.80	20.49
HEAVY EQUIPMENT OPERATOR	15.08	15.53	16.00	16.52	17.06	17.66

Uniforms and Personal Protective Equipment

The Employer agrees to furnish the employees five (5) work uniform shirts annually, to be worn during working hours while on duty. If steel toed safety shoes are required, the employer will reimburse the employee up to \$75 per year. In addition, the Company will furnish rain gear and any other personal protective equipment required for the safe and efficient performance of the employees' duties.

EXHIBIT B

The authorization for deduction of check-off of dues is as follows:

Authorization Form For Deduction of Union Membership Dues

I, _____, an employee of _____ do hereby individually and voluntarily certify that I authorize by this writing the above-mentioned Company to deduct from my wages initiation fees, dues, assessments and other deductions stipulated by the Union as certified to you in writing by the Union and turn over each month to Local Union 1260, IBEW, any and all such deductions due or payables by me.

This authorization shall be irrevocable until one (1) year from the date below, or until the termination of the applicable collective bargaining agreement (within the meaning of the Labor-Management Relations Act, as amended), whichever occurs sooner, and shall be automatically renewed, and shall be irrevocable for successive periods of one (1) year each or for the period of each succeeding applicable collective bargaining agreement, whichever shall be shorter, unless I exercise my right of revocation of this authorization within ten (10) workdays prior to the expiration of each period of one (1) year or of each applicable collective bargaining agreement, whichever occurs sooner.

This assignment shall be automatically canceled upon termination of my employment with you or if I cease to be employed in a unit represented by said Union. This authorization for deduction shall automatically be canceled during periods when no labor agreement is in effect.

Fees, dues and assessments covered by this authorization are not deductible as charitable contributions for federal income tax purposes.

Employee

Social Security Number

Date

Address

EXHIBIT C

The authorization for assignment of wages.

ASSIGNMENT OF WAGES FOR UNION'S NEGOTIATIONS AND ADMINISTRATION OF CONTRACT

I, _____, an employee of _____, hereby assign to I.B.E.W., Local 1260, out of my wages for the Union's Negotiations and Administration of the collective bargaining agreement on my behalf, a service fee in the same amount equal to the monthly Union dues, as certified in writing by the Union, and I authorize the payment to the Union each month the amount so deducted.

This authorization shall become effective on the date set forth below.

This authorization shall be suspended during any period in which there is no collective bargaining agreement in effect between the Company and the Union. This authorization shall end if my employment with the Company ends, or when I cease to be employed in a capacity represented by the bargaining unit.

Employee's Name

Social Security #

Address

Date

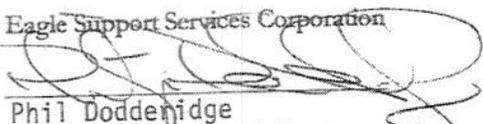
XXIX - TERM AND NOTICE OF CHANGE OR TERMINATION

This Agreement made and entered into April 1, 2005 to be effective July 1, 2005 through June 30, 2010, between Eagle Support Services Corporation (hereafter referred to as "the Company") and the International Brotherhood of Electrical Workers, and its Local 1260 (hereafter referred to as "the Union").

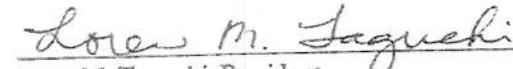
This Agreement shall remain in effect until 12:01 AM on June 30, 2010 without reopening rights for any purpose by either party. This Agreement shall automatically renew itself from year to year thereafter unless written notice of desire to terminate the Agreement is given by either party at least sixty (60) calendar days prior to any annual expiration date thereafter. If written notice of desire to terminate is given, the parties may nevertheless mutually agree in writing to extend this Agreement for a specific length of time beyond the expiration date.

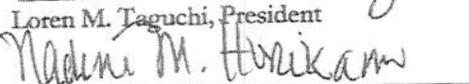
In witness, whereof, the parties have caused this Agreement to be executed by their authorized representatives on the 17th day of March 2005.

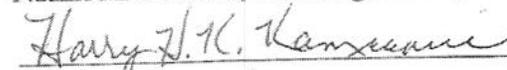
Eagle Support Services Corporation

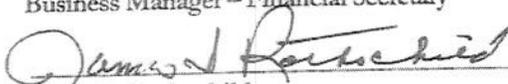

Phil Dodderidge
Vice President of Business Operations

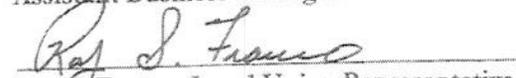
International Brotherhood of
Electrical Workers, Local 1260


Loren M. Taguchi, President


Nadine M. Horikami, Recording Secretary


Harry H. K. Kameenui
Business Manager - Financial Secretary


James I. Rothschild
Assistant Business Manager


Roy S. Franco, Local Union Representative


Wayne W. Bigler, Guam Representative

MEMORANDUM OF UNDERSTANDING

It is agreed and understood that the Collective Bargaining Agreement between Eagle Support Services Corp. and Local 1260 of the International Brotherhood of Electrical Workers will be modified to include the following changes:

Entire Document: In every instance where the date July 1 appears, it should be replaced with July 23.

The parties also agree that no change is required for the termination date of this CBA, which will remain June 30, 2010.

In witness whereof, the parties have caused this MOU to be executed by their authorized representatives on May 3 ,2005.

Eagle Support Services Corp.



Philip Dodderidge
VP of Business Operations

International Brotherhood of Electrical Workers, Local 1260



James I. Rothschild, Assistant Business Manager

AGREEMENT

BETWEEN

KELLOGG BROWN & ROOT SERVICES, INC.

AND

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

LOCAL UNION 1260

JULY 01, 2005 – JUNE 30, 2010

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PREAMBLE

It is the understanding by the parties that Kellogg Brown & Root Services, Inc. and Eagle Support Services Corporation intend to conduct "joint bargaining" negotiations with the International Brotherhood of Electrical Workers, Local Union 1260. Whatever bargaining agreement is reached by and between the parties, will be memorialized in separate agreements between Kellogg Brown & Root Services, Inc. and Eagle Support Services Corporation and the IBEW.

The Parties have entered into this Agreement for the purpose of setting forth in writing the understandings they have reached with respect to wages, work hours, and working conditions of the employees covered hereby, as well as to the rights of the Company and the Union, and to provide a peaceful means for the settlement of any disputes which may arise with respect to the interpretation or application of their understandings and agreements as set forth herein.

For this Agreement "the Company" is used to mean Kellogg Brown & Root Services, Inc. (KBR) who is engaged with Eagle Support Services Corporation (Eagle) in performance of work at the Defense Distribution Depot, Guam, Marianas (DDGM).

For purposes of simplicity, the masculine gender is used throughout this agreement although it is understood that all references to gender include both sexes.

AGREEMENT

This Agreement made and entered into this April 1, 2005, to be effective July 1, 2005 through June 30, 2010, between , Kellogg Brown & Root Services, Inc. (hereinafter referred to as "the Company") and the International Brotherhood of Electrical Workers, Local Union 1260 (hereinafter referred to as the Union).

This Agreement shall remain in effect until 12:01 AM on June 30, 2010 without reopening rights for any purpose by either party. This Agreement shall automatically renew itself from year to year thereafter unless written notice of desire to terminate the Agreement is given by either party at least sixty (60) calendar days prior to any annual expiration date thereafter. If written notice of desire to terminate is given, the parties may nevertheless mutually agree in writing to extend this Agreement for a specific length of time beyond the expiration date.

ARTICLE I – RECOGNITION

Section 1. The Company hereby recognizes the Union as the sole and exclusive bargaining representative for all hourly personnel excluding confidential employees, guards, managers, professional employees, supervisors, as defined in the Act located at the Defense Distribution Depot, Guam Marianas (DDGM).

Section 2. Nothing in this agreement shall be construed as waiving any rights or protection granted to the employees, the Company or the Union under any applicable federal or territory law. It is understood and agreed that if any part of this Agreement shall be construed by any court or tribunal of competent jurisdiction or as a result of arbitration pursuant to the grievance procedure hereunder, to be in conflict with any law or executive order, then such part shall, to that extent, be deemed to be null and void from the date hereof without, however, affecting the balance of this Agreement. At the request of either the Company or the Union the parties will meet within thirty days of such change to discuss any issues arising from said legal requirement.

ARTICLE II – NON-DISCRIMINATION

This Agreement shall be applied fairly and shall not in any way be used to discriminate against employees on account of race, color, religious affiliation, sex, age, national origin, veteran or disability status. It is understood that wherever in this Agreement employees or jobs are referred to in the male or female gender, it shall be recognized as referring to both male and female employees.

The Company agrees not to interfere with the rights of its employees to become members of the Union, and there shall be no discrimination, interference, restraint, or coercion, by the Company or any of its agents against any employee because of Union membership or because of acting as an officer of or in any other bona fide activity on behalf of the Union.

ARTICLE III – MANAGEMENT RIGHTS

Section 1. The Company retains, solely and exclusively, all the rights, powers and authority exercised or possessed by it prior to the execution of this Agreement and shall have the exclusive right to exercise all said rights, powers, and authority in the management of the facility and the direction of the working force, except as otherwise specifically provided in this Agreement. Said rights include, but are not limited to the right to employ, assign, transfer, promote, reclassify, layoff, discipline, and discharge employees for just cause; to determine staffing levels, employees' duties, and the number of hours to be worked; including the quality and quantity of output and the work methods for achieving same; to establish standards of performance and to maintain the efficiency of employees; to create, modify, combine or abolish job classifications, departments and facilities in whole or in part; to determine work schedules, starting and stopping times, and overtime; to promulgate and enforce reasonable work rules, policies and standards, to close or relocate its operations and facilities in whole or in part; to make technological changes as it deems appropriate; to contract out services as necessary; and to take such other methods as management may determine to be necessary for the orderly, efficient and economical operation of the business.

Section 2. The Union shall be notified of the company's intent to change existing work rules.

Section 3. The foregoing enumeration Company rights shall not be deemed to exclude other preexisting rights which do not conflict with the provisions of this Agreement, and nothing in this article shall be deemed to limit the Company in the exercise of customary and recognized functions and prerogatives of management.

ARTICLE IV – UNION ACCESS TO OPERATIONS

Section 1. The Company agree that the Union Business Representative or acting business representative will be allowed to visit employees while they are on the job in the Company's operations for the sole purpose of investigating specific grievances or complaints related to the provisions of this Agreement, subject to the customer's rules and regulations regarding Base access. Prior approval must be obtained from the Kellogg Brown & Root Services, Inc. Site Manager or his designee and such visits shall not interfere with any work being performed. The Union Business Representative shall notify the Kellogg Brown & Root Services, Inc. Site Manager his designee when he is leaving the Company's operations.

Section 2. The Company, if they desires, may have a Company representative accompany the Union Business Representative or his designee while he is visiting its operations.

ARTICLE V – GRIEVANCE PROCEDURE

Section 1. "Grievances" shall mean, and be limited to disputes of differences between the Company and the Union, or employees so represented, with respect to the interpretation or application of any specific provision of this agreement. Both parties agree to use their best efforts, including informal meetings involving management, supervision, shop steward, and the grievant, to resolve matters without resorting to the grievance procedure except that any such meetings shall not extend the time limits set forth in this Article. In the event such informal methods do not resolve the grievance, all grievances shall be reduced to writing and processed in accordance with the following steps:

Section 2. All grievances beyond Step 1 involving employee claims shall be in writing on grievance forms and shall be signed by all employees claiming rights thereunder. Such grievances must state the facts, identify the appropriate article, and state the remedy requested. In an effort to adjust employee grievances by mutual agreement, they shall be presented in the following order and within the following time limits:

Step 1: The employee(s), with or without their steward, shall promptly bring a grievance to their supervisor within seven (7) working days following the event or discovery of the event giving rise to the grievance. In the event an employee is unavoidably absent due to illness or injury, or unavailable due to vacation or other approved reasons, the employee's shop steward may bring the grievance to the supervisor. If such grievance is not settled within five (5) working days then:

Step 2: Within ten (10) working days following the event or discovery of the event giving rise to the grievance a written grievance containing the article or section which is claimed to be violated and the remedy requested must be signed by the employee and submitted by the Shop Steward and taken up with the Kellogg Brown & Root Services, Inc. Site Manager or his designee. A meeting will be scheduled within five (5) subsequent working days. If no agreement has been reached within ten (10) working days, the Kellogg Brown & Root Services, Inc. Site Manager will reply in writing. If the written reply is not satisfactory, the grievance may be moved to Step 3.

Step 3: Within five (5) working days of the Step 2 reply, the grievance may be moved to Step 3 by written appeal to the Company's Labor Relations Representative. The Kellogg Brown & Root Services, Inc. Manager of Labor Relations or designee and the Business Representative of the Union, shall meet either in person or by telephone within fifteen (15) working days after receipt of the grievance into a third step. A written reply from the Manager of Labor Relations will be given to the Union within fifteen (15) working days after the meeting. Due to time and distance – a reply by FAX shall be deemed an official reply. If no agreement has been reached within thirty (30) working days from the Step 3 meeting, either party may submit the grievance or dispute to arbitration as covered in the "Arbitration Procedure" article.

Section 3. Any aggrieved employee and their Union representative shall have the right to be present at any stage of the grievance procedure in which the grievance is being considered. No employee may leave the job, take up, or settle a grievance without requesting permission from the immediate supervisor. Such permission will be granted provided it does not retard or interfere with operations, customer commitments or create a hazardous condition. If permission cannot be granted, time limits will be waived until permission is granted. Witnesses called by either party may attend the grievance meeting at any step, subject to the same provisions outlined above.

Section 4. The Company's will grant the Union reasonable and relevant requests to examine time sheets and other records pertaining to the computation of compensation of any individual or individuals whose pay is in dispute or other relevant records pertaining to a specific grievance. Compensation will be paid for reasonable time spent discussing or investigating grievances during normal work schedules, barring special circumstances in no event will the cumulative time paid by the Company for Union Business exceed 40 hours per week. Under special circumstances additional time may be granted by mutual consent of the Union Business Representative and the Manager of Labor Relations.

Section 5. It is understood that the time limits specified herein may be extended by mutual agreement of the parties hereto.

Section 6. Nothing in this Agreement precludes the Union Shop Steward or Business Representative from filing a grievance on behalf of an employee in the event of unusual or unforeseen circumstances.

Section 7. A final decision made with respect to any grievances in first or second step shall apply to that grievance only and shall not become a binding precedent in the case of other grievances, nor a precedent which shall bind the parties as an interpretation of the agreement. All settlements must be consistent with the terms and conditions of this Agreement.

ARTICLE VI – ARBITRATION PROCEDURE

Section 1. The party choosing to arbitrate shall give written notice to the other party setting forth the matter to be arbitrated. If said notice is not served within the thirty (30) working day period specified in Step 3 of the "Grievance Procedure" Article, it shall be deemed that the grievance has been satisfactorily adjusted and the right to arbitrate waived.

Section 2. In the event the Union or the Company submits a grievance to arbitration, a representative selected by the Union shall meet with a representative selected by the Company within five (5) days of receipt of the above notice and attempt to agree on an arbitrator. In the event the parties cannot agree on an arbitrator within (5) working days, the parties will petition with the Federal Mediation and Conciliation Service for a panel of seven (7) arbitrators. In the latter case, the petitioner has the first right to strike a name; the other party shall then strike a name. This procedure shall continue alternately until one (1) name remains.

Section 3. The decision of the arbitrator shall be final and binding on all parties. However, the arbitrator shall not have jurisdiction or authority to add to, subtract from, modify or in any way change the provisions of this agreement. The expense and fees of the arbitrator will be shared equally by the parties.

Section 4. An arbitrator may not review any matter which is not a grievance alleging violation of a specific provision as written and expressed in this Agreement. Further an arbitrator shall not review more than one grievance on the same hearing date or series of hearing dates except by agreement between the parties.

ARTICLE VII – NO STRIKE/NO LOCKOUT

Section 1. The Union agrees that neither it nor any of the employees in the bargaining unit covered by this Agreement will collectively, concertedly, or individually engage in or participate directly or indirectly in any strike, slowdown or stoppage of work during the term of the Agreement and the Company agrees that during the term of this Agreement it will not lock out any of the employees covered by the Agreement.

Section 2. In the event of any violation of Section 1 of this Article, it shall be the duty and obligation of the Union, its officers, agents, or representatives (employee or non-employee) to immediately take all reasonable steps required to bring an end to such misconduct.

ARTICLE VIII – BULLETIN BOARDS

The Company agrees to provide a reasonable number of bulletin boards for the posting of legitimate Union notices pertinent to the Union at the facility. Only notices concerning Union meetings, Union elections, results of Union elections, etc., will be posted. The Union's Business Representative or his designee shall sign all such notices. The Kellogg Brown & Root Services, Inc. Site Manager shall receive a copy of all Union postings.

ARTICLE IX – BARGAINING UNIT WORK

Company employees in job classifications not covered by this Agreement shall not perform work normally performed by employees in the bargaining unit, except in cases of emergency, research work, audit, experimental, or work of a special mechanical nature, (e.g. installation of modifications, when necessary), special training of employees from other locations, or to instruct employees properly. The term "Emergency" is defined to mean an unforeseen combination of circumstances. This Article shall not be construed to prevent employees outside the bargaining unit from performing work normally within their regular duties.

ARTICLE X – OPERATIONAL SUPPORT INTEGRITY AND SENIORITY

Section 1. Operational Support Integrity:

- a) "Operational Support Integrity" shall be defined as the ability to obtain, utilize and retain qualified, well trained personnel to support the mission of DDGM.
- b) "Category I employees", as used herein, are regular full-time employees hired between April 1, 2000 and September 30, 2004.
- c) "Category II employees", as used herein, are regular full-time employees who have a seniority date of 1 October 2004 or later.
- d) "Category III employees" are employees who are hired for a definite time frame or employees who are hired on a call in basis. However, they shall not be considered as full-time employees.
- e) "Surplus labor classification" as used herein, is that specific position(s) scheduled for elimination by actions cited in Article X, Section 6, of this Agreement who have a seniority date of 1 October 2004 or later.
- f) In an effort to preserve the integrity of the work force and maintain continuity of DDGM operations, the Union and the Company agree that a core group of Union-represented employees shall be established as Category I employees.
- g) Recognizing that qualified, well trained personnel are in limited supply on the Island of Guam, the Union and the Company agree that cross-training and cross-utilization promotes the efficiency and effectiveness of the operation and shall be utilized whenever and wherever practicable.
- h) A cooperative effort between the Company and the Union shall exist to define job requirements and create job descriptions. Job Descriptions: A team consisting of up to two union and up to two company personnel shall discuss and review new and/or revised job descriptions in accordance with the terms and conditions of the contract with the Government.

Section 2. Probationary Period: Any employee who has been in the employment of the Company for ninety (90) consecutive calendar days shall be considered a Seniority Employee of the Company. During the probationary period the employee shall be subject to layoff, discipline, or discharge at the sole discretion of the Company, and such action shall not be subject to the grievance procedure.

Section 3. Definitions:

- a) Seniority is defined as including the whole span of continuous service with Raytheon Technical Services Guam (RTSG), Nana Services, Global Food Services, Eagle Support Services, and Kellogg Brown & Root Services, Inc., in the performance of all work performed at Naval Facilities on the island of Guam.
- b) Seniority will not be broken for: (1) periods of approved absence with leave, (2) periods of layoff due to lack of work, (3) periods of absence due to injury or illness. Periods of absence set forth in (2) and (3) shall not exceed 18 months. In the case of occupational injuries, continuous employment will be for the length of the disability or 24 months whichever is less.

- c) When two or more employees are hired on the same day, the last four digits of their Social Security number shall then be used for purposes of layoff, recall and promotion; i.e., if two employees have the same seniority date, the employee that has the lowest number shall be considered to be the most senior of the employees hired on the same day.
- d) As referred to in this Article and elsewhere in this Agreement "continuous service" and "in service at COMNAVMARIANAS", for which seniority shall not be broken and shall continue to accrue, include the following:
 - 1) All paid time off.
 - 2) All leaves of absence without pay of not more than five (5) continuous workdays.
 - 3) All reductions in force for up to eighteen (18) continuous months.

Section 4. Loss of Seniority: All seniority of any employee shall terminate if the employee:

- a) Voluntarily resigns.
- b) Is discharged.
- c) Is on layoff status in excess of 18 months.
- d) Exceeds 18 months absence for sickness or injury, and 24 months in the case of occupational injury.
- e) Is barred by the customer's written order or whose security clearance has been revoked and is not legally reinstated. This paragraph is subject to the conditions noted in the "Security" Article.
- f) Fails to respond to or refuses recall rights or fails to report on deadline established for reporting.

Section 5. Seniority List: A seniority list will be maintained by the Company and will be made available to the Union semiannually. The Company will also furnish a monthly list to the Union reflecting new-hires or rehires, their classification, their date of hire, and termination or layoff dates.

Section 6. Reduction In Force:

- a) It is recognized that applying straight seniority in a layoff situation is not practical in all situations and it may be necessary for the Company to deviate by mutual agreement in order to retain or recall employees of exceptional qualifications who may be considered essential because of the nature of the operations involved. It is understood that the Company shall not act arbitrarily, whimsically, capriciously or otherwise abuse the rights entailed in this paragraph.

The Company shall notify affected employees and the union as soon as practicable, of upcoming layoffs, but not less than two (2) weeks notice. Failure to do so shall be subject to the grievance procedure.

- b) The Union and the Company agree that Category I employees will only be subject to RIF when Government action, Congressional budget constraints or changes in defense spending cause a change in the scope of the DDGM contract, or when other unforeseen circumstances, such as fire, flood, explosion, bombing, earthquake, or Act of God, causing damage to the work location necessitate a reduction in work force.

- c) When a reduction in work force is necessary, the Company will: first RIF all Category II employees before laying off any Category I employees.
- d) The employee who has been identified as being in a surplus labor classification shall have the right of displacement in accordance with the following:
 - 1) To displace the least senior employee in the same labor classification provided the employee has the skill ability, and experience to perform the work.
 - 2) Such employee as is displaced in (1) above, may in turn displace the least senior employee in the next lower occupational classification provided the employee has the skill, ability, and experience to perform the work and provided the displacing employee has more seniority than the employee to be displaced. This procedure may extend to the lowest rated occupational classification on the contract.
 - 3) The employee to be RIFed in accordance with the above shall have the right to displace the least senior employee in any of the sections in the technical or non-technical areas as appropriate, provided the employee has the skill, ability, and experience to perform the work required and provided the employee has more seniority than such employee.
 - 4) In this procedure no employee will have the right to displace any employee in a higher rated occupational classification than the employee's own.
- e) It is understood in the application that the above employees may be given up to 160 hours to demonstrate their ability. Under the right of displacement it is the Company's intent to ensure fair equitable and reasonable treatment of all personnel affected by the bumping process.
- f) In the application of this article, is understood that within each series the least senior employee in the same labor category shall be the first affected.

Section 7. Recall: Employees will be recalled in reverse order of layoff. The Company will call the employee, or if there is no answer after two (2) calls on consecutive days, the Company shall send a recall notice to the employee's last official address and copy the local Union office. The employee has five (5) working days to respond. Failure to do so shall be considered a refusal of recall. It shall be the responsibility of the employee to keep the Company notified of their correct address and telephone number.

Section 8. Severance Pay:

- a) Category I, Category II, employees are eligible for severance pay, at their current straight time rate, in accordance with the following schedule. One week per year of service.
- b) Severance pay shall be paid only in instances where an employee has been involuntarily RIFed because of lack of work, or termination of the Company's contract with the United States Navy.
- c) Employees who are hired by a successor contractor in a comparable position shall not be eligible for severance pay. Employees shall not be eligible for severance pay when lack of work RIF is due to fire, flood, explosion, bombing, earthquake, or Act of God, causing damage to the work location, or from strikes or work stoppages resulting in the inability to maintain normal operations.
- d) An employee who refuses to exercise his rights of displacement under Article X, Section 6, of this Agreement shall not be eligible for severance pay. An employee who volunteers for a layoff so another employee can retain employment shall receive severance pay.

- e) An employee who has been given severance pay at the time of his/her RIF and who is rehired in less than the number of weeks covered by severance pay, will have the amount of overpayment deducted from his/her subsequent earnings.

Section 9. Category III Employee:

- a) Category III employees are temporary employees hired for either of the following:
 - 1) An employee who is hired for a definite time frame (i.e., 30, 60, or 120 days) to:
 - i. Replace a full-time employee who is absent for a prolonged period due to vacation, medical disability, jury duty, military, or personal leave or,
 - ii. Provide short term support as a supplemental work force, during those peak periods of unusually heavy support requirements.
 - 2) An employee who is hired on a call-in basis. Such a person is utilized to replace a regular full-time employee on a short-term basis (i.e., one or two days) due to vacation, illness, jury duty, etc. Such a person is not assigned to a regular scheduled work shift; he/she assumes the work shift, of the person being replaced.
- b) Category III employees will be exempt from the following provisions of this Agreement: Employee Categories & Seniority Status; Medical Plan, Group Life Insurance, Retirement Plans, and Accident and Sickness Weekly Benefit; Leaves of Absence; Jury Duty; Bereavement Pay; Holidays; Vacation; Sick Leave; Hours of Work - excluding overtime.
- c) Category III employees will be paid at 100% of the base hourly rate for each wage grade as specified in the Wage Rate Schedule plus the Health & Welfare rate as specified under this agreement which will satisfy the benefit requirements under the SCA.
- d) The utilization of Category III employees will be closely monitored. The Company and the Union will maintain open dialogue concerning their proper employment.

ARTICLE XI – BUSINESS TRAVEL

Management will select candidates for temporary assignments based on seniority and the qualifications required to perform the tasks. The employees will be asked to volunteer for the temporary assignments. If no volunteers are available, management may require a qualified employee to take the temporary assignment.

Personnel may be selected for training at a location requiring travel. Any travel expenses will be reimbursed in accordance with the JTR for travel approval and expense reporting. Personnel will be selected for training based on seniority. Personnel previously trained in the courses offered shall be excluded from consideration.

Employees who travel more than 25 miles from the work site to perform work for the Company will be furnished transportation designated by the Company. Air travel will be on the carrier designated by the Company. Any travel expenses will be reimbursed in accordance with the JTR and Company policies and procedures for travel approval and expense reporting.

ARTICLE XII - FILLING OF VACANCIES

Section 1. When the Company determines to fill a new or existing job within the bargaining unit, the Company will post a notice of vacancy or job opening for a period of not less than three (3) working days. Subject to the provisions of Section 3, any employee may submit a bid for the job to the Kellogg Brown & Root Services, Inc. Site Manager, in writing, during the posting period. The notice posted declaring that such vacancy or job opening is to be filled shall contain at least the following information:

- a) The date the notice is posted and the date and time the notice will be removed;
- b) The job to be filled and the classification;
- c) Job Specifications;
- d) Rate of Pay,
- e) Effective date the job is to be filled.

The Union's Steward will be furnished a copy of any bid upon request.

Section 2. The Company will award the job on a promotional basis to the most senior qualified employee, as determined by management, with respect to:

- 1) Length of service
- 2) Must meet minimum qualifications for the position
- 3) Lateral and downward job applicants will be considered for the position after applicants seeking promotions.

If two or more employees bidding the job are equally qualified with respect to 1 and 2, then the most senior employee will be awarded the job. The Company retains the discretion to utilize external sources to staff unit positions when qualified individuals do not respond to the job posting during the posting period or are found to not exist within the bargaining unit employees that respond to the job posting.

Section 3. Restrictions on Bidding. An employee who is awarded a job for which he bid must accept it providing the award is made within fifteen (15) workdays of the effective date that the job is scheduled to be filled as provided in Section 1 (e) of this Article, otherwise the employee shall have the option of withdrawing his bid. An employee accepting a job transfer under this article may not bid for another job for a period of twelve (12) months after being awarded the job, unless agreed upon by both parties.

Section 4. Disqualification of Bidder. An employee who is unable to perform the job to which he bid to the satisfaction of the Company within thirty (30) calendar days after being awarded the job shall be returned to the job classification and labor grade he held at the time of submitting the bid, provided an opening exists in that classification otherwise the employee will be put on recall status to that classification. The employee will be told the reasons for such disqualification.

ARTICLE XIII - HOURS OF WORK

Section 1. The normal workday consists of eight (8) consecutive hours, exclusive of a lunch period (normally thirty (30) minutes).

Section 2. No provision of this Agreement shall be construed as a guarantee of any specified number of hours of work either per day or per week; however, it is the intent of the Company that an employee's workweek consist of five (5) eight (8) hour workdays and two (2) consecutive days off.

Section 3. It is understood and agreed that the Company reserves the right to require employees covered herein to perform overtime in accordance with the provisions of this Agreement. When such overtime is required, employees involved shall be given as much advance notice thereof as is reasonably practicable.

Section 4. An employee's workweek normally consists of five (5) eight (8) hour consecutive days and two (2) consecutive days off; however, the two (2) days off may fall into different established work weeks.

Section 5. The first and second scheduled days off consisting of twenty-four (24) hours each in an employee's workweek are counted as the sixth (6th) and seventh (7th) days of the week for overtime purposes.

Section 6. Employees will be allowed one (1) scheduled fifteen (15) minute rest period before lunch and one (1) fifteen (15) minute rest period after lunch in each workday. Said rest periods are to be taken when work permits. Employees scheduled to work four (4) or more hours of overtime shall be entitled to a fifteen (15) minute rest period as the regularly scheduled rest period on the shift the overtime is worked, after working the second hour of overtime. Employees shall work up to the start of the rest period and be at their place of work at the end of the rest period.

Section 7. An employee who is scheduled and reports for work at the scheduled time without an attempt by the Company to notify them not to so report, shall be given two (2) hours work of any type which is available, or if no such work is available, he shall be given two (2) hours pay at the applicable rate; provided, however, that if work is not available as a result of circumstances beyond the control of the management, the Company shall not be so obligated.

Section 8. An employee who is called and reports back for work after he has completed his regularly assigned shift and departed from the premises shall receive a minimum of two (2) hours work or two (2) hours pay at the applicable rate.

Section 9. When an employee is not scheduled, and is called and reports for work, outside his scheduled workweek he shall receive a minimum of two (2) hours work or two (2) hours pay at the applicable rate unless the employee opts to leave when the work is completed.

Section 10. An employee's normal work schedule is his/her five (5) scheduled workdays within his/her established workweek, such schedule to be posted by the Company at least 48 hours prior to the start of next workweek.

Section 11. Employees shall be given a minimum of twenty-four (24) hours written notice in advance of a change in their normal work schedules. An employee who has not received such twenty-four (24) hour notice shall be paid time and one-half for the first eight (8) hours worked of such change.

ARTICLE XIV – OVERTIME

Section 1. When the Company determines that an employee must perform work on an overtime basis, the following shall apply:

- a) Overtime at the rate of one and one-half (1 ½) times the regular rate of pay shall be paid for all authorized hours in excess of forty (40) hours in the employees normal workweek.
- b) All absences with pay in an employee's work shift shall be considered as time worked for purposes of computing overtime with the exception of sick leave.

Section 2. Double Time:

- a) Overtime at the rate of two (2) times the effective hourly rate of pay shall be paid for all hours worked on the seventh (7th) workday, or second (2nd) day off in any workweek.
- b) Pyramiding of Overtime: No employee shall receive more than one (1) overtime rate for the same hours worked and if more than one (1) rate is applicable to the same hours worked, the higher rate only shall be paid.

- c) When overtime is required in a given section, it will be the policy and intent of the Company to offer opportunities to those qualified employees performing the same work on the same shift who desire to work overtime. However in the event no qualified employee desires to work overtime, it shall be the prerogative of the Company to require employees performing similar work to work overtime.

ARTICLE XV – LEAVE OF ABSENCE

Section 1. Personal Leave. The Company may approve a leave of absence without pay or benefits up to ninety (90) calendar days for personal reasons. Such leave must be requested in writing and approved by the Program Manager or designee through the employee's supervisor. Said request must also state the reason for the unpaid leave. Employees must request such leave at least ten (10) calendar days prior to the date the leave would commence, except in cases of emergency.

Section 2. Benefit Date Adjustment. An employee whose leave(s) of absence exceed(s) ninety (90) calendar days in a benefit year of whose leave of absence continues from one benefit year to another shall have their benefit date adjusted to the number of work days he was absent in excess of the ninety (90) calendar days, except for leaves resulting from occupational illness or injury, and leaves for union activities.

Section 3. Failure to Return to Work from Leave of Absence. Failure to return from a leave of absence on the first scheduled workday following the expiration date of said leave, will result in termination of the employee, except in extenuating circumstances involving reasons acceptable to the Company.

Section 4. Leave for Union Activities.

- a) **Union Employment -** An employee elected or selected to a full time job in the Local Union, which takes him from his employment with the Company, shall upon written request to the Company receive leave of absence, without pay, for a period up to three (3) years. Upon completion of his leave of absence during the existence of this Agreement, he shall be reemployed according to his seniority in work generally similar to that which he did last prior to leaving at the wage rates existing at the time of his return, provided such work is available for him according to his seniority, and he has the ability to perform such work. Seniority shall accumulate during such leave of absence.
- b) **Other Union Leave -** Permission for occasional additional Union Business leaves of absence without pay shall not be unreasonably withheld by the Company on seven (7) days written request of the Union, to Union shop stewards, unit officers, Executive Board members, and negotiating committee representatives for the negotiation and administration of this Agreement.

Section 5. The Union and the Company will follow Kellogg Brown & Root Services, Inc. General Policy and Procedures with regard to military leave of absence.

ARTICLE XVI – UNION SECURITY

Section 1. Each current employee covered by this Agreement, and who is not a member of the Union, immediately following thirty (30) days after execution of this Agreement, as a condition of continued employment, shall become members of the Union.

Section 2. All other employees hired after the execution of the Agreement shall, immediately following thirty (30) days after their date of hire, or effective date of this Agreement, whichever is later, become members of the Union as a condition of employment, provided that nothing herein shall be interpreted to cause a violation of the Labor Management Relations Act (LMRA), as amended, or any other applicable law, regulation, or Federal court ruling.

Section 3. The Union agrees to consider for membership all present and future employees who apply for membership. If an applicant is denied membership by the Union, that applicant shall not be required to comply with the provisions of this section.

Section 4. All new employees covered by this agreement will be provided a copy of this agreement on their date of hire.

Section 5. The Union agrees to indemnify and hold the Company harmless for any and all claims for damages made by employees or former employees relating to enforcement of this Article.

ARTICLE XVII – CHECK OFF

During the existence of the Agreement, the Company, in so far as permitted by Territory and Federal law, shall deduct out of the current net earnings payable biweekly to an employee covered by the Agreement, applicable service fees or Union dues, initiation fees and reinstatement fees, upon receipt of and in accordance with a deduction authorization, duly executed by the employee, on a card as agreed upon between the Company and the Union and shall continue deductions until such authorization is duly revoked by the employee.

ARTICLE XVIII – SHOP STEWARDS

The Union will submit to the Company a list of accredited shop stewards who will be recognized by the Company as the people to present the employee's grievance to the supervisor. The shop steward, with management approval, may speak with the employee during normal working hours. The Union agrees that the time will be held to a minimum of interference to DDGM operations. The ratio of stewards to employees shall not exceed 1:35, unless mutually agreed upon by the Union Business Representative and the Kellogg Brown & Root Services, Inc. Labor Relations Manager.

ARTICLE XIX – SUCCESSIONS AND ASSIGNS

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors and assigns; but in the event the Company ceases to perform on the contract as identified in Article I, the Company shall be released from all obligations under this Agreement.

ARTICLE XX – SUBSTANCE ABUSE POLICY

The Company will follow its Substance Abuse Policy within the guidelines of the Kellogg Brown & Root Services, Inc. General Policy and Procedures with regard to substance abuse.

ARTICLE XXI – WAGES

See Exhibit A.

ARTICLE XXII – HOLIDAYS

Section 1. The Company will observe the following holidays with pay:

New Year's Day	Labor Day
Martin Luther King's Birthday	Columbus Day
President's Day	Veteran's Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

Section 2. When a holiday falls on an employee's first designated day off in the workweek, the preceding scheduled workday shall be observed as the holiday.

Section 3. When a holiday falls on an employee's second designated day off in the workweek, the following scheduled workday shall be observed as the holiday.

Section 4. All employees whose work schedules permit will be entitled to have the day off and shall receive their regularly scheduled straight time pay as holiday pay.

Section 5. In case the Company requires an employee to work on a designated holiday, the employee will receive the applicable holiday pay and, in addition, the work performed by such employee shall be paid at one and one-half (1 ½) times their regular rate of pay.

Section 6. An employee, who has been notified at least twenty-four hours in advance to work on a holiday and who does not work without a valid excuse, shall receive no holiday pay for that day. Advance notice may be less than twenty-four hours in case of an emergency.

Section 7. An employee, who has an unexcused absence on a scheduled work day immediately preceding or immediately following a holiday, will receive no holiday pay for such holiday unless the employee has notified the supervisor in writing, prior to the holiday, that the employee will be absent

ARTICLE XXIII – VACATION

Section 1. Allowances. The vacation year for eligibility and service credit shall be accrued from employee's seniority date (As defined in Article X, Section 3, paragraph a)). Paid vacation will be awarded as follows:

- a) An employee with one (1) year of service, but less than three (3) years of service will be awarded up to 10 days (2 weeks) vacation annually, accrued throughout the year.
- b) An employee with three (3) years of service, but less than eight (8) years of service will be awarded up to 20 days (4 weeks) of vacation annually, accrued throughout the year.
- c) An employee with eight (8) years of service will be awarded up to 25 days (5 weeks) of vacation annually, accrued throughout the year.
- d) Vacation leave shall be accrued on a bi-weekly basis. Vacation leave is accrued during the probationary period; However, it may not be used until the employee has passed their 90-day probationary period.
- e) Vacation hours shall accrue as follows:

Length of Service:	Bi-weekly Accrual Rate	Annual Accrual	Max Carryover Allowed
Less than 3 years	3.07 hours	80 hours	80 hours
3 years, but less than 8 years	6.15 hours	160 hours	80 hours
8 years or more	7.69 hours	200 hours	80 hours
- f) Unused vacation over the maximum annual carryover of 80 hours will be paid out at the employee's current rate of pay on the employee's anniversary date.
- g) Pay in advance will not be provided for vacation periods.
- h) Employees leaving the Company will be paid for all fully earned unused vacation upon termination.

Section 2. Scheduling. Vacation requests must be made in writing to their supervisor fourteen (14) calendar days prior to the vacation start date. The Company reserves the right to approve or deny vacation requests based on business operations. Vacation requests will be approved based on seniority. Vacation may be used in increments of no less than one (1) hour.

ARTICLE XXIV – JURY DUTY

Employees summoned to serve on jury duty will be granted time off not to exceed the limits of the prevailing territory law or up to 10 days of service, whichever is greater. The Company shall compensate the employee for each regular workday so spent, as specified by the governing statute regarding jury duty. If no compensation provision is specified by statute, the employee will receive the difference between gross fees received and the employee's regular earnings that would have been paid for each day of service. Notice of jury duty must be given to the Company upon receipt of a jury summons, and proof of such service must be submitted to the satisfaction of the Company before this Article shall apply.

Any employee scheduled to work third shift when he is called for jury duty shall not be requested to work the night before he is required to report for jury duty, and shall receive payment as outlined above. Employees summoned to jury duty that are released by the Court with less than four (4) hours of service shall return to work.

It is understood that in the application of Articles XXIV and XXV, part-time employees working 20 hours per week or more will receive the benefits on a pro rata basis.

ARTICLE XXV – BEREAVEMENT LEAVE

Section 1. An employee with the Company shall be given up to three (3) paid workdays off to attend the funeral of his immediate family.

"Immediate family" shall be considered as follows:

Spouse, parent, parent of spouse, legal guardian, child, brother, sister, stepparent, stepparent of spouse, stepchild, stepbrother, stepsister, grandchild, grandparent, and grandparent of spouse.

An employee shall be given one (1) paid workday off to attend the funeral of the following extended family members.

Brother/sister of spouse, stepbrother/sister of spouse, half-brother/sister of spouse, son/daughter-in-law, and spouse of employee's brother/sister.

Section 2. Employee may be required to provide proof of claim.

ARTICLE XXVI – RETIREMENT PLAN

The Company will establish a 401(k) plan for bargaining unit employees covered under this agreement with the employer contributions of 3% annually beginning July 01, 2006. Employees will be free to contribute as much as allowed by law into this plan.

ARTICLE XXVII – OVER CLASSIFICATION

All employees who perform work in a higher classification will receive the applicable rate of pay for such classification while engaged in such work.

ARTICLE XXVIII – INSURANCE/SICK LEAVE

Section 1. The Company will pay FCE, a third party benefits manager, for all regular hours worked as follows:

July 01, 2005	\$2.80
July 01, 2006	\$3.00
July 01, 2007	\$3.15
July 01, 2008	\$3.35
July 01, 2009	\$3.60

The benefits manager will provide health insurance through the Guam insurance carrier, Staywell. The Staywell "Silver Plan" and "Gold Plan" will be offered. The benefit plan will be managed by FCE on a calendar year basis, with the first changes to become effective on January 1, 2006 and each January 1 thereafter. The 30 day "Open season" for benefits coverage is planned to begin approximately 45 days prior to the end of the calendar year and end approximately December 15 the of each year. Any monies in excess of those necessary to provide the coverage as set forth in the above will be placed in the employee's 401 (K) plan. Any premium contributions made by an employee will be on a pre-tax basis.

Section 2. Sick Leave.

The use of sick leave is provided to cover paid time away from work in the event that an employee is ill or injured and unable to work in accordance with the employee's terms and conditions of employment.

- a) Absences of more than two (2) consecutive scheduled working days may require a written statement from the employee's physician documenting medical treatment if requested. Absences of more than fourteen (14) consecutive calendar days require a physician's Release to Work Statement detailing any work related limitations. Hospitalization of any duration requires a physician's Release to Work Statement.
- b) Employees who become ill or injured during working hours must report to their supervisor before departing except during a medical emergency.
- c) All employees who are unable to report for work because of illness or injury must notify their immediate supervisor prior to the scheduled start of the employee's shift. When reporting absences, the employee is to report the nature of the illness or injury, anticipated duration of home or hospital confinement, and a telephone number for follow-up, if needed. Absences must be reported daily unless otherwise instructed by the employee's supervisor.
- d) In the event that the nature of the illness or injury prevents the employee from providing the required notification, a family member or friend of the employee should report the employee's absence to the employee's immediate supervisor.
- e) For absences exceeding fourteen (14) consecutive days, the employee is responsible for maintaining weekly contact with their immediate supervisor to keep him or her informed as to their status. The supervisor is then responsible for reporting employee status for employee's absences of over fourteen (14) consecutive working days to the Human Resources Office.
- f) Employees who become ill or injured while on vacation are not allowed to convert vacation days to sick days to offset the days they were ill, except in those instances when the employee is hospitalized, and provides evidence of that hospitalization. Days spent in the hospital and in recuperation may be charged to sick leave, with supporting documentation from the hospital or physician.

- g) Should the employee's supervisor believe that an absence is due to an occupational related illness or injury, the supervisor is responsible for reporting this information to the Department Manager, the Human Resources Department and the Environmental Health & Safety Department.
 - h) Sick leave is accrued at a rate of 80 hours per year. Sick leave is accrued during the probationary period; however, it may not be used until the employee has passed their 90-day probationary period.
 - i) Payment of unused sick leave is not allowed.
 - j) Sick Leave may be accumulated up to a total of 160 hours. Earning potential will cease at 160 hours.
 - k) Employees will be allowed to use up to three (3) days sick leave annually as personal leave. Such leave must be scheduled and approved in advance.
-

EXHIBIT A

Wages

	7/1/05	7/1/06	7/1/07	7/1/08	7/1/09
General Wage Increase	3.00%	3.00%	3.25%	3.25%	3.50%
Lump Sum Wages	\$250	\$300	\$350	\$400	\$425

Only employees on the active payroll as of October 01 for the respective year will be eligible for lump sum wages.

POSITION/TITLE	Current	7/1/05	7/1/06	7/1/07	7/1/08	7/1/09
ACCOUNTING CLERK III	13.11	13.61	14.02	14.48	14.95	15.47
ACCOUNTING CLERK III, LEAD	14.11	14.61	15.02	15.48	15.95	16.47
GENERAL CLERK II (GATE GUARD)	9.67	10.60	10.92	11.27	11.64	12.05
GENERAL CLERK III	10.20	11.62	11.97	12.36	12.76	13.21
GENERAL CLERK IV	11.58	12.69	13.07	13.49	13.93	14.42
HAZMAT STORAGE SPECIALIST	18.06	18.60	19.16	19.78	20.42	21.13
MATERIAL EXPEDITOR	17.18	17.70	18.23	18.82	19.43	20.11
MATERIAL HANDLER LABORER	9.60	10.04	10.34	10.68	11.03	11.42
SHIPPING PACKER	13.08	13.47	13.87	14.32	14.79	15.31
SHIPPING/RECEIVING CLERK	13.08	13.47	13.87	14.32	14.79	15.31
STOCK CLERK	9.42	12.31	12.68	13.09	13.52	13.99
SUPPLY TECHNICIAN	15.62	16.15	16.63	17.17	17.73	18.35
SUPPLY TECHNICIAN, LEAD	16.62	17.15	17.63	18.17	18.73	19.35
TRUCK DRIVER, LIGHT TRUCK	9.54	9.83	10.12	10.45	10.79	11.17
TRUCK DRIVER, MEDIUM TRUCK	11.23	11.57	11.92	12.31	12.71	13.15
TRUCK DRIVER, HEAVY TRUCK	11.83	12.54	12.92	13.34	13.77	14.25
WAREHOUSE SPECIALIST	13.43	13.83	14.24	14.70	15.18	15.71
WAREHOUSE SPECIALIST, LEAD	14.43	14.83	15.24	15.70	16.18	16.71
COMUTER OPERATOR III	15.79	16.26	16.75	17.29	17.85	18.47
COMUTER OPERATOR IV	17.03	18.04	18.58	19.18	19.80	20.49
HEAVY EQUIPMENT OPERATOR	15.08	15.53	16.00	16.52	17.06	17.66

Uniforms and Personal Protective Equipment

The Employer agrees to furnish the employees five (5) work uniform shirts annually, to be worn during working hours while on duty. If steel-toed safety shoes are required, the employer will reimburse the employee up to \$75 per year. In addition, the Company will furnish rain gear and any other personal protective equipment required for the safe and efficient performance of the employees' duties.

EXHIBIT B

The authorization for deduction of check-off of dues is as follows:

Authorization Form For Deduction of Union Membership Dues

I, _____, an employee of _____ do hereby individually and voluntarily certify that I authorize by this writing the above-mentioned Company to deduct from my wages initiation fees, dues, assessments and other deductions stipulated by the Union as certified to you in writing by the Union and turn over each month to Local Union 1260, IBEW, any and all such deductions due or payables by me.

This authorization shall be irrevocable until one (1) year from the date below, or until the termination of the applicable collective bargaining agreement (within the meaning of the Labor-Management Relations Act, as amended), whichever occurs sooner, and shall be automatically renewed, and shall be irrevocable for successive periods of one (1) year each or for the period of each succeeding applicable collective bargaining agreement, whichever shall be shorter, unless I exercise my right of revocation of this authorization within ten (10) workdays prior to the expiration of each period of one (1) year or of each applicable collective bargaining agreement, whichever occurs sooner.

This assignment shall be automatically canceled upon termination of my employment with you or if I cease to be employed in a unit represented by said Union. This authorization for deduction shall automatically be canceled during periods when no labor agreement is in effect.

Fees, dues and assessments covered by this authorization are not deductible as charitable contributions for federal income tax purposes.

Employee

Social Security Number

Date

Address

EXHIBIT C

The authorization for assignment of wages.

ASSIGNMENT OF WAGES FOR UNION'S NEGOTIATIONS AND ADMINISTRATION OF CONTRACT

I, _____, an employee of _____, hereby assign to I.B.E.W., Local 1260, out of my wages for the Union's Negotiations and Administration of the collective bargaining agreement on my behalf, a service fee in the same amount equal to the monthly Union dues, as certified in writing by the Union, and I authorize the payment to the Union each month the amount so deducted.

This authorization shall become effective on the date set forth below.

This authorization shall be suspended during any period in which there is no collective bargaining agreement in effect between the Company and the Union. This authorization shall end if my employment with the Company ends, or when I cease to be employed in a capacity represented by the bargaining unit.

Employee's Name

Social Security #

Address

Date

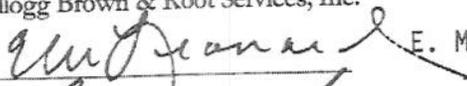
XXIX - TERM AND NOTICE OF CHANGE OR TERMINATION

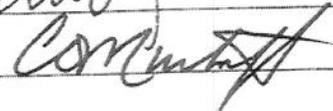
This Agreement made and entered into April 1, 2005 to be effective July 1, 2005 through June 30, 2010, between Kellogg Brown & Root Services, Inc. (hereafter referred to as "the Company") and the International Brotherhood of Electrical Workers, and its Local 1260 (hereafter referred to as "the Union").

This Agreement shall remain in effect until 12:01 AM on June 30, 2010 without reopening rights for any purpose by either party. This Agreement shall automatically renew itself from year to year thereafter unless written notice of desire to terminate the Agreement is given by either party at least sixty (60) calendar days prior to any annual expiration date thereafter. If written notice of desire to terminate is given, the parties may nevertheless mutually agree in writing to extend this Agreement for a specific length of time beyond the expiration date.

In witness, whereof, the parties have caused this Agreement to be executed by their authorized representatives on the 17th day of March 2005.

Kellogg Brown & Root Services, Inc.

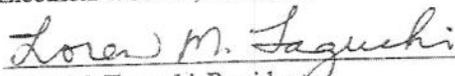




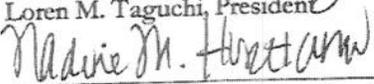
E. Michael Leonard, Project General Manager, KBR

Chuck Murtorff, Sr. Manager Employee/Labor Relations, KBR

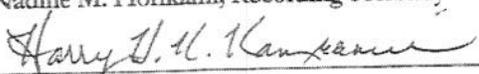
International Brotherhood of
Electrical Workers, Local 1260



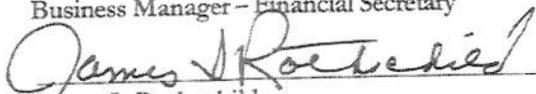
Loren M. Taguchi, President



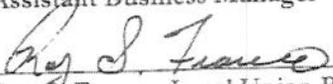
Nadine M. Horikami, Recording Secretary



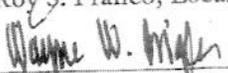
Harry H. Kameenui
Business Manager - Financial Secretary



James I. Rothschild
Assistant Business Manager



Roy S. Franco, Local Union Representative



Wayne W. Bigler, Guam Representative

MEMORANDUM OF UNDERSTANDING

It is agreed and understood that the Collective Bargaining Agreement between Kellogg Brown & Root Services, Inc. and Local 1260 of the International Brotherhood of Electrical Workers will be modified to include the following changes:

Entire Document: In every instance where the date July 1 appears, it should be replaced with July 23.

The parties also agree that no change is required for the termination date of this CBA, which will remain June 30, 2010.

In witness whereof, the parties have caused this MOU to be executed by their authorized representatives on May 4, 2005.

Kellogg Brown & Root Services, Inc.



E. Michael Leonard
Director, Installation Support Services



Chuck Murtorff, Sr. Manager Employee/Labor Relations

International Brotherhood of Electrical Workers, Local 1260



James I. Rothschild, Assistant Business Manager