

Terminates: July 1, 2009

AGREEMENT
by and between
Lake Union Drydock Company
and
The Metal Trades Department of the AFL-CIO,
The Pacific Coast Metal Trades District Council and The Puget Sound Metal Trades
Council from Ratification through June 30, 2009

PREAMBLE

This Agreement, made and entered into this 25th day of September, 2006 (date of ratification), by and between Lake Union Drydock Company, hereinafter called the "COMPANY " and The Metal Trades Department of the AFL-CIO, The Pacific Coast Metal Trades District Council and Affiliated Unions, the Puget Sound Metal Trades Council and Affiliated Unions and the International Unions signatory hereto, hereinafter collectively called the "UNIONS".

ARTICLE 1
Scope of Agreement

This Agreement shall cover all production, repair and maintenance employees within the bargaining unit in the employ of the Company signatory hereto, and shall apply to all work and activities of the Company in connection with the construction, conversion, repair or scrapping of any vessel within Puget Sound including, but not limited to, dredges, floating drydocks, offshore drilling vessels, barges, mobile drilling platforms, and all auxiliary equipment used in conjunction therewith. Any Unit employee directed by the Company to work at any other location shall remain covered by this Agreement.

ARTICLE 2
Subcontracting

- 2.1 While it is the intent of the Company to have all available work performed by its' employees where all things are equal, the Company retains the right to subcontract work. A permanent committee will be formed consisting of workers, Unions and management to investigate how to increase the amount of available work which is performed by the employees of the shipyard.

ARTICLE 3
Recognition, Union Security, Hiring

- 3.1 Recognition - The Company recognizes the Unions(s) signatory hereto as the sole collective bargaining agent(s) for its members employed by Lake Union Drydock Company in any of the classifications contained in Schedule "A" of this agreement and employed on work covered by the "Scope of Agreement".

3.2 Union Security - Employees, within thirty-one (31) days from the date of their employment shall, as a condition of continued employment with the Company, become members of the respective Local Union and maintain their membership in good standing therein. If an employee fails to become a member of the Union by the thirty-first (31) day from the date of his employment, he shall be terminated by the Company upon written request of the Union.

3.3 Hiring

- (a) The Company agrees that when additional employees are required the appropriate Local Union will be given twenty-four (24) hours notice in advance to refer applicants for employment. Such notice, including the number and qualifications of the employees required shall be given by the Personnel Department or other designated representative of the Company. The Union agrees that it will, upon the request of the Company, refer experienced applicants, when available, to the Company for the classifications covered by this Agreement.
- (b) (1) The Company and Union agree that there will be no discrimination in employment because of race, creed, color, national origin, age, or sex, or disability. The Union recognizes that it has the same responsibilities under the Americans with Disabilities Act as has the Company, and agrees to cooperate with the Company to achieve mutual compliance. Compliance with State and/or Federal laws shall not be discrimination under this subsection. In referring to employees in the Agreement, the masculine gender is used for convenience only and shall refer to both males and females.
- (2) Selection of applicants for referral to jobs shall not be based on or in any way affected by Union membership, bylaws, rules, regulations, constitutional provisions, or any other aspect or obligation of Union membership, policies, or requirements.
- (3) The Company retains the right to reject any job applicant referred by the Union. The Company may discharge any seniority employee for just and sufficient cause.
- (4) The Union agrees that it will not discriminate against non-Union workmen in referring workmen to the Company, and the Company agrees that he will not discriminate against Union workmen in selecting job applicants referred to him by the Union.
- (5) A copy of this Article of the Agreement shall be posted at the employment office of the Company and at the place where the appropriate local Unions conduct the operation of referring persons for employment under this Agreement.
- (6) The Company may request any unemployed workman by name and the Union shall refer such workman subject to the provisions set forth in

Article 4, Seniority. An employee requested by name shall be classified as a Journeyman, unless the company and the effected local union mutually agree to a lower classification.

- (7) If the Company hires persons other than those referred by the Union, he shall advise the appropriate Local Union within five (5) working days after such person is hired as to the name, address, social security number, date of hire, classification, and rate of pay of such employee. The same information shall be furnished in writing within five (5) working days after the termination of such employee.
- (8) All employees referred to the Company by the Union under this Article shall submit to the making of such records as are, or may be required by the Company for the purpose of identification.
- (9) The Union and the Company agree to hold each other harmless from any money damages and penalties assessed against them by any government agency or court of law because of any charge of unfair labor practice or act where such practice or act was proximately or solely caused by the Union or the Company.

ARTICLE 4 **Seniority**

4.1 Employees shall be entitled to seniority when they have completed at least ninety (90) cumulative working days in a six (6) month period subsequent to their day of hire, subject to Section (d) below. Prior to attaining seniority an employee shall be considered probationary.

4.1.1 An employee's seniority date shall be established as the first calendar date worked within the six (6) month window period within which the employee acquires seniority.

For example: If any employee starts in January, he has until the end of June to qualify for seniority. If at the end of June he has not qualified for seniority, then the six (6) month period is extended to the month of July, and the month of January is dropped.

4.2 The continuous nature of an employee's seniority shall not be broken by reason of layoff, vacation, approved leave of absence, and absence for proven sickness or injury, except as provided below:

- (a) If the employee is discharged for cause.
- (b) If the employee quits.
- (c) If the employee fails to report to work at the time specified by the Company or within 48 hours (Saturday, Sunday, and holidays excluded) after the Company sends a notice to the last telephone number or address shown on the Company's records.

The Company's notice shall be affected by telephone (including voice-mail) or E-mail when possible; in the event the employee does not acknowledge the telephone/voice-mail/E-mail contact, the Company shall notify the employee by means of verifiable communications (certified letter, courier, etc.). The appropriate union shall be notified when such recall notice is sent to the employee.

- (d) Any employee absent for three (3) consecutive workdays or more without notification and furnishing a justifiable reason for such absence shall be considered to have voluntarily terminated his employment. Exceptional cases will be handled on their merit.
- (e) If the employee is off the active Company payroll for a period of more than twelve (12) months for any reason whatsoever.

4.3 Ten Day Call:

The Company will notify the Union of personnel needed. The Union will recall employees by seniority in accordance with Section 4.6 and the employee may decline the ten-day-or-less recall without forfeiture of seniority. In the event the Union does not receive confirmation of recall from the employee after attempting to contact by telephone, the Union will continue the recall until the job is manned. In the event the Union does not affect the recall and report back to the Company by the end of the day, the Company will affect the recall direct. Notwithstanding the foregoing, the Company retains the right to call employees directly when needed without prior notification to the Union where the need of additional personnel is required and Union is closed, such as after-hours or during weekends or holidays.

- 4.4 The Company shall be entitled to retain Leadmen and classifications above Leadmen paid on an hourly rate without regard to seniority.
- 4.5 Seniority shall apply by classification of the craft or union as set forth in this Agreement, and by such sub-classification as may be agreed upon by the Company and the appropriate Union. Apprentices shall be maintained on a separate seniority list.
- 4.6 On layoffs and recalls in any classification or agreed sub-classification, the rule of seniority shall prevail where ability, competency, qualifications and other factors relating to job performance are equal.
- 4.7 Employees promoted to Leadmen or classifications above Leadman paid on an hourly basis shall continue to accrue seniority in the classification from which they are promoted during the time they serve in such capacity.
- 4.8 Employees promoted to jobs outside the bargaining unit shall retain such seniority as they had in the classification from which they were promoted as of the day of promotion but these employees shall not continue to accrue seniority while out of the bargaining unit.

- 4.9 The Company will furnish a current seniority listing upon a request, no more than quarterly, to each appropriate Union properly identifying employees by craft classification under this Agreement.
- 4.10 This article shall not apply to IBEW #46.

ARTICLE 5
Leading Men

- 5.1 Leading men in all departments shall be selected, as far as practicable, from the crafts they are supervising and with a view to their mechanical ability, and shall be journeyman and/or mechanics and shall be members of their respective Union. In addition, the immediate supervisory classification above that of leading men when paid on an hourly wage rate basis, in all departments, shall be selected, as far as practicable, from the crafts they are supervising and with a view to their mechanical ability, and shall be journeymen and/or mechanics and shall be members of their respective Union.
- 5.2 The compensation for leading men shall be as set forth in Schedule "A". The compensation for the immediate supervisory classification above that of leading men, when paid on an hourly wage rate basis shall be in accordance with established company practice. The activities and assignments of leading men and supervisors mentioned herein above shall not be restricted, nor shall they be extended during overtime periods to the end that they are used to replace workmen in the performance of overtime work.
- 5.3 The intention of the parties signatory to this Agreement is to continue to use the classification above Leading Men, Leading Men, and mechanics already assigned in the completion of work which extends into overtime periods except in emergency situations.
- 5.4 It is the intention of the Company not to eliminate the immediate classification above Leading Men and the classification of Leading Men to substitute salaried personnel for such classifications.

ARTICLE 6
Standard Day Shift Hours

Forty (40) hours shall constitute a normal work week, eight (8) hours per day, five (5) days per week, Monday to Friday, inclusive, between the hours of 5:00 A.M. and 6:30 P.M., except that where conditions render it desirable to start the day shift at an earlier hour, such starting time may be made earlier by agreement between the Company and the Union.

ARTICLE 7
Shifts

- 7.1 Shift work shall be permitted in all classifications, without restrictions, on the following basis:

- 7.2 Regular starting times of the day shift shall be between 5:00 A.M. and 10:00 A.M. where the nominal normal start time is 7:00 A.M. An employee's regular starting time shall remain in effect for the duration of the workweek; however, once during the workweek the Company may temporarily change the starting time within the 5:00 A.M. to 10:00 A.M. range. Temporary starting times shall apply to all shifts. Shift hour changes other than provided within this provision shall be made only with the approval of the Union. The Company will provide as much advance notice of starting time change as feasibly possible.
- 7.3 Employees transferred from one shift to another, unless relieved from work at least eight (8) hours before starting their new shift, shall be paid the over time rates for the first such shift worked. No employee shall be transferred from his regular assigned shift to another shift more than once a workweek, except however, he may be returned to his regular assigned shift, except in extreme emergency or shortage of manpower.
- 7.4 Employees required to work overtime, unless relieved from work at least eight (8) hours before starting to work on their next regular shift, shall be paid the overtime rate for the next such shift. However, in the event an employee is advised to report to work later than his normal starting time for the purpose of allowing him at least a full shift relief, he shall be guaranteed a minimum of eight (8) hours straight time pay for that shift.
- 7.5 First or Regular Daylight Shift:
An eight and one-half (8-1/2) hour period less thirty (30) minutes for meals on the employee's time. Pay for a full shift period shall be a sum equivalent to eight (8) times the regular hourly rate.
- 7.6 Second Shift:
An eight and one-half (8-1/2) hour period less thirty (30) minutes for meals on employee's time. Pay for a full second shift period shall be a sum equivalent to eight (8) times the regular hourly rate plus the second shift premium as set forth in Schedule "A".
- 7.7 Third Shift:
A seven (7) hour period less thirty (30) minutes for meals on employee's time. Pay for a full third shift period shall be a sum equivalent to eight (8) times the regular hourly rate plus the third shift premium as set forth in Schedule "A".
- 7.8 Optional Workweek (4/10's)
A four (4) day, forty (40) hour workweek may be established or special work schedules arranged for a portion of the entire crew to accommodate specific needs of the company or employees. In administering the four-day, forty-hour workweek, the following conditions shall prevail:
- (a) Overtime shall be paid for any hours worked in excess of ten (10) hours per day or forty (40) hours per week.
 - (b) Vacation benefits shall be accrued and expended on an hourly basis.

- (c) Holidays shall be granted in accordance with Article 10 of the Agreement.
- (d) If a holiday falls on a Saturday or on a Friday that is the normal day off, then the holiday will be taken on the last normal workday. If the holiday falls on a Monday that is the normal day off or on a Sunday, then the holiday will be taken on the next normal workday, etc.
- (e) For ease of payroll administration, all scheduled 4/10 employees eligible for holiday pay will be paid ten (10) hours holiday pay for holidays.

7.9 Optional Workweek (3/12's)

The optional workweek of ten (10) hour shifts Monday through Thursday may be used in conjunction with twelve (12) hours shifts Friday through Sunday. Employees working these shifts will be paid at the straight-time rate for hours worked. Employees working in excess of the established shift hours will be paid at the applicable overtime rate. When three twelve hours shifts are worked at straight-time Friday through Sunday, forty (40) hours will be credited for purposes of compensation, vacation, holiday and all fringe benefit funds such as health and pension plans.

- 7.10 The Puget Sound Metal Trades Council will be notified in advance and must mutually agree to a modified workweek under Section 7.8 and/or 7.9.

ARTICLE 8
Wage Scales

- 8.1 Company agrees to pay to its employees and the Union agrees that its members employed by Company will accept the wage scales for the various classifications set forth and contained in Schedule "A" of this Agreement.
- 8.2 The wage scales herein established shall be considered as minimum wage scales. The payment of higher wages shall be at the discretion of the Company.
- 8.3 All employees shall receive the appropriate classification wage and Article 26 increase under Schedule "A" on the date(s) specified.

ARTICLE 9
Overtime

- 9.1 All time worked over forty (40) hours per week or eight (8) hours per day, Monday through Friday, shall be paid at the rate of time and one half (1-1/2) the straight time regular rate except as follows: When scheduled for 4/10's, overtime applies only after (10) hours per day or forty (40) hours per week, at time and one-half. When scheduled for 3/12's, overtime applies only after twelve (12) hours per day or thirty-six (36) hours per week. The first eight (8) hours of work on Saturday shall be paid at the rate of time and one-half (1-1/2); all work over eight (8) hours on Saturday shall be paid at the rate of double time (2T). All time worked on Sunday shall be paid at double time the regular day

shift rate. Paid holiday and pre-scheduled vacation time shall be considered as time worked for purposes of overtime.

9.2 Employees required to work around the clock (three shifts) and required to continue work through their regular assigned shift, shall continue to receive pay at the overtime rate.

9.3 Lunch Periods:

(a) Mid-shift meal period, non-overtime situation: An employee required to work during his regular mid-shift meal period shall be given an earlier or later meal period no more than one (1) hour earlier or later on the employee's time. In the event the altered meal period exceeds one hour earlier or later, a meal period of 30 minutes shall be given no more than two (2) hours beyond the normal time and be paid at the straight time rate. This provision shall not apply to employees engaged in vessel handling or shifting, or activities in the drydock which directly affect docking and undocking schedules.

(b) The above procedure shall apply to the mid-shift meal period on Saturday, Sunday and Holidays.

(c) Meal periods for daily overtime situations:

In the event an employee works more than two (2) hours of continuous daily overtime, he shall be given an additional meal period of 30 minutes on the employee's time. If the meal period is not given by the end of the third (3rd) hour of continuous overtime, the employee shall be provided a 30 minute meal period at the straight time rate. Employees who continue to work overtime shall be allowed a meal period of 30 minutes on the employee's time for each additional four (4) hours continuously worked following the aforementioned meal period.

9.4 The 2006 negotiations confirmed that there will be no change to the Company's administration of overtime. The Company will reasonably attempt to work with employee's personal issues regarding the assignment of overtime. However, the nature of the business does not allow for "voluntary overtime". Consequently, the Company retains the right to require employees to work overtime. The Company will not exercise this right in an arbitrary or capricious manner.

ARTICLE 10

Holidays

10.1 Each employee shall receive eight (8) times the straight- time hourly shift rate of pay under Schedule A (2) for the holidays specified within 10.2, provided:

(a) The employee worked his last regularly scheduled workday prior to and his first scheduled workday following the holiday. Exception will be made in cases where absence on the work day prior to or the work day following was due to industrial injury, bona fide illness covered by a doctor's certificate, approved leave of

absence, or temporary layoff, provided the employee's absence from work for the purpose of this exception by reason of any of the above causes is not for a total period in excess of two weeks. For purposes of this Section, temporary layoff shall be considered as one of two weeks or less in duration. It is understood that any employee off work due to industrial injury or bona fide illness who is receiving time loss payments shall receive compensation under this Article in the appropriate amount to insure that the employee's compensation for the holiday does not exceed the amount he would have received if he had been working.

- (b) The employee has been in the employ of the Company for thirty (30) calendar days immediately preceding the holiday.
- (c) Effective October 1, 2003, (date of ratification) irrespective of craft(s) diversion from wage rate into Article 26, holiday and vacation compensation shall be paid pursuant to the holiday/vacation wage rate listed under Schedule A (2).

10.2 The following shall be recognized as paid holidays: NEW YEAR'S DAY, DAY BEFORE/AFTER NEW YEAR'S DAY, PRESIDENTS' DAY, MEMORIAL DAY, INDEPENDENCE DAY, LABOR DAY, THANKSGIVING DAY, FRIDAY AFTER THANKSGIVING, CHRISTMAS DAY, DAY BEFORE/AFTER CHRISTMAS DAY.

	2006	2007	2008	2009
NEW YEARS DAY		Jan. 1	Jan. 1	Jan. 1
DAY AFTER NEW YEARS DAY		Jan. 2		Jan. 2
DAY BEFORE CHRISTMAS DAY		Dec. 24		
CHRISTMAS DAY	Dec. 25	Dec. 25	Dec. 25	
DAY AFTER CHRISTMAS DAY	Dec. 26		Dec. 26	
DAY BEFORE NEW YEARS DAY		Dec. 31		

10.3 All time worked on the aforesaid holidays shall be compensated at two (2) times the regular straight-time hourly rate. All time worked on a holiday weekend shall be compensated at double time (2T). A holiday weekend is defined as a weekend when either the preceding Friday or following Monday is observed as a Holiday under section 10.2.

10.4 Should any of the above holidays fall on Sunday, the day observed by the Nation shall be considered a holiday and compensated accordingly. In cases where the above listed holidays fall on Saturday, the preceding Friday shall be observed as the holiday.

10.5 Should any of the above holidays fall within the vacation period of an employee, he shall be paid as set forth above for such holiday. It is understood that employees may be allowed to add an additional day contiguous to his/her vacation period if arranged in advance with the Company.

ARTICLE 11
Vacations

All seniority employees covered by this Agreement shall receive vacations with pay as follows:

11.1 Computation of vacation pay. Vacation pay shall be computed at the following percentages of the actual hours worked except as to third shifts - see footnote (a) multiplied by the employee's established straight time hourly wage (exclusive of shift premiums) being received by the employee at the time the vacation is taken:

- | | |
|--|--------|
| a) 1st Year Period | 3% |
| b) 2nd Year Period | 3-1/2% |
| c) 3rd Year Period | 4% |
| d) 4th Year Period | 4-1/2% |
| e) 5th Year Period | 5% |
| f) 6th Year Period | 6% |
| g) 10th Year Period through 14th Year Period | 6-1/2% |
| h) 15th Year Period through 19th Year Period | 7-1/2% |
| i) 20th Year Period and thereafter | 8% |

(Footnote a: For the third full shift worked, an employee shall be credited with eight (8) hours in computing his vacation allowance.)

11.1 (a) Effective October 1, 2003, (date of ratification) irrespective of craft(s) diversion from wage rate into Article 26, holiday and vacation compensation shall be paid pursuant to the holiday/vacation wage rate listed under Schedule A (2).

11.2 To advance from the one percentage vacation benefit to the next higher percentage, an employee is required to work 1,000 hours or more in the employ of the Company in each anniversary year. (For example, an employee must work 1,000 hours in three (3) anniversary years to receive the four percent benefit; upon attaining the 1,000 hours in the third year, the vacation benefit for that year will be four percent).

An employee working less than 1,000 hours in an anniversary year will remain at the vacation benefit percentage at which he began that year.

11.3 The vacation year for vacation pay, time and hours worked, shall be defined as the employee's anniversary date of employment.

11.4 Vacation periods or vacation pay are not cumulative from year to year and the vacation shall be taken at a time mutually agreeable between the Company and the employee.

- 11.5 Vacation pay accruing to an employee within his vacation year as described above shall be paid to said employee upon completion of his vacation year. Upon termination, accrued vacation pay shall be paid in full.
- 11.6 Where separate vacation paychecks are not provided, the withholding tax will be adjusted to account for the vacation payment.

ARTICLE 12
No Limits on Production

There shall be no contract, bonus, piece or task work, nor shall there be a limit on, or curtailment of production or any self-imposed restrictions placed or imposed by any Union.

ARTICLE 13
Dirty Work

- 13.1 The parties recognize the nature of work within the shipyard industry requires working in conditions more dirty, disagreeable, and unpleasant than in other industries in the trades. Therefore, it is the intent of the parties to limit the applicability of dirty pay to journeymen, mechanics and helpers in situations that are exceptionally dirty, disagreeable, or unpleasant relative to shipyard work. The company shall determine in advance what areas warrant dirty pay, but shall not exercise this prerogative arbitrarily. It is not the intent of this provision to discontinue the use of tank cleaning and other cleaning services. The dirty pay penalty will be paid at the rate of time and one-half (1-1/2), with the exception of laborers who shall be paid in accordance with Schedule A. However, when cleaning or working in septic tanks containing human waste, or in the course of assigned work an employee comes into physical contact with human waste, double time (2T) shall be paid for all classifications.
- 13.2 When an employee's clothing or body becomes soaked or contaminated with human waste, water or oil due to circumstances beyond his (her) control, and when the incident is properly reported, the employee shall be given a reasonable opportunity, on the Company's time, to clean up and/or change clothing. When circumstances require the employee to leave the yard or job site (outside job), he (she) shall be compensated (not to exceed two (2) hours) at the normal straight-time rate. If the incident occurs less than two (2) hours before the end of the shift, he (she) shall be paid at the straight-time rate until the end of the shift.

ARTICLE 14
Maintenance Work

- 14.1 Maintenance work shall be performed at the wage rates and conditions herein established. Maintenance work shall consist of maintenance of all yard and plant facilities.
- 14.2 Incidental construction work may be performed by the bargaining unit at the shipyard rate. This understanding is intended as a means to help in retaining bargaining unit employees on the active payroll, such as during periods of low production work levels.

ARTICLE 15
Reporting Pay and Minimum Pay

- 15.1 Employees starting a shift or called and starting to work after the starting time of a shift shall receive not less than four (4) hours pay. Shift hours shall not be reduced arbitrarily.
- 15.2 Employees required to report for work not continuous with their regular assigned shift hours, or on Saturday, Sundays and holidays shall receive not less than four (4) hours pay at the straight time rate.
- 15.3 Employees required to report for work and not used, shall receive four (4) hours straight time pay.
- 15.4 The foregoing sections 15.1, .2, and .3 shall not apply because of bad weather or breakdown of machinery, acts of God, or other circumstances beyond the control of the company which prevent the performance of work, except that this shall not be construed to cover failure to have work or vessel available.
- 15.5 Employees who quit, are laid off or are discharged for cause shall be paid only for actual hours worked.
- 15.6 Employees not at work on the day a shutdown or layoff occurs, shall be considered to have received notification of such shutdown or layoff that they would have received if they had been working.
- 15.7 In the event the Foreman requests the employee who has reported for work at his regular starting time and in unworkable weather to remain on the premises with the expectancy of starting work later if the weather clears, such employee shall be paid for such waiting time which in no case shall be less than four (4) hours pay at his regular rate of pay.

ARTICLE 16
Health and Safety

- 16.1 The Company shall comply with all safety, health and sanitation measures as required by the Washington Industrial Safety and Health Act and the Federal Occupational Safety and Health Act.
- 16.2 Prompt ambulance service and first aid to injured workers shall be provided on all shifts and a safety man shall be employed and made responsible for the proper enforcement of safety rules. All first aid personnel shall be identified and signs indicating location of first aid stations shall be posted.
- 16.3 An employee suffering an industrial injury who is advised not to resume work by a nurse, first aid attendant or by a physician to whom he has been referred, shall be paid on his usual basis, pursuant to the terms of this Agreement, to the end of the shift on which the injury occurred; if such employee had reported such injury immediately following its occurrence to the nurse, first aid attendant, or physician designated by the Company and

had completed working the shift during which he was so injured, and on the following day, after reporting for work is advised by the nurse, first aid attendant or physician to whom he has been referred by the Company not to continue work because of said injury, he shall be paid to the end of said shift.

- 16.4 The Company shall notify the respective Union not later than the end of the next regular working day of lost time accidents to any of its members that necessitated confinement in any hospital or clinic, providing the Company has knowledge of such confinement.
- 16.5 It is understood that matters dealing with safety should be presented first to the Company and/or the safety committee prior to the matter being referred to governmental agencies.
- 16.6 No employee shall be unlawfully discriminated against in employment as a result of a physical examination. When an employee is directed by the Company to undergo a physical examination, the examination shall be paid in full by the Company and the employee shall be paid for his/her time. Pre-employment physicals shall be paid in full by the Company but the applicant shall not be paid for the time. Physical examinations will not be utilized for arbitrary reasons, only when there is a good-faith, reasonable doubt regarding the individual's medical fitness for work. Physical examinations shall not be utilized in lieu of disciplinary action, nor shall a physical examination be used in lieu of the Company's drug policy. The Union shall be notified when any employee is sent for a physical examination directed by the Company.

ARTICLE 17

Union Representatives

The Business Representatives of the various crafts shall have access to the Company's shipyard and shipyard shops after notifying the Company of the representative's presence through the designated office, provided they do not interfere or cause workmen to neglect their work.

- 17.1 **Shop Stewards**
It is recognized by the Company that shop stewards are desirable for the proper administration of the terms of this Agreement. Company also recognizes that it is desirable that the person designated as steward shall receive his fair share of the work that he is qualified to perform. In no event shall the Company discriminate against a steward in the matter of layoffs or rehires or discharge him on account of the proper performance of his duties. Twelve (12) hours advance notice will be given the shop steward if he is to be laid off.
- 17.2 There may be designated by each Union one Chief Shop Steward on each shift who will be granted Super Seniority during his respective term of office. Such Chief Shop Steward shall have at least one (1) years of seniority, and be qualified to perform the work available.

- 17.3 The Company will not in any way discriminate against any shop steward or committeeman for presenting any complaint, dispute or grievance to their foreman or department head or to the Personnel Department in the manner provided for in this Agreement.
- 17.4 The Union shall advise the Company of the name or names of shop steward, currently elected or appointed. The full grievance procedure as set forth herein shall be available to any Union which feels that its shop stewards have been discriminated against.

ARTICLE 18

Pay Day

- 18.1 Pay days shall be weekly and shall pay for the previous week's work.
- 18.2 In case an employee is laid off, quits, or discharged by the Company, he shall receive his pay in compliance with State Law.
- 18.3 Second shift employees are to be paid on Thursday each week and third shift employees no later than Friday morning.
- 18.4 Any error in an employee's pay check which is greater than fifty dollars (\$50.00) shall be corrected by the Company within two (2) working days from the time the error was brought to the Company's attention; otherwise the error shall be corrected on the next regular pay day.

ARTICLE 19

Travel Time and Out of Yard Work

- 19.1 When employees are sent to work away from the yard or regular place of employment, such travel shall be considered as time worked and paid at the appropriate rate.
- 19.2 The Company shall provide covered transportation or pay mileage allowance in accordance with the maximum cents per mile allowed by the Internal Revenue Service plus bridge tolls if the employee is required to furnish his own transportation from the Company's place of business to the job site.
- 19.3 On out of yard jobs within a forty (40) mile radius from the yard lasting longer than one (1) working day, the location of the job shall be considered the place of employment and the employees may be required to report direct to such job at the regular starting time of their established shift without travel time. The Company shall pay all tolls not ordinarily paid by the employee.
- 19.4 If employees are sent to work out of town, they shall receive reasonable board, lodging, and transportation.
- 19.5 If employees are required to travel on overtime days, they shall be paid travel pay at the established overtime rate.

- 19.6 Not more than eight (8) hours pay shall be paid for travel time in any one day of twenty-four (24) hours computed from the starting time of the employee's regularly assigned shift.
- 19.7 When employees are required to work at sea or are assigned to vessels on trial trips, they shall receive regular shift pay, meals, and room accommodations when necessary. If employees are required to work outside of their regular assigned shift hours, or on Saturdays, Sundays or holidays, they shall receive the established overtime pay for such time worked. For overnight(s) trips where the vessel transits from one location to another location, assignment shall be voluntary.
- 19.8 Exclusive of other provisions of Article 19, effective October 1, 2003, employees assigned to work in the Bremerton area shall receive an \$18.00 per day travel allowance. Such Bremerton area allowance shall be increased to \$19.00 per day effective July 1, 2004; and to \$20.00 per day effective July 1, 2005. This allowance is intended for employees for whom work in the Bremerton area would be an inconvenience and/or added expense; it would not be applicable, for instance, to employees who reside in the Bremerton area. The Company will continue to work with employees on a case-by-case basis if the employee's personal circumstances would result in an undue hardship on the employee if required to work in Bremerton. In the event of ferry fare increases, the Company will give good faith consideration to adjust the travel allowance. The Company will continue to consider alternative start/quit times, and meal/break times and observances in order to accommodate ferry schedules, the employee's personal life, and productivity.

ARTICLE 20

Welding

- 20.1 It is recognized that the autogenous process of welding, silver-brazing and burning are tools of the trades signatory to this Agreement, and the rates of pay shall be the same as the trades affected. Employees required to take a test shall be paid for the time for the test if they pass it successfully.
- 20.2 Where U.S. Certificate is required by the U.S. Coast Guard or other recognized agency for welding on pressure vessels, boilers and Class I piping, as defined in the U.S. Marine Engineering Regulations and Material Specifications, the rate of pay shall be an additional fifty cents (50¢) per hour over and above the journey rate for all time assigned to such certified welding jobs.

ARTICLE 21

Apprentice Program

The Company will continue to recognize apprenticeship programs in effect on May 2, 1997; programs initiated subsequent to May 2, 1997, shall be by mutual agreement between the Company and the respective Union.

ARTICLE 22
Strikes and Lockouts Barred

There shall be no lockouts on the part of the Company, nor suspensions of work on the part of the employees. This Agreement is a guaranty that for its duration there will be neither strikes nor lockouts, and that all complaints, grievances or disputes arising under its provisions will be settled pursuant to its grievance machinery, Article 23, "Grievances and Complaints" and Article 24, "Arbitration of Disputes". Any action of the employees in refusing to go through a picket line for their own protection in case of an officially declared strike by some Union directly working on the job, if said strike is sanctioned and approved by the Puget Sound Metal Trades Council, shall not constitute a violation of this clause of the Agreement.

ARTICLE 23
Grievances and Complaints

STEP 1

The shop steward, committeeman or business representative shall call any complaint, dispute, or grievance to the attention of the foreman or department head within five (5) working days from the time it arises. If the complaint, dispute, or grievance is not adjusted within two (2) working days after it is presented to the foreman or department head, the shop steward or committeeman shall report such complaint, dispute, or grievance in writing over the signature of the complainant to his respective business representative. Such written complaint, dispute, or grievance shall describe the incident involved, the provision of the Agreement alleged to be violated, and the remedy requested, and shall be submitted to the general manager or other official designated by the Company over the signature of the business representative within twelve (12) working days from the date the complaint, dispute, or grievance arose.

Within five (5) working days after the general manager or other official designated by the Company receives a communication in writing from the respective Union alleging violations of this collective bargaining agreement, the Company shall reply to the communication in writing. If the Company does not respond within five (5) days, the Union has the right to proceed to Step 3.

STEP 2

Within five (5) working days after the Company replies to the communication from the respective Union of a violation or violations of the collective bargaining agreement, a business representative of the Union and the general manager of the Company, or other official designated by the Company, shall meet for the purpose of adjusting such complaint, dispute, or grievance. Any final decision reached by the Company representative and the Union business representative shall be reduced to writing.

STEP 3

If no satisfactory solution eventuates from Step 2 within five (5) working days, then either party may within five (5) days thereafter request in writing a meeting to be held with representatives of the Company and representatives of the International Union involved in the dispute. Any settlement reached shall be final and binding

STEP 4

If no satisfactory solution eventuates from Step 3 within ten (10) working days, then either party may within ten (10) days thereafter give written notice of arbitration to the other party.

- 23.1 Any complaint, dispute or grievance not brought up or carried forward to adjustment or arbitration as provided for in this Article shall, unless otherwise agreed in writing, be regarded as waived.
- 23.2 No employee shall refuse to work or otherwise curtail production or engage in any slowdown or interfere with Company's operations because of any complaint, dispute or grievance which he may have.
- 23.3 If the Company has any complaint, dispute, or grievance with any union or any employee covered by this Agreement, the Company shall likewise avail itself to any or all of the foregoing grievance procedure steps.

ARTICLE 24 **Arbitration of Disputes**

In the event the parties shall be unable to adjust any complaint, grievance, or dispute involving the express terms of this Agreement, such complaint, grievance, or dispute shall be referred to Arbitration. In the event the parties are unable to agree upon arbiter within five (5) days, the party desiring to arbitrate shall send a request by mail to the Director of the Federal Mediation and Conciliation Service requesting the Director to furnish a list of five (5) arbiters. Each party shall have the right to strike a total of two (2) names from the list, and the right to strike first shall be determined by lot, or as otherwise agreed by the parties, and each party shall alternately strike one name. The name remaining on the list after each party has stricken two (2) names shall be the arbitrator. The cost of the arbitrator shall be borne by the party whose position is not upheld by the arbitrator. In event of a split decision, the arbitrator shall determine the allocation of his fees. All other expenses shall be paid by the party incurring them. The decision of the arbitrator shall be final and binding upon the parties. Such decision shall be limited to interpretation and application of the express terms of this Agreement, and shall not change or add to any of its terms or conditions. In his decision, the arbitrator shall specify whether or not the decision is retroactive and the effective date thereof, providing that in no case will the finding be retroactive beyond the date the grievance was filed.

ARTICLE 25 **Jurisdiction**

- 25.1 It is the intent of the parties to, in general, maintain the traditional craft jurisdictions within the yard. It is also recognized that the Company reserves the right to assign the work. It is further acknowledged that inefficiencies and standby time are detrimental to and not desired by either party and are to be eliminated whenever possible.
- 25.2 To exemplify the principals of section 25.1, the Company and Unions agree to jointly support a proactive Continuous Improvement Process, the goal of which is to improve all

company work practices and methods in order to eliminate inefficiencies and reduce the cost of performing work; thereby allowing the Company to be as competitive as possible in its markets.

To fully implement the Continuous Improvement Process the Company and Unions agree that the Company must organize, manage and perform all jobs in the most efficient/productive manner possible consistent with safety, skill requirements, and maximum utilization of available manpower. To help attain this goal the parties agree to the following:

(a) COMPOSITE CREWS

The parties agree to the use of composite crews where such crews will reduce the overall cost of doing work. Composite crews are defined as crews consisting of members of the various crafts which would be traditionally called upon to do the work at hand except these crew members would be allowed to "cross craft" to assist one another in order to optimize accomplishment of the job where their skills allow. Each job may be assigned a lead craft to meet budgets, schedules and direct composite crews in the completion of the jobs. For composite crews to work at maximum efficiency they must work cooperatively and in concert to accomplish the assigned work.

(b) CRAFT ASSIST

Craft assistance is defined as a craft assisting another craft in the performance of work items not normally assigned to his/her respective craft. It is intended to utilize craft assistance to increase efficiency, not to displace additional full time workers in another craft.

25.3 It is agreed that in the event of a dispute the Unions involved in such jurisdictional disputes shall be primarily responsible for the prevention of a stoppage of work. Any such disputes shall be settled by the Unions in accordance with the jurisdictional policy of the Metal Trades Department of the AFL-CIO.

ARTICLE 26

Health, Welfare, Dental and Pension Plans

26.1 (a) Effective July 1, 2006 hours, the Company shall pay the following amounts per hour into jointly administered Health and Welfare, Dental and Pension Trust Funds, as may be allocated by Local Unions signatory to this Agreement.

Effective	Effective	Effective
<u>7-1-06</u>	<u>7-1-07</u>	<u>7-1-08</u>
\$5.39	\$6.09	\$6.84

26.1 (b) Effective as soon as possible following the 2006 ratification, and by June 1, 2007 and June 1, of 2008 each Craft will individually designate in writing to the Company the allocation of the increases denoted in Schedule "A" to either/or both Article 26 (fringe) and/or Journey wage.

- 26.2 Upon failure of the Company to make any of the payments required by Article 26, the Union shall refer the matter immediately to the president of the Company upon the Union's notification by the Trust. In the Event the Company does not make such payments within the timeframe declared by the Trust, the Union shall at that time be free to exercise economic action against the Company to enforce payment, and such action shall not be deemed to be in violation of Article 22, Strikes and Lockouts Barred.
- 26.3 In the event a craft(s)' health trust requires an increase of contributions to maintain benefits, the wage rates of such employees and craft(s) will be reduced under Schedule "A" an equal amount. Further, provided the majority of individual craft employees participating in a particular trust may elect, or not to elect, to divert up to twenty cents (20¢) per hour once during each contract year (July 1 - June 30) of the 2006-2009 Agreement from the employees' wage rates and the classification wage rates under Schedule A in order to increase pension contributions.

Any authorization of diversion must be:

- a. In writing
- b. Effective on the first day of a month with a minimum of five (5) working days notice
- c. Prospective in nature (not retroactively applied).

ARTICLE 27

Tools

- 27.1 Employees will be furnished tools. The employees shall be responsible for and take all reasonable care and precaution to protect these tools from damage, loss, or theft. The Unions agree to cooperate with the Company in exercising the intent of this Article toward employees who are negligent with property supplied to them by the Company.
- 27.2 Employees shall have sufficient time prior to the end of such shift to put away tools on the Company's time. Determination of sufficient time shall be at the Company's discretion.
- 27.3 If the Company fails to furnish tools, then the Company shall pay each employee fifteen cents (\$.15) per hour for tools furnished by employees.

ARTICLE 28

Jury Service

- 28.1 An employee having seniority and on the active payroll and required by law to serve as a jurymen shall, upon satisfactory proof to the Company of such service rendered, be reimbursed by the Company for his work time lost on the basis of the difference between his straight time day shift hourly job classification rate and his jury pay (excluding travel allowance), provided, however, such Company reimbursement shall not be applicable to any period of time during which said employee-jurymen did not perform work for the

Company other than when prevented from doing so solely because of said jury service; and further provided that such Company reimbursement is, in no event, to be applicable for a period of more than eight hours in a standard workday, nor more than five days in a standard workweek.

- 28.2 In applying the foregoing, it is understood that if an employee is called for jury service, responds to the call, and loses time, but is not accepted for service or serves and is relieved there from by the middle of his work shift, the employee will be reimbursed by the Company for his work time lost on the basis of the difference between his straight time day shift hourly job classification rate and his jury pay (excluding travel allowance), provided he returns to his job immediately and promptly reports these facts to the Company; provided further that if an employee works his regular shift in addition to performing jury duty, he shall not be paid by the Company under the provision of this Article.
- 28.3 There shall be a maximum jury service benefit of eighty (80) hours for any one jury term.

ARTICLE 29

Funeral Leave

In the event a death occurs in the immediate family of any employee having been regularly employed for a period of ninety (90) days, the employee shall receive one (1) day off with pay. The immediate family shall be defined as wife, husband, son, daughter, mother, father, employee's mother-in-law or father-in-law. The intent of this benefit is for employees to attend or to make arrangements for the service of the deceased.

ARTICLE 30

Warranty of Authority

The officials executing this Agreement in behalf of the Company and the Unions signatory hereto hereby warrant and guarantee that they have the authority to act for, bind, and collectively bargain in behalf of the organizations which they represent.

ARTICLE 31

Management Functions

Subject only to the specific provisions of this Agreement, the management of the plant and the direction of the working force and the assignment of work shall be the exclusive function of the Company; provided, however, this shall not be construed as limiting the Union's rights under Article 23, Grievances and Complaints.

ARTICLE 32

Saving Clause

- 32.1 Should any part hereof or any provision herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation, or by any decree of a court of competent jurisdiction, such invalidation of such part or portion of this Agreement

shall not invalidate the remaining portions hereof; provided, however, upon such invalidation the parties agree immediately to meet and negotiate such parts or provisions affected. The remaining parts or provisions shall remain in full force and effect.

- 32.2 Any traffic demand management constraints or penalties imposed upon the Company shall be considered to fall within the scope of this Article; therefore, waiving any requirements under Article 5, "Standard Day Shift Hours," or Article 8, "Shifts," regarding hours within which work must be performed. The Company shall meet and discuss with the affected Union(s) any work schedule changes.
- 32.3 This written Agreement shall comprise the entire agreement between the parties. No other agreements shall exist unless they are contained within or attached to or subsequently attached to this Agreement. It is the intention of the Company to maintain coffee breaks and clean-up time. Any substantive practice overlooked and not discussed during in the 1996-1997 negotiations will not be changed without prior negotiations with the Union(s).

ARTICLE 33
Effective Date and Duration of Agreement

This Agreement will become effective September 25, 2006, (date of ratification) unless otherwise provided herein, and shall remain in full force and effect through June 30, 2009 and from year to year thereafter, unless either party shall at least sixty (60) days, but not more than ninety (90) days prior to July 1, 2009 or any subsequent anniversary date, notify the other party in writing of a desire to change, modify, or terminate the Agreement.

Lake Union Drydock Company

By: 

Date: 1-15-07

UNIONS:

The Pacific Coast Metal Trades District Council

By: 

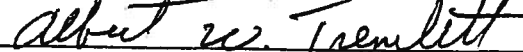
Date: 3-6-07

Company Representative
WASHINGTON EMPLOYERS, INC.

By: 

Date: 1-15-07

The Puget Sound Metal Trades Council

By: 

Date: 3-12-07

SCHEDULE "A"

1. Journey: 100% **
 - Mechanic: 90% of Journey Rate
 - Helper/Cleanup: 70% of Journey Rate
 - Fire Watch: 70% of Journey Rate

2. (a) 2006, 2007, and 2008 Combined Journey & Article 26 Increases: Each Craft will individually designate to the Company in writing thirty (30) days prior to July 1 of each year (as soon as possible in 2006) the allocation of the below specified increases to either/or both Article 26 (fringe) and/ or to Journey wage. Effective June 30, 2006, the combined Journey and Article 26 amount totaled \$26.47.

<u>Effective 07/01/06 hrs*</u>	<u>Effective 07/01/07 hrs</u>	<u>Effective 07/01/08 hrs</u>
+93¢	+95¢	+\$1.00
\$27.40	\$28.35	\$29.35

- (b) The Journey level holiday and vacation rate of pay for all crafts shall be as follows. In the event the rate of pay for time-worked for a craft should exceed the below rate, such craft shall receive the time-worked rate or the below rate for holiday and vacation, whichever is higher.

<u>Effective 10/01/06*</u>	<u>Effective 07/01/07</u>	<u>Effective 07/01/08</u>
\$22.01	22.26	\$22.51

* Employees must have been employed or holding seniority on the date of ratification to be eligible for any retroactive adjustment.

** Employees of all crafts continue to remain eligible to attain the Journey level classification.

3. Lead persons \$1.20 per hour over journey rate.
 Second Shift premium shall be paid at the rate of \$.75 per hour.
 Third shift premium will be paid at the rate of \$1.00 per hour.

4. New employees shall be hired at the Mechanic or Helper/Clean-up/Fire Watch classification unless mutually agreed between the Company and the Union to hire-in at Journey. "Mechanic" employees shall be automatically advanced to Journey after the completion of 2,000 hours worked, or sooner at the discretion of the Company.

5. Employees hired as Helpers shall perform duties such as:
 - (1) Assist higher classified employees.
 - (2) May use simple hand tools (hammer, pliers, etc.).

- (3) May perform work of a routine, repetitive nature where tolerances and precision are not a factor.
 - (4) May use power tools such as grinders, sanders, washers.
 - (5) Parts and tool chaser.
 - (6) Parts cleaner.
 - (7) Fire Watch.
6. The cleanup rate shall be applicable to non-skilled work which requires no formal training, nor special tools or expertise, other than familiarization with basic safety procedures. Included within this category of work are sweeping, shoveling, wiping down, washing, manually loading or unloading refuse, material, or equipment, fire watch, and other work of a similar non-skilled nature.
 7. Employees who are graduate apprentices from a formal Washington State approved JATC apprenticeship program shall be classified as Journey.
 8. The past practice regarding forklifts and other material handling/moving equipment shall remain unchanged.
 9. The attached understandings between the Company and the respective individual craft regarding individual craft issues are hereby incorporated into this Agreement.

1996-2000 Letter of Understanding
by and between
Lake Union Drydock Company
and
International Brotherhood of Boilermakers #104

The Employer recognizes the International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers and Helpers as the exclusive collective bargaining representative of the employees included in the job classifications referenced in this addendum, separate and apart from the Pacific Coast Metal Trades Council, Puget Sound Metal Trades Council and the National Metal Trades Department, AFL-CIO.

Further, the parties expressly recognize that by signing this agreement and addendum, the International brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers and Helpers are not waiving their right to negotiate separate and apart from the Pacific Coast Metal Trades District Council, Puget Sound Metal Trades Council or the National Metal Trades Department, AFL-CIO.

Further, the parties expressly recognize that separate notification pursuant to Article 33 of the collective bargaining agreement must be given to or received from either the International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers and Helpers or subordinate Local 104, Seattle, Washington should Lake Union Drydock Company or the International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers and Helpers or their subordinate Local 104 wish to modify or amend this agreement.

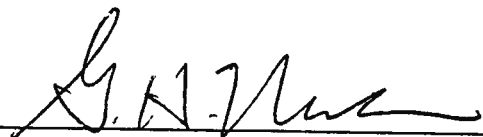
Job classifications covered by this Agreement shall be:

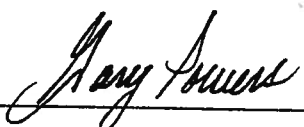
All job classification traditionally represented by Boilermakers Local 104, such as:

Shipfitter, Welder, and Rigger.

Lake Union Drydock Company

Boilermakers #104

By: 

By: 

Date: 1-15-07

Date 1/16/07

1996-2000 Letter of Understanding
by and between
Lake Union Drydock Company
and
IBEW Local #46

The Company and the Union agree to the following wage rate premiums:

1. Electronic Technician classification

An electronic technician is one who normally through special study and training has the knowledge and ability to understand, analyze, test, service, repair and adjust electronic equipment (this shall include connector work performed by certified electricians while engaged with navy vessel work). The electronic technician shall perform trouble shooting and testing required on electronic equipment/devices for audio, video, control circuits, remote and control instrumentation, telephone switch, and welding machine maintenance, etc. An electronic technician shall receive fifty cents (50¢) per hour over journey rate for each such hour actually so engaged. This shall be an in use rate. It shall not include wiring circuits from the source of supply to the equipment power terminal or connection, installation, or mounting of electronic equipment and ancillary components.

2. Electronic Technician II classification

The following shall apply only to government contracts that use a total ship test program. It shall be invoked only when the Company is required to use test memos for Combat Systems Testing that require government approval.

All rates shall be "in use rates" and shall be written in on the timecard for actual time spent doing actual Combat Systems type work. Eligible employees shall receive ninety-five cents (95¢) per hour over journey rate for each hour actually so engaged.

These rates shall apply while performing the actual test or any related aligning/grooming to make the system ready for operation testing. This does not apply to installation, cabling, hook-up, wire checking, meggering or "state 2 testing".

Personnel performing the agreed work shall be able to use/operate all test equipment and tools necessary to align, calibrate, and operate the required systems.

Combat Systems type work as defined shall apply to radar, sonar, communication, weapon, guidance, surveillance, and countermeasure systems as used by the government onboard combatants. The following are not considered Combat System type systems: Gyro's and repeaters, frequency converters/M.G. sets, signal lights (including infrared), wind speed and direction indicators, doppler speed log/pit sword, alarms, (unless integral to the equipment), and dial or sound powered telephones.

3. The Company and the Union agree that electricians when engaged in the duties of a Plannerman will receive, in addition to their regular rate pay, an additional twenty five cents (25¢) per hour for each hour worked while performing such duties. Further, it is understood that the Company currently does not employ any electrical workers in this category nor do they anticipate employing such workers in the foreseeable future. However, in the event circumstances change or the Union believes employees to be engaged in Plannerman activities, the Company and the Union agree to meet to determine scope and eligibility for such sub-classification of work.

Lake Union Drydock Company

IBEW Local #46

By: *G. H. New*

By: *Bob M. Old*

Date: 1-15-07

Date 2-20-07

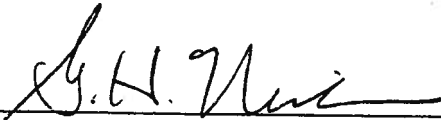
1996-2000 Letter of Understanding
by and between
Lake Union Drydock Company
and

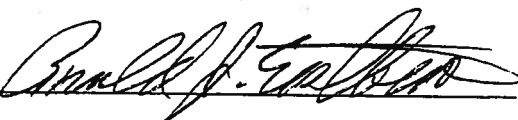
Painters District Council #5

The Company and the Union agree to continue to pay a spray paint premium of twenty-two cents (22¢) per hour to apply to journeyman and/or mechanics for each hour so worked.

Lake Union Drydock Company

Painters District Council #5

By: 

By: 

Date: 1-15-07

Date: 1-16-07

1996-2000 Letter of Understanding
by and between
Lake Union Drydock Company
and

Shipwrights Local #1184

The parties agree to the following understandings:

1. Regarding Article 5, Leading Men:

- (a) Working Leading men shall receive the Leading man rate over and above the contract rate while engaged in work for which a contract premium rate is paid. A Leading man on the job side leading a crew composed of journeymen receiving such contract premium rate also is entitled to Leading man pay over the above the premium.

2. Regarding Section 11.5, Vacations:

There shall be no vacation pay in lieu of a vacation. Vacation pay accruing to the employee within his vacation year shall be paid to said employee upon completion of his vacation year unless said employee is leaving the area, is discharged, quits or the Union makes written request, in which event he shall be paid in full such vacation pay as may have accrued to him under the terms of Article 11. When a seniority employee is laid off however, if he requests his vacation pay, the Company shall mail his pro rata vacation pay per 18.2 to the address the employee designates.

3. Regarding Article 27 Tools:

27.4 - It is hereby agreed that in respect to the safekeeping of tools, the Company will furnish a designated place for the employee's tools to be placed while the employee is off shift. In the event any tools or toolboxes are stolen from the designated place, or lost due to fire, the Company shall replace such tools.

27.5 - It is further agreed that each employee will furnish an inventory in duplicate of these tools, and a copy of such inventory shall be filed with the personnel department and the employee's superintendent. Any additional tools that may be purchased by the employee will be added to such list at the time they are brought into the yard. The inventory shall be used for the purpose of tool replacement only.

27.6 - All tools shall be sharpened on the Company's time.

4. Regarding Schedule A (1):

- (a) The Company and the Union agree that carpenters engaged while working with creosoted, toxic materials, treated lumber or fiberglass, rockwool, styrofoam or similar installation work, greasing and waxing of the ways, and the cutting or

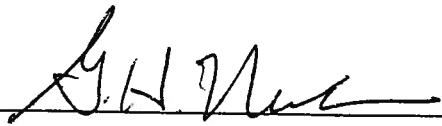
grinding by machine of Marinade, asbestos materials and fiberglass shall be paid, in addition to their regular rate, fifty cents (50¢) per hour.

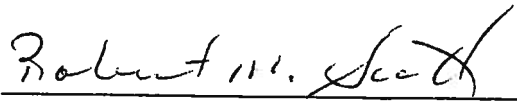
(b) Wood caulking, including reefing out and replacing of glue or rubber in seams, shall be paid, in addition to their rate of pay, one dollar (\$1.00) per hour.

5. The Company recognizes that Shipwrights Local #1184 was originally certified per 20-RD-1327.

Lake Union Drydock Company

Shipwrights Local #1184

By: 

By: 

Date: 1-15-07

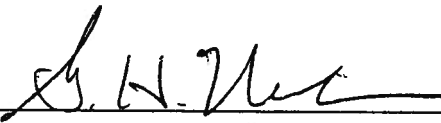
Date 1/16/07

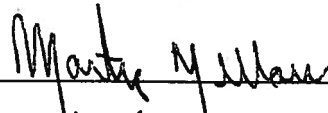
2006 Letter of Understanding
by and between
Lake Union Drydock Company
and
United Association Local #32

The Company and Pipefitters Local #32 agreed on October 5, 2006 to an non-precedent exception to a twenty cent (20¢) per hour per year pension maximum due to that pension trust's unique circumstances.

Lake Union Drydock Company

Pipefitters Local #32

By: 

By: 

Date: 1-15-07

Date 02/20/07

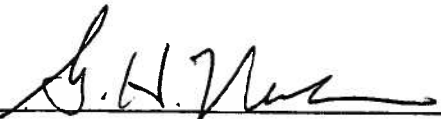
12-7-2006 Letter of Understanding
by and between
Lake Union Drydock Company
and
Pacific Coast Metal Trades

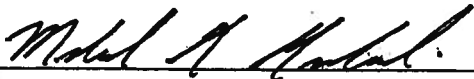
This will confirm the conversation between the Company and the Union negotiation spokesman on December 7, 2006. The parties confirm the understanding of the 2006 negotiations that under Article 26, the maximum that any craft can place into pension during any one (1) contract year is twenty cent (20¢) per hour, absent a written understanding to the contrary (such as the 2006 understanding between the Company and UA #32).

This will confirm the December 15, 2006 telephone call between Neilson, Grabowski, and Wettack regarding fringe money. The amounts specified under Article 26 (1) are the amounts that each craft can distribute as each craft sees fit among Health, Pension, and Training/Apprenticeship without limitation. In the event a craft's Health, Pension, Training/Apprenticeship requirements exceed the respective yearly amount in Article 26, the necessary additional amount required by the Health trust will be diverted from wage to fringe for Health without limitation. However, there is a limitation that a craft can divert beyond the fringe totals of Article 26 for Pension; that limitation is the twenty (20) cent per year maximum.

Lake Union Drydock Company

Pacific Coast Metal Trades

By: 

By: 

Date: 1-15-07

Date: 3-6-07