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October 20, 2004

MEMORANDUM OF AGREEMENT

The following recites the agreement reached between the Aerospace Corporation ("Corporation") and the Aerospace Professional Staff Association ("APSA"), hereinafter referred to collectively as "the parties," on the terms and conditions of their collective bargaining agreement ("Agreement") covering the period of August 1, 2004, to August 1, 2005. This agreement shall become effective immediately *provided, however*, that the agreement is subject to ratification by APSA's membership. Should APSA's membership decline to ratify this agreement, the parties shall return to the bargaining table immediately.

Where appropriate, specific changes to contractual articles are indicated and, where appropriate, changes in administrative practice under the collective bargaining agreement are specified. In all cases, references to changes relate to the Articles of the parties' collective bargaining agreement covering the period from August 1, 2003, to August 1, 2004.

COVER SHEET

- Replace "August 1, 2003 through August 1, 2004" with "August 1, 2004 to August 1, 2005."

CONTENTS

- Modify Appendix C to read as follows:
"APPENDIX C Work Environment
 1. Performance Management Process
 2. Corrective Action
 3. Alternate Workweek Program
 4. Extended Work Week (EWW)
 5. Hiring, Promotions, Transfers, and Reassignments.
 6. Intergroup Rotation Program (IRP)
 7. Exempt Employees – Distribution of Effort
 8. Exempt Employees – Part-Time Employment
 9. Nonexempt Employees – Distribution of Effort
 10. Nonexempt Employees – Benefits
 11. Business Travel
 12. Meal and Mileage Allowances

13. Traffic and Parking
14. Security Program
15. Proprietary Information
16. Electronic Communication Services
17. Temporary Domestic Assignment
18. Permanent Domestic Relocation
19. Short-Term International Assignment
20. Long-Term International Assignment
21. Federal Government Positions

Modify Appendix D to read as follows:

“APPENDIX D Work Absences

1. Holidays
2. Vacation
3. Sick Leave
4. Jury Duty
5. Military Reserve Active Duty
6. Other Absences
7. Compensatory Time-Off

PREAMBLE

- Change the preamble date to August 1, 2004.

ARTICLE VI MERIT EMPLOYMENT PROVISIONS

- Add a new paragraph 617 (and renumber all subsequent paragraphs as necessary) to read:

The corporation’s policy is not to transfer an employee into an organization where the employee would be reporting to the same manager/supervisor as a family member or domestic partner. Family members and domestic partners may not be in a supervisory relationship.

- Add a new paragraph 618 (and renumber all subsequent paragraphs as necessary) to read:

The limit of 6 pending transfers can be waived on a case by case basis by the Human Resources Department.

- Add a new paragraph 619 (and renumber all subsequent paragraphs as necessary) to read:

The limit of 6 pending transfers is waived for those in displaced status or those notified they have been selected for a reduction in force.

ARTICLE VIII EMPLOYEE BENEFITS

- Modify paragraph 803 to add:

FI-1-5 Time Recording – Non-Exempt Employees

- Modify paragraph 803 to change:

FI-1-6 Distribution of Effort – Exempt Employees

To:

FI-1-6 Time Recording – Exempt Employees

ARTICLE IX COMPENSATION

- Modify paragraph 901 to read as follows:

901 “During Fiscal Year 2005, the Corporation shall budget, in accordance with past practice, merit salary increases aggregating 3.75% of the bargaining unit payroll as of October 1, 2004. Budgeted increases for the MTS who have been employed for less than one year on October 1, 2004, may be prorated at the discretion of management. Individual increases, less organizational reserves, shall be administered on a common review date of December 11, 2004, subject to approval of the Board of Trustees. There shall also be a separate discretionary reserve for promotional and special salary increases and other contingencies of up to 1.0% computed on the same basis as above. The merit salary increase shall provide for a penetrable floor of \$15.00 per week for documented poor performance. A description of the compensation process is provided in Section B, Non-supervisory MTS, Section 3, Compensation.”

- Modify paragraph 902 to read as follows:

902 “During Fiscal Year 2005, the Corporation shall budget, in accordance with past practice, for a Performance Recognition Payment Program. At least 59.0% of the total program funding shall be distributed to the bargaining unit employees. Total program funding is the amount actually spent on these payments to all eligible employees up to a maximum of \$2,785,444 (approximately 0.8% of the gross payroll). A description of the program is provided in Appendix E, Employee Programs, Section 1, Performance Recognition Payment Program.”

- Delete the current paragraph 903. Renumber subsequent paragraphs as necessary
- Modify the current paragraph 904 to read as follows:

904 “During Fiscal Year 2005, the Corporation shall budget, in accordance with past practice, a Corporate Awards Program aggregating 0.19% of the bargaining unit payroll as of October 1, 2004. A description of the program is provided in Appendix E, Employee Programs, Section 4, Corporate Awards Program.”

ARTICLE XVI GENERAL PROVISIONS

- In paragraph 1606, change “2003” to “2004”.
- In paragraph 1619, change “2003” to “2004”.
- Change paragraph 1620 to read:

The Corporation shall provide APSA in January 2005 with a report that shall state the total revenue for FY 2004 non-ceiling work, total fee earned, and total fee pool that was distributed to employees.

- Add new paragraph 1623 to read (and renumber all other sections accordingly):

“Starting March 1, 2005, the Corporation shall provide APSA with the following information regarding each bargaining unit employee on a monthly basis in electronic format:

- a. Employee Identification Code (EIC)
- b. Two-digit cost center code
- c. Full-time vs. part-time status
- d. Work schedule: S1, AWS1, AWS2
- e. Number of work hours scheduled, including fixed holidays
- f. Number of work hours reported
- g. Number of absence hours reported”

ARTICLE XVII DURATION

- Modify paragraph 1701 to substitute “August 1, 2004” for “August 1, 2003” and “August 1, 2005” for August 1, 2004.”

SIGNATURES

- For the Corporation:
 - R. Frueholz
 - C. Lazar-Morrison
 - R. Lollock
 - M. Dennis
- For APSA:
 - R. Mahoney
 - A. Lilje
 - M. Simpson

APPENDIX B NONSUPERVISORY MTS

- Modify Section 4, MTS Pay Plan Structure, to read as follows:
 - “c. The minimum and maximum for grade 81 will be \$1,004 and \$2,289 per week.
The minimum and maximum for grade 82 will be \$1,326 and \$2,927 per week.
The minimum and maximum for grade 83 will be \$1,532 and \$3,433 per week.
The minimum and maximum for grade 84 will be \$1,821 and \$4,074 per week”

APPENDIX C WORK ENVIRONMENT

- Incorporate the attachment entitled "Extended Workweek for Exempt Employees", dated March 30, 2004 as the current section 4. Do not incorporate the material under the heading of "Responsibilities".
- Incorporate the attachment entitled "Hiring, Promotions, Transfers, and Reassignments", dated February 3, 2004, as a new section 5. Do not incorporate the material under the heading "Process"
- Incorporate the attachment entitled "Distribution of Effort – Exempt Employees" to replace the current section 7.
- Incorporate the attachment entitled "Recording of Emergency Shutdown Hours", dated March 23, 2004 as part of the current section 7, "Exempt Employees – Distribution of Effort".
- Rename section 8, Part-Time Employment, to "Exempt Employees – Part-Time Employment.
- Incorporate the attachment entitled "Nonexempt Employees – Distribution of Effort, dated February 3, 2004 as a new section 9.
- Incorporate the attachment entitled "Nonexempt Employees – Benefits", dated February 3, 2004, as a new section 10.
- Incorporate the attachment entitled "DOD Security Clearance Investigations", dated December 2, 2003, as a new section 14.4.

- Incorporate the attachment entitled "Proprietary Information", dated February 3, 2004, as a new section 15.
- Incorporate the attachment entitled "Federal Government Positions, dated April 6, 2004" as a new section 21.

APPENDIX D WORK ABSENCES

- Replace Section 6 with the material entitled "Other Absences" from the agreement dated February 3, 2004.
- Add a new "Section 7. COMPENSATORY TIME-OFF" which reads:

GENERAL

The corporation's contracts with the Air Force and other customers describe technical tasks to be carried out and require that work performed on the various tasks be reported accurately. Exempt employees (i.e., salaried employees) report such work in terms of hours of effort.

Exempt employees perform work that the Fair Labor Standards Act (FLSA) describes as professional, administrative, or executive in nature and are paid a weekly salary that is not based on the number of hours worked. Exempt employees are not subject to the overtime provisions of the FLSA or the California Wage Orders.

The corporation is reimbursed for Staff-year of Technical Effort (STE) deliveries. Employees report their effort using a standard workweek of 40 hours. Actual hours worked over 40 are prorated by the e-Time Collection System to 40 units of effort. Hours of effort include all time during which an employee is directly subject to the control of the corporation. Time spent in work-related travel is included in the reported hours of effort. Time spent in traveling from home to and from the usual work place is not included.

The corporation is establishing a Compensatory Time Off program as a pilot during FY 2005. Regular full-time exempt employees are eligible for this program. Part-time exempt employees are not eligible for the pilot program. Non-exempt employees are not eligible for compensatory time off programs.

In order to accrue compensatory time, an employee must work at least 48 hours in the workweek. Hours worked by the employee beyond 48 accrue compensatory time up to the maximum accrual of nine hours. Accrual of compensatory time is subject to approval by management.

Absences during the workweek are not counted towards accruing compensatory time.

Distribution of effort and absences are recorded by the e-Time Collection System. The e-Time Collection System will utilize a separate "C" field with the related Job Order (JO) to identify the work effort eligible for compensatory time accrual.

The maximum accrual at any one time is a total of nine hours of compensatory time. An employee is not limited in the number of times he/she earns and uses compensatory time.

Accrued compensatory time off may be taken in one-hour increments, not to exceed one day per week. Utilization of compensatory time off by the employee must be coordinated in advance with management. Borrowing of compensatory time off is not allowed.

Accrual and utilization of compensatory time must occur within the same fiscal year. Accrued compensatory time must be utilized a minimum of two weeks prior to the end of Fiscal Year. All unused compensatory time is forfeited at the end of the Fiscal Year.

RESPONSIBILITIES

Managers

Management is obligated for ensuring that their subordinates' work efforts are consistent with the needs of the customer(s). The manager is responsible for reviewing the applicability of the subordinate's work efforts, including work-related travel. The manager is also responsible for ensuring that the subordinate's reported work effort is accurate. The manager's review and approval of the subordinate's weekly e-Time submittal is an integral part of this responsibility.

Employees

The employee is expected to coordinate any work effort eligible for compensatory time accrual in advance with management. The employee will utilize a separate "C" field with the related Job Order (JO) in reporting his/her work effort in the e-Time Collection System to identify any work effort eligible for compensatory time accrual.

The employee is expected to coordinate the utilization of compensatory time in advance with management. Utilization of accrued compensatory time is recorded in the e-Time Collection System."

APPENDIX E EMPLOYEE PROGRAMS

- In "Section 1. Performance Recognition Payment (PRP) Program" remove the section entitled "New Business Component":

- In "Section 2. Referral Bonus Program" replace all paragraphs with the following:

"The Corporation has a Referral Bonus Program, which provides an incentive for employees to assist in recruiting qualified candidates to fill MTS vacancies. Under this program, any eligible bargaining unit employee who refers an applicant who is subsequently hired as a regular full-time, part-time, temporary or casual bargaining unit (BU) employee shall receive an award of \$2500.

An additional \$2000 will be awarded if the hired BU employee has a current SBI clearance.

There is no limit on the number of awards an individual may earn. A referral is valid for a period of twelve (12) months. A referral requiring longer than 12 months to be processed is subject to the approval by the Principal Director, Human Resources.

Candidates already sourced through corporate sponsored events and activities can be referred by MTS after a twelve (12) month waiting period.

Employees representing Aerospace in corporate sponsored recruiting events or activities are ineligible for this bonus program. Those employees employed by Human Resources, those at Level 5 or above and all in-line supervisors are ineligible.

To be eligible to receive cash, the referring employees must submit a completed Employee Referral Card along with either an Employment Questionnaire (EQ) or resume from the applicant being referred. No awards will be authorized if the referral card is submitted after an EQ or resume has been received by Staffing Resources. New hires potentially associated with company-sponsored advertising or recruiting activities shall be eligible as bonus referrals if an EQ or resume has not been previously received within the past twelve (12) months by Staffing Resources at the time of the referral."

- Incorporate the attachment entitled "Absences", dated February 3, 2004 as a new section 6.

- In "Section 9. Reduction in Force Benefits" Replace the first paragraph with:

"Employees who hired or rehired on or after 1/1/93 are covered under ASAP. Employees under this plan who terminate before September 30, 2004 will receive Basic Contributions after September 30, 2004. The Plan Year contribution will be calculated on the base salary earned through date of termination. Accounts are valued everyday the stock market is open.

Employees under this plan who terminate between October 1, 2004 and December 31, 2004 will receive Basic Contributions on or about February 1, 2005. The contribution will be calculated on the plan compensation earned from October 1, 2004 through the date of termination."

APPENDIX F

EMPLOYEE BENEFITS/INSURANCE PLANS

- In "Section 15. Aerospace Savings Account Plan (ASAP)" under the subsection "ELIGIBILITY" edit this section to read:

"Eligibility

Period of October 1, 2003 to September 30, 2004:

For the period of October 1, 2003 to September 30, 2004, in order to be eligible for a Company Contribution, an employee must be paid for 1000 hours during a Plan Year. A Plan Year is a fiscal year beginning on October 1 of each year and ending on the following September 30. Company Contributions are allocated to an employee's individual ASAP account after the end of the Plan Year based on the total hours paid during the Plan Year. Eligible employees who receive Company Contributions are fully vested at the time contributions are allocated to their account. Contributions are also made for employees who are not paid for 1000 hours during a plan year if they go on long-term disability or are terminated due to a reduction in force, retirement or death.

Period After September 30, 2004:

For the period after September 30, 2004, the regular bargaining unit employees will be eligible upon hire. Company contributions are allocated to an employee's individual ASAP account on a weekly basis beginning in January, 2005. Eligible employees who receive Company Contributions are fully vested at the time Company Contributions are allocated to their account."

- In "Section 15. Aerospace Savings Account Plan (ASAP)" under the subsection "EMPLOYEE INVESTMENT CHOICE" edit this section to read:

"Employee Investment Choice

Corporate Contributions

Period October 1, 2003 to September 30, 2004:

For the period of October 1, 2003 to September 30, 2004, the Corporation will transfer estimated ASAP Company Contributions to Fidelity no less frequently than quarterly.

Fidelity will deposit these aggregate funds into individual mutual funds (unallocated) that mirrors the AERP Master Trust portfolio. There will not be any loads or redemption fees for these accounts.

After the close of the Plan Year (October 1, 2003 - September 30, 2004) eligible ASAP plan participants will receive a single lump sum deposit into their individual Fidelity

accounts on or about December 1, 2004 following the Plan Year end. The deposit will be composed of two parts: the Company Contribution based on plan compensation paid and service during the Plan Year plus/minus the proportional share of investment gains/losses earned on the estimated ASAP contributions which had been previously deposited on an aggregate basis in the unallocated funds at Fidelity during the Plan Year.

Period of October 1, 2004 to December 31, 2004:

For the period of October 1, 2004 to December 31, 2004, the Corporation will make a one-time transfer to Fidelity of the funds owed to each regular eligible ASAP employee for the time period between October 1, 2004 and December 31, 2004. The eligible ASAP plan participants will receive a single lump sum deposit into their individual Fidelity accounts in January 2005. The deposit will be composed of the Company Contribution based on plan compensation paid during the Plan Quarter. Any regular bargaining unit employee who terminated during the period between October 1, 2004 and December 31, 2004 will receive their Company Contribution.

Period After December 31, 2004:

Beginning January 1, 2005, the Corporation will transfer the ASAP Company Contributions to Fidelity no less frequently than weekly. The eligible ASAP plan participants will receive a lump sum deposit into their individual Fidelity accounts each week. The deposit will be composed of the Company Contribution based on plan compensation paid.”

- In “Section 15. Aerospace Savings Account Plan (ASAP)” under the subsection “EMPLOYEE INVESTMENT CHOICE” edit this section to read:

“Employee Benefits Earned

Period of October 1, 2003 to September 30, 2004:

At the end of the Plan Year (September 30, 2004), all eligible ASAP employees will receive a contribution based on plan compensation¹ received during the year paid out from the unallocated mutual fund accounts. The entire balance of the unallocated mutual fund accounts will be paid out at the end of each fiscal year, and allocated to individual accounts on or about 60 days following the end of the fiscal year.

The allocated funds to each individual account will be invested as specified by each individual (see Employee Investment Options below), or in the default account (see below), on or about December 1, 2004. An updated statement that shows the newly deposited funds and how they were invested will be available on Fidelity website for each ASAP participant.

This information along with information supplied by the Corporation will provide the following for each individual:

1. The amount of the Company's contribution allocated to the Participant's ASAP account during the Plan Year (i. e., 8% of plan compensation).
2. The overall investment performance of the allocated funds during the Plan Year.
3. The amount actually transferred to the Participant's designated account(s) following the end of the Plan Year.

Period of October 1, 2004 to December 31, 2004:

For the period of October 1, 2004 to December 31, 2004, all regular eligible ASAP employees will receive a Company Contribution based on plan compensation¹ received during the period. The entire Company Contribution for the period of October 1, 2004 to December 31, 2004 will be paid out and allocated to eligible ASAP plan participants' individual accounts by January, 2005.

The allocated funds to each individual account will be invested as specified by each individual (see Employee Investment Options below), or in the default account (see below), on or about January, 2005. Fidelity will provide an updated statement on their website for each ASAP individual that shows the newly deposited funds and how they were invested.

This information along with information supplied by the Corporation will provide the following for each individual:

1. The amount actually transferred to the Participant's designated ASAP account(s) for the period of October 1, 2004 to December 31, 2004 (i. e., 8% of plan compensation¹).

Period After December 31, 2004:

For the period after December 31, 2004, all eligible regular ASAP plan participants will receive a Company Contribution based on their current weekly plan compensation¹. The allocated funds to each individual account will be invested as specified by each individual (see Employee Investment Options below), or in the default account (see below). Fidelity will provide an updated statement to each ASAP individual quarterly that shows the newly deposited funds and how they were invested.

¹ The Plan compensation used for determining Company contributions under the Plan is defined as the employee's actual paid base salary, EWW, shift differential and overtime, but excludes any awards or bonuses and shall not exceed such an amount as provided under the IRC §401(a)(17) limits indexed annually.

<u>Category</u>	<u>Monthly Defined Dollar Benefit from the Retiree Medical Plan (CY05)</u>
Retirees under 65	
Retiree only	\$266.00
Two People	\$488.00
Family	\$564.00
Retirees over age 65	
Retiree only	\$140.00
Two People	\$273.00
Family	\$521.00

- Modify Section 7, Vision Care Plan, by incorporating the following paragraph:

“The corporation is adding the “Computer Vision Care Program” beginning CY05. This program has no extra charge.”
- Modify Section 18, After-Tax Savings Option, to incorporate the material from the agreement entitled "ASAP/ATSO Funds", dated May 18, 2004.

INDEX OF SUBJECTS

- Add the following subjects to the Index:
 - Compensatory Time Off
 - DOD Security Clearance Investigations
 - Emergency Shutdown Hours – Recording
 - Exempt Employees – Part Time Employment
 - Federal Government Positions
 - Hiring, Promotions, Transfers, and Reassignments
 - Nonexempt Employees – Benefits
 - Nonexempt Employees – Distribution of Effort
 - Proprietary Information
- Delete the following subjects from the Index.
 - Part–Time Employment

ADMINISTRATIVE PRACTICES

1. The parties agree that no further changes to the new Agreement will be effective unless otherwise mutually agreed to in writing. The parties further acknowledge that each has had an adequate opportunity to consider and negotiate changes to the final version of the new Agreement.
2. The parties agree to edit and prepare the new Agreement as expeditiously as possible. The Corporation agrees to provide, at its expense, an original single-sided document, an electronic version in MS Word format, and five (5) copies of the Agreement, to APSA.
3. The parties agree to continue bargaining over APSA's Proposal C5 – "Peer Mentoring"
4. The parties agree that the Corporation may issue to bargaining unit employees the Practice entitled "Promotions, Transfers, and Reassignments -- Practice HR-1-7"
5. The parties agree to continue coordination over the proposed practice entitled Handheld Electronic Devices – IS-3-1
6. The parties agree to continue coordination over the proposed practice entitled Leave of Absence – HR-3-8.
7. The parties agree to continue coordination over the proposed practice entitled Online Information – IS-2-2
8. The parties agree to continue coordination over the proposed practice entitled High Risk Operations – HR-3-13.
9. The parties agree to continue bargaining over the proposal entitled "APSA Proposal C.6 –Prevention of Sexual Harassment Training".

Date of Agreement

Mark M. Simpson
President
Aerospace Professional
Staff Association

Marlene M. Dennis
Vice President
Office of Human Resources
The Aerospace Corporation

**APPENDIX F
EMPLOYEE BENEFITS/INSURANCE PLANS**

Section 1. Plan Costs

Section 1.1 Plan Costs for Aerospace Professional Staff Association Bargaining Unit Employees

Group Hospital-Medical Plans

BLUE CROSS COMPREHENSIVE PLAN (Effective 1/1/05)

All covered bargaining unit employees are required to share in the cost of their "comprehensive" group hospital-medical insurance on a weekly basis as follows:

	<u>Cost</u>
Participant only	\$14.97
Participant plus one dependent	\$27.45
Participant plus two or more dependents	\$34.03

The remainder of the Plan cost is borne by the Corporation.

Health Maintenance Organizations (HMOs) (Effective 1/1/05)

All covered bargaining unit employees are required to share in the cost of their health maintenance insurance on a weekly basis as follows:

<u>CaliforniaCare</u>	<u>Cost</u>
Participant only	\$10.23
Participant plus one dependent	\$20.57
Participant plus two or more dependents	\$29.04

<u>Aetna (Florida)</u>	<u>Cost</u>
Participant only	\$14.29
Participant plus one dependent	\$29.92
Participant plus two or more dependents	\$43.84

<u>Aetna (Ohio)</u>	<u>Cost</u>
Participant only	\$14.61
Participant plus one dependent	\$28.93
Participant plus two or more dependents	\$44.46

<u>Kaiser (Southern California)</u>	<u>Cost</u>
Participant only	\$ 9.12
Participant plus one dependent	\$18.16
Participant plus two or more dependents	\$25.66

<u>Kaiser (Northern California)</u>	<u>Cost</u>
Participant only	\$12.63
Participant plus one dependent	\$25.18
Participant plus two or more dependents	\$35.60

<u>Kaiser (mid-Atlantic)</u>	<u>Cost</u>
Participant only	\$ 10.87
Participant plus one dependent	\$21.66
Participant plus two or more dependents	\$31.37

<u>Lovelace (New Mexico)</u>	<u>Cost</u>
Participant only	\$12.42
Participant plus one dependent	\$25.47
Participant plus two or more dependents	\$34.14

<u>MD/IPA (Wash DC)</u>	<u>Cost</u>
Participant only	\$12.23
Participant plus one dependent	\$23.16
Participant plus two or more dependents	\$38.93

<u>PacifiCare (Colorado)</u>	<u>Cost</u>
Participant only	\$12.26
Participant plus one dependent	\$24.44
Participant plus two or more dependents	\$34.54

The remainder of the Plan cost is borne by the Corporation.

TRICARE Supplement Plan (Effective 1/1/05)

All covered bargaining unit employees are required to share in the cost of their TRICARE Supplement Plan on a weekly basis as follows:

<u>TRICARE Supplement Plan</u>	<u>Cost</u>
Participant only	\$ 2.17
Participant plus one dependent	\$ 4.21
Participant plus two or more dependents	\$ 5.63

The remainder of the Plan cost is borne by the Corporation.

Employee Assistance Program (EAP) (No change from CY04)

The cost of this Program is included in the medical benefit premium.

Delta Dental Plan (Effective 1/1/05)

All covered bargaining unit employees are required to share in the cost of their dental expense plan on a weekly basis as follows:

	<u>Cost</u>
Participant only	\$ 2.22
Participant plus one dependent	\$ 4.99
Participant plus two or more dependents	\$ 7.84

The remainder of the Plan cost is borne by the Corporation.

Dental Net (Effective 1/1/05)

All covered bargaining unit employees are required to share in the cost of their prepaid dental plan on a weekly basis as follows:

	<u>Cost</u>
Participant only	\$ 1.13
Participant plus one dependent	\$ 2.26
Participant plus two or more dependents	\$ 3.33

The remainder of the Plan cost is borne by the Corporation.

CIGNA (Effective 1/1/05)

All covered bargaining unit employees are required to share in the cost of their prepaid dental plan on a weekly basis as follows:

	<u>Cost</u>
Participant only	\$ 1.42
Participant plus one dependent	\$ 2.70
Participant plus two or more dependents	\$ 4.15

The remainder of the Plan cost is borne by the Corporation.

Cigna Dental has significantly changed their patient charge schedule (co-pays) for 2005. Please contact HR for a copy of the current Patient Charge Schedule.

Vision Service Plan (VSP)

All covered bargaining unit employees are required to pay the entire cost of their prepaid vision plan on a weekly basis as follows:

	<u>Cost</u>
Participant only	\$ 2.48
Participant plus one dependent	\$ 3.62
Participant plus two or more dependents	\$ 6.49

The corporation is adding the "Computer Vision Care Program" beginning CY05. This program has no extra charge.

Flexible Spending Account (FSA) (No change from CY04)

The entire cost of this Plan is borne by the bargaining unit employee.

Occasional Sick Leave Plan (No change from CY03)

The entire cost of this Plan is borne by the Corporation.

Temporary Disability Insurance

The cost of the applicable Plan is borne by the bargaining unit employee:

CALIFORNIA STATE DISABILITY INSURANCE (SDI) (EFFECTIVE 10/1/04)

The payroll tax deduction rate will increase to 0.9% of the wage base with a maximum deduction of _____. This rate is subject to change by the State.

CALIFORNIA FAMILY TEMPORARY DISABILITY INSURANCE (FTDI) (EFFECTIVE 1/1/05)

The SDI contribution rate is increased by an additional 0.08%. The maximum additional contribution is \$55.06 in 2005 (in addition to SDI).

AEROSPACE SHORT-TERM DISABILITY (STD) PLAN (Effective 10/1/04 through 9/30/05)

For employees located in states other than California, the STD premium is \$5.57 per week for a maximum of \$289.80 per year. Weekly benefits will increase to a maximum of \$728 per week form new disabilities commencing on or after 10/01/04.

Long-Term Disability (LTD) Income Benefits Insurance Plan

The cost of this Plan is shared equally by the Corporation and the bargaining unit employee. The cost to the employee is \$0.26 per \$100 weekly salary. The employee has the option of paying 100% of the cost.

The corporation has added the "Disability Plus" benefit as of FY2005. Disability Plus adds an addition 20% monthly benefit, up to a \$5 maximum. This benefit covers loss of cognitive impairment or certain "Activities of Daily Living" (ADL). Please see HR for a description of this plan.

Life Insurance Plan (No change from FY04)

The Corporation pays for your basic life insurance coverage.

The bargaining unit employee may purchase optional life insurance. The employee's cost is as follows:

<u>Age Bracket</u>	<u>Weekly Cost per \$1,000/week</u>
Under 30	\$ 0.010
30 – 34	0.010
35 – 39	0.014
40 – 44	0.017
45 – 49	0.029
50 – 54	0.034
55 – 59	0.072
60 – 64	0.115
65 – 69	0.166
70 plus	0.254

If you or your spouse reach age 70 or over, the following reductions in the amount of coverage will apply:

<u>Attained Age</u>	<u>Benefit amount</u>
70 to 74	60% of the full amount
75 to 79	40% of the full amount
80 and over	30% of the full amount

Premiums for spouses are as follows:

<u>Age Bracket</u>	<u>Weekly Cost per \$1,000/week</u>
Under 30	\$ 0.010
30 – 34	0.012
35 – 39	0.016
40 – 44	0.021
45 – 49	0.033
50 – 54	0.037
55 – 59	0.090
60 – 64	0.146
65 – 69	0.182
70 plus	0.279

Employees may also purchase limited life insurance coverage for their dependent children at \$0.13 per week for \$5,000 and \$0.26 per week for \$10,000 of coverage.

Occupational Accident Insurance Plan (No change from CY04)

The entire cost of this Plan is borne by the Corporation.

Voluntary Personal Accident Insurance Plan (Effective 1/1/05)

The entire cost of this Plan is borne by the bargaining unit employee. A coverage/cost table is provided:

	Principal Sum		Both Spouse and Children		Weekly Costs	
	Emp. Only	Spouse	Spouse	Each Child	Emp. Only	Emp. + Family
A	\$20,000	\$20,000	\$16,000	\$3,000	\$.20	\$.34
B	\$50,000	\$50,000	\$40,000	\$7,500	\$.50	\$.85
C	\$100,000	\$100,000	\$80,000	\$15,000	\$1.00	\$1.70
D	\$200,000	\$200,000	\$160,000	\$30,000	\$2.00	\$3.40
E	\$300,000	\$300,000	\$240,000	\$45,000	\$3.00	\$5.10
F	\$400,000	\$400,000	\$320,000	\$50,000	\$4.00	\$6.80
G	\$500,000	\$500,000	\$400,000	\$50,000	\$5.00	\$8.50
H	\$600,000	\$600,000	\$480,000	\$50,000	\$6.00	\$10.20

If you or your spouse reach age 70 or over, the following reductions in the amount of coverage will apply:

<u>Attained Age</u>	<u>Benefit amount</u>
70 to 74	65% of the full amount
75 to 79	45% of the full amount
80 to 84	30% of the full amount
85 and over	15% of the full amount

Severance Pay Plan (No change from CY04)

The entire cost of this Plan is borne by the Corporation.

Aerospace Savings Account Plan (ASAP) (No change from CY04)

The entire cost of the Aerospace Savings Account Plan is borne by the Corporation.

Aerospace Employees' Retirement Plan (AERP) (No change from CY04)

The entire cost of the Aerospace Employees' Retirement Plan is borne by the Corporation.

The cost of the Survivors' Income Benefit Plan is shared equally between the Corporation and the bargaining unit employee. The cost to the employee is \$0.73 per \$100 of weekly base salary.

Aerospace Voluntary Annuity/Account Plan (VA/AP) (No change from CY04)

The entire cost of this plan is borne by the bargaining unit employee.

Section 1.2 Medical, Hospital and Dental Plan Costs for Bargaining Unit Employees Who Retire During The Term of This Agreement

Group Hospital-Medical "Comprehensive Plan" (Effective 1/1/05)

All active bargaining unit employees, upon entering retirement and qualifying for the Retiree Medical benefit, will be required to share in the cost of their "comprehensive" group hospital-medical insurance on a *monthly* basis for the remainder of the contract year as follows.

<u>Blue Cross Comprehensive</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65</u>
Participant only	\$ 64.87	\$ 64.87
Participant plus one dependent	\$118.95	\$118.95
Participant plus two or more dependents	\$147.46	\$147.46

After the end of the contract year (August 1, 2005) during which a bargaining unit employee retires, the individual may be required to share in a greater portion of the cost of his/her "comprehensive" group hospital-medical plan based upon whether he/she was hired or rehired prior to or after July 1, 1987. Those individuals hired or rehired prior to July 1, 1987, will be subject to the then-current Defined Dollar Benefit (DDB). For those individuals hired or rehired on or after July 1, 1987, the amount paid by the Plan will be determined by their years of service at retirement and the then-current DDB.

Health Maintenance Organizations (HMOs) (Effective 1/1/05)

Active bargaining unit employees, upon entering retirement and qualifying for the Retiree Medical benefit, will be required to share in the cost of their health maintenance insurance on a *monthly* basis for the remainder of the contract year as follows.

<u>CaliforniaCare</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65 (SLO)¹</u>
Participant only	\$ 28.00	\$ 44.33
Participant plus one dependent	\$89.14	89.14
Participant plus two or more dependents	\$125.84	\$125.84

¹ San Luis Obispo, CA only

<u>Blue Cross Senior Secure (California Care)</u>	<u>Retirees at or over 65</u>
Participant only	\$ 44.33
Participant plus one dependent	\$ 89.14
Participant plus two or more dependents	\$ 125.84

<u>Aetna (Florida)</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65</u>
Participant only	\$ 61.92	\$ 61.92
Participant plus one dependent	\$129.65	\$129.65
Participant plus two or more dependents	\$189.97	\$189.97

<u>Kaiser (Southern California)</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65</u>
Participant only	\$ 0.00	\$ 19.51
Participant plus one dependent	\$ 35.16	\$ 45.20
Participant plus two or more dependents	\$111.19	\$111.19

<u>Kaiser (Northern California)</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65</u>
Participant only	\$ 54.73	\$ 54.73
Participant plus one dependent	\$109.11	\$109.11
Participant plus two or more dependents	\$154.27	\$154.27

<u>Kaiser Mid-Atlantic (Wash DC)</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65</u>
Participant only	\$ 46.52	\$ 47.10
Participant plus one dependent	\$ 93.86	\$ 93.86
Participant plus two or more dependents	\$135.94	\$135.94

<u>Lovelace (New Mexico)</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65</u>
Participant only	\$ 53.82	\$ 17.82
Participant plus one dependent	\$110.37	\$ 41.82
Participant plus two or more dependents	\$147.94	\$147.94

<u>MD/IPA (Wash DC)</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65</u>
Participant only	\$ 53.00	\$ 53.00
Participant plus one dependent	\$100.36	100.36
Participant plus two or more dependents	\$168.70	\$168.70

<u>PacifiCare (Colorado)</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65</u>
Participant only	\$ 53.13	\$ 53.13
Participant plus one dependent	\$105.91	\$105.91
Participant plus two or more dependents	\$149.67	\$149.67

<u>PacifiCare/Secure Horizons (Arizona)</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65</u>
Participant only	\$ 64.87	\$ 18.58
Participant plus one dependent	\$118.95	43.33
Participant plus two or more dependents	\$147.46	\$149.67

After the end of the contract year (August 1, 2005) during which a bargaining unit employee retires, the individual may be required to share in a greater portion of the cost of his/her "HMO" group hospital-medical plan based upon whether he/she was hired or rehired prior to or after July 1, 1987. Those individuals hired or rehired prior to July 1, 1987, will be subject to the then-current Defined Dollar Benefit (DDB). For those individuals hired or rehired on or after July 1, 1987, the amount paid by the Plan will be determined by their years of service at retirement and the then-current DDB.

Safeguard Dental Plan (Effective 1/1/05)

The following (monthly) premium schedule is applicable for bargaining unit employees who retire during the contract term and who elect to participate in this Plan:

	<u>Monthly Premium</u>
Participant only	\$17.19
Participant plus one dependent	\$28.70
Participant plus two or more dependents	\$41.59

Section 1.3 Plan Costs for Current Retirees

Although APSA does not represent current (existing) retirees, the following medical plan premium cost sharing applicable to current retirees is provided as information:

Group Hospital-Medical "Comprehensive Plan" (Effective 1/1/05)

<u>Blue Cross Comprehensive</u>	Retirees under age 65	Retirees at or over 65
Participant only	\$128.17	\$144.99
Participant plus one dependent	\$235.47	\$285.72
Participant plus two or more dependents	\$332.58	\$614.52

Health Maintenance Organizations (HMOs) (Effective 1/1/05)

<u>CaliforniaCare</u>	Retirees under age 65	Retirees at or over 65 (SLO)¹
Participant only	\$ 28.00	\$154.00
Participant plus one dependent	\$104.58	\$319.58
Participant plus two or more dependents	\$273.54	\$367.52

¹ San Luis Obispo, CA only

<u>Blue Cross Senior Secure (California Care)</u>	Retirees at or over 65
Participant only	\$126.56
Participant plus one dependent	\$259.30
Participant plus two or more dependents	\$298.20

<u>Aetna (Florida)</u>	Retirees under age 65	Retirees at or over 65
Participant only	\$145.26	\$271.26
Participant plus one dependent	\$374.77	\$589.77
Participant plus two or more dependents	\$701.01	\$744.01

<u>Kaiser (Southern California)</u>	Retirees under age 65	Retirees at or over 65
Participant only	\$ 0.00	\$ 19.51
Participant plus one dependent	\$ 35.16	\$ 45.20
Participant plus two or more dependents	\$175.93	\$116.45

<u>Kaiser (Northern California)</u>	Retirees under age 65	Retirees at or over 65
Participant only	\$ 97.40	\$ 73.72
Participant plus one dependent	\$237.98	\$152.82
Participant plus two or more dependents	\$462.92	\$355.84

<u>Kaiser Mid-Atlantic (Wash DC)</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65</u>
Participant only	\$ 46.52	\$111.27
Participant plus one dependent	\$136.21	\$228.72
Participant plus two or more dependents	\$340.75	\$353.66

<u>Lovelace (New Mexico)</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65</u>
Participant only	\$ 91.45	\$ 17.82
Participant plus one dependent	\$246.39	\$ 41.82
Participant plus two or more dependents	\$420.88	\$264.25

<u>MD/IPA (Wash DC)</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65</u>
Participant only	\$ 85.72	\$211.72
Participant plus one dependent	\$179.56	\$394.56
Participant plus two or more dependents	\$558.94	\$601.94

<u>PacifiCare (Colorado)</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65</u>
Participant only	\$ 86.58	\$ 55.03
Participant plus one dependent	\$216.38	\$116.24
Participant plus two or more dependents	\$432.33	\$317.78

<u>PacifiCare (Arizona)</u>	<u>Retirees under age 65</u>	<u>Retirees at or over 65</u>
Participant only	\$ 590.99	\$ 18.58
Participant plus one dependent	\$1,311.79	\$ 43.33
Participant plus two or more dependents	\$2,092.85	\$1,437.44