

Effects Bargaining Letter of Understanding

This letter is to be used in lieu of Article 8 and Letter Of Understanding NO. 10 of the Wichita Engineering Unit 2008-2011 Collective Bargaining Agreement (WEU-CBA)

1.0 Employees to whom this Article is Applicable.

1.1 This Article applies and refers to employees within the collective bargaining unit described in Article 1 of the WEU-CBA.

1.2 The terms "employee" or "employees" wherever used in this agreement will be subject to the foregoing limitations.

2.0 General Objective

The general objective of the procedure stated in this Article is to provide for the accomplishment of workforce reductions for business reasons, to the end that insofar as practicable the reductions will be made equitably, expeditiously and economically, and at the same time will result in retention on the payroll of those employees regarded by Management as comprising the workforce that is best able to maintain or improve the efficiency of the Company, further its progress and success and contribute to the successful accomplishment of the Company's current and future business. The location, occurrence and existence of any condition necessitating a workforce reduction, and the number of employees involved, will be determined exclusively by the Company. Following such determination, the Company will notify the Union of the location and the estimated size and job family and skills management code(s) involved in the anticipated workforce reduction at least one day prior to employee notification. Wherever practicable, affected employees will be given two (2) weeks notice prior to layoff and will receive consideration for open positions in accordance with 8.7(c).

2.1 It is recognized by both parties that due to schedule requirements, the varying kinds of work performed, the geographical location of the work, and other relevant factors, it is necessary at times to work certain skills management coded employees overtime while at the same time workforce reductions involving the same skills management codes will be going on. Management will review the use of overtime in any skills management code in which layoffs are contemplated with the intent of minimizing the use of such overtime. Management, at its sole discretion, will determine the level of overtime to be worked.

3.0 Terminology for Use in Procedure

3.1 "Job Classification" refers to the Occupation Code, Job Family, Level, and Skills Management Code as provided and further defined in Article 22 of the WEU-CBA. Job classification is intended to define an employee's current assignment and not necessarily the employee's highest skill.

3.2 "Skills Management Code" is referred throughout this Article and balance of this Agreement as "SMC". SMCs identify unique knowledge, skills, abilities, and other attributes within a particular job family. Employees may request assignment of a secondary SMC from the Company's job classification system.

3.3 "Major Organization" as used in this Article will mean a Major Organizational element of the Company reporting to the Chief Executive Officer of the Company or identified as such by the Chief Executive Officer. The Company shall provide to the Union an updated list of Major Organizations and advise the Union of changes made thereto.

4.0 Employee Estimated Separation Date

4.1 The Company shall update the Employee Estimated Separation Date list as often as necessary to reflect the most current placement plan. If a WARN has been issued, the employee has the option to accept the extended notice date (if offered) or follow the WARN date without penalty and be coded as a laid off employee.

4.2 All Employees represented by this agreement will be included in a single group for the execution of this Article.

4.3 All employees shall be given a separation date based on their Statement of Work completion.

4.4 Employees will be notified of their separation date. Any changes to the separation date will be communicated to the employees and SPEEA as soon as possible.

5.0 Redeployment Procedure

5.1 Employees will be redeployed according to the date on the separation file, relating to their estimated statement of work commitment.

6.0 Return to Employment

6.1 The parties acknowledge that Article 9 of the WEU 2008-2011 Collective Bargaining Agreement, limits the use of contract personnel during workforce reductions or when employees are on active recall status. The parties

acknowledge further that occasionally situations arise when short-term assignments require additional staffing.

6.2 All laid off employees, including 24 previously laid off employees (as of 12 March, 2012), will be automatically put on the list of laid off employees. Employees electing lump sum payment in lieu of income continuation, or employees retiring, will be put on a list with a specified contact/vendor. This list shall be provided to the agency at Boeing. All employees laid off and on the recall list and specific contact list, shall be considered for recall before any other contract personnel are hired.

6.3 In recognition of the fact that the work under discussion involves short-term assignments, the parties agree to the implementation of the process described immediately below.

6.3 (a) This process shall be known as Temporary Recall and shall be defined as the temporary re-employment of individuals on active layoff status (hereinafter "employees").

6.3 (b) Temporary Recall assignments may be designated for specific programs or projects with a defined beginning and ending date. Assignments will normally be full time (average 80 hours in a pay period).

6.3 (c) The Company will determine which employees will be offered Temporary Recall assignments. Temporary Recall will be strictly voluntary on the part of the employee. Refusing to consider an employee for Temporary Recall or an employee's rejection of an offer of Temporary Recall will not affect the employee's active layoff status.

6.3 (d) Temporarily recalled employees will receive the same salary they were receiving prior to layoff, adjusted for any general wage increases implemented between the date of their original layoff and temporary recall.

6.3 (e) If the temporarily recalled employee begins within three (3) years of the original layoff effective date, eligibility for coverage for medical/dental insurance, life insurance, accidental death and dismemberment insurance, business travel accident insurance, long-term and short-term disability insurance, and voluntary personal accident insurance begins on the first day re-employment commences. If the temporarily recalled employee begins three (3) or more years after the original layoff effective date, eligibility for coverage for such benefits begins the first day of the month following the date of return.

6.3 (f) With regard to the Retirement Plan, unused sick leave, and vacation, employees on Temporary Recall will be set up in the system based on their respective layoff/recall circumstances. This will include the reactivation of

unused but earned credits and the generation of future benefits consistent with standard policies. Voluntary Investment Plan contributions may be resumed, beginning on the first of the month following recall.

6.3 (g) Company service will be earned beginning the first day back on the active payroll.

6.3 (h) Active layoff status will not be interrupted.

6.3 (i) Employees on Temporary Recall will generate funds for a selective adjustment exercise if they meet contractual criteria.

6.3 (j) Employees on Temporary Recall will not be eligible for additional layoff benefits when their Temporary Recall assignment ends. They will revert back to layoff status and be eligible for any unpaid balance of the original layoff benefit, in accordance with the Layoff Benefits Plan.

6.3 (k) Employees will remain on layoff status for a total period of three (3) years from the date the layoff was effective, provided they do not elect a lump sum under 21.3(a) of the WEU-CBA.

6.3 (l) The Company will maintain a record of all laid off employees until plant closure date.

6.3 (m) Employees who remain on layoff status for the full period specified in 6.3(k), will, for a period up to six (6) years from the date layoff was effective, remain eligible for certain additional retirement benefits as specified in the Retirement Plan.