

COLLECTIVE BARGAINING AGREEMENT

Between

SPIRIT AEROSYSTEMS, INC.

And

**SOCIETY OF PROFESSIONAL ENGINEERING EMPLOYEES IN
AEROSPACE**

Wichita Technical and Professional Unit

Effective Date: July 11, 2011

1 **COLLECTIVE BARGAINING AGREEMENT**

2 **Between**

3 **SPIRIT AEROSYSTEMS, INC.**

4 **And**

5 **SOCIETY OF PROFESSIONAL ENGINEERING EMPLOYEES IN**

6 **AEROSPACE – Wichita Technical and Professional Unit**

7
8
9 **PREAMBLE**

10
11 THIS AGREEMENT, dated as of the ___th day of _____ 2011, is made and entered into by and
12 between Spirit AeroSystems, Inc. (hereinafter referred to as “the Company”), and the Society of
13 Professional Engineering Employees in Aerospace – Wichita Technical and Professional Unit
14 (hereinafter referred to jointly as “the Union”).

15
16 **PREFACE**

17
18 **Company and Union Cooperation.**

19
20 This agreement is a reflection of the parties’ commitment to these shared principles:

- 21
- 22 • To maintain a respectful, cooperative relationship; recognizing that the employees are the most
23 valued resource the Company has.
 - 24
 - 25 • To work together to further the mutual success of both parties; so that the Company will continue
26 to have a productive, flexible, competitive business with a highly-motivated, skilled and
27 involved workforce while enabling the Union to best represent and serve its members.
 - 28
 - 29 • To resolve issues to the greatest extent possible through a collaborative process marked by open
30 communication and respect for the employees, the Company and the Union.
 - 31
 - 32 • To appreciate what the Union and the Company bring to our business.
 - 33

1 The Company and the Union believe that a relationship built on cooperation and collaboration is
2 beneficial to the Company and its employees. It is agreed that the Company and the Union may discuss
3 suggestions, issues, or other matters either party wishes to present, provided that neither party shall be
4 bound to act upon any item presented or modify or change any provision of this Agreement.

5 The parties also understand that in a long-term cooperative relationship of this nature,
6 developments may arise that neither party anticipated. In such circumstances, it may be in everyone's
7 best interest to modify specific terms in this Agreement. The parties agree to approach such discussions
8 with the utmost good faith in order to find solutions best for all. This Agreement has been constructed so
9 as to maximize the likelihood of realizing these objectives in regard to the intent and spirit of this
10 Agreement.

11
12
13 **ARTICLE 1**
14 **BARGAINING UNIT**
15

16 **Section 1.1 Recognition.** For the purposes of collective bargaining with respect to rates of pay and
17 other conditions of employment, the Company recognizes the Union as the exclusive bargaining agent
18 for the collective bargaining unit described as follows:
19

20 **1.1(a) Non-engineering.** All full-time and regular part-time nonexempt employees and exempt
21 salaried non-engineering employees (except the Occupation/Family codes included below) primarily
22 employed and working in the Company's plants in Sedgwick County, Kansas, including persons
23 who are on travel status from such plants, but excluding all full-time and regular part-time
24 employees designated as being in the professional unit in the agreement with the Company, the
25 Union and the National Labor Relations Board in the Occupation/Family codes 6ANB, BBAQ,
26 BBAP, 7BTP, BCKK, 7BTN, 7BTR and the 7BTY employed within the SHEA Medical
27 Organization, confidential employees [1.1(b) below], managerial employees, guards and
28 supervisors as defined in the National Labor Relations Act, and all other employees.
29

1 **1.1(b)** The Company and the Union agree that a number of employees are excluded from the
2 bargaining unit because of their job functions and/or organizations. The following is a list of
3 categories of work that these employees do and/or the organizations they are in:
4

5 **1.1(b)(1)** Employees who work with confidential personnel information. The people in this
6 group include (a) all individuals working in human resource functions including employment,
7 organizational personnel representatives, compensation and benefits, equal employment
8 opportunity/workforce diversity, staffing and workforce, union relations, people systems and
9 management development; (b) all individuals working in the Employee Assistance Program; (c)
10 all individuals in the Law and Ethics organizations; and (d) all individuals in the Security and
11 Fire protection organization. Not included in this group of confidential employees are those
12 employees who coordinate and provide training programs.
13

14 **1.1(b)(2)** Employee who work with confidential business information. The people in this group
15 include all individuals in the Business Operations, in Internal Audit, in Communications and
16 Public Affairs, in State and Local Government Relations and all Executive Office
17 Administrators. Additionally, certain employees in the Finance Organizations in payroll,
18 payment services, insurance, estimating/pricing, investment analysis, cost management,
19 contracts, financial planning, overhead, tax specialists, sales accounting/billings and
20 finance/business management as further described in Appendix A are confidential. These
21 employees work regularly with data and information that is confidential because it includes one
22 or more of these elements: forward pricing, confidential information regarding litigation with
23 employees, employee personnel data, strategic business plans, decisions analysis and labor
24 forecasting.
25

26 **1.1(b)(3)** Employees in Information Technology who have systems level root authority.
27 “Systems level root authority” is defined as privileged access allowing employees to install,
28 update and upgrade restricted system software and parameters at the operating system level.
29 “Systems level root authority” also includes unlimited access to operating system passwords,
30 user passwords, and system data. “Unlimited access” is defined as the ability to inquire, update,
31 and/or delete information at operating system and/or database levels. The functions and job
32 codes included in the three groups described above are listed in Appendix A hereto which may
33 be updated from time to time by mutual agreement of the parties. Upon request, the Company

1 will provide the Union with job classification information sufficient to allow the Union to ensure
2 compliance with this Article.

3
4 **Section 1.2 Employees.** For purposes of the remaining articles of this Agreement, the term
5 “employees” shall include only those persons who are a part of the unit as described in Section 1.1.

6
7
8 **ARTICLE 2**
9 **RIGHTS OF MANAGEMENT**

10
11 **Section 2.1 Management of Company.** Except as expressly modified or restricted by a specific
12 provision of this Agreement, all statutory, common law, and inherent managerial rights, prerogatives,
13 and functions are retained and vested exclusively in the Company, including, but not limited to, the
14 rights in accordance with its sole and exclusive judgment and discretion to: establish reasonable rules
15 and regulations; manage the operation; direct the workforce; promote, demote, transfer and/or assign its
16 employees; discipline (up to and including discharge) employees for just cause; determine the number of
17 employees to be employed; and hire employees, determine their qualifications and assign their work and
18 work locations.

19
20 **2.1(a)** Company and the Union agree that due to the nature of the work performed by employees
21 represented by the Union, management employees may from time to time, perform work that would
22 otherwise be performed by bargaining unit members for the purposes of product development,
23 process improvement, employee training or emergencies.

24
25 **2.1(b)** The terms and conditions of this Agreement are minimum and the Company shall be free to
26 grant more favorable terms and conditions to any employee at its discretion.

27
28
29 **ARTICLE 3**
30 **DETERMINATION OF DISPUTES**

31
32 **Section 3.1 Establishment of Procedure.** Definition: The term “grievance” shall mean a written
33 complaint involving the interpretation or application of this Agreement. A grievance may include a

1 complaint about an act, communication or omission which occurs after the termination of this
2 Agreement, but no such grievance shall be subject to arbitration.

3
4 **Section 3.2 Just Cause Requirement.** Employees shall not be disciplined or discharged without just
5 cause. For grievances involving a layoff, discharge, suspension, or involuntary resignation employees
6 shall have the right to begin the grievance process at Step 3 of this procedure, with the designated
7 Company representative within ten (10) workdays after the date of such layoff, discharge, suspension, or
8 involuntary resignation.

9
10 **Section 3.3 Grievance Steps.**

11
12 **Step 1 – Oral.** Any employee having a complaint shall first bring it to the attention of his
13 immediate supervisor. A Union Representative shall be present if requested by the Company or the
14 employee. The decision in this Step will be final and binding unless, within ten (10) workdays of the
15 decision, the employee proceeds to Step 2 of this procedure.

16
17 **Step 2 - Documented.** Any complaint not resolved in Step 1 – Oral, must be documented and
18 signed by the employee specified with alleged facts giving rise to the complaint, the Article or
19 Sections of this Agreement alleged to have been violated, and the remedy requested. The grievance
20 must be submitted to the employee’s supervisor within ten (10) working days of the Step 1 – Oral
21 decision. Within fifteen (15) calendar days of the manager’s receipt of a grievance, the supervisor or
22 his designee will meet with the employee and the Council Representative or designee in an effort to
23 resolve the grievance. A written answer shall be given to the employee with a copy to the Union
24 within three (3) workdays after the meeting.

25
26 **Step 3 – Pre-Arbitration.** The employee’s managers’ decision will be final and binding unless,
27 within ten (10) workdays of the issuance of that decision, the grievance is appealed in writing to
28 Human Resources. Within fifteen (15) calendar days of Human Resources’ receipt of appeal, a
29 Human Resource representative will meet with the employee and Union representative. The Human
30 Resources representative will give a written decision to the employee with a copy to the Union
31 within five (5) workdays from the date of such meeting. The parties attending such meetings shall
32 have full authority to make final and binding settlements.

1 **(a) Settlements.** Grievances settled by the parties at any stage shall not be precedential for any
2 purpose.

3
4 **Step 4 – Arbitration.** The decision of Human Resources will be final and binding unless, within ten
5 (10) workdays of the issuance of the decision, the grievance is appealed in writing to arbitration.
6 Such appeal shall be directed to Human Resources. An impartial arbitrator shall then be appointed
7 by mutual agreement of the parties. Failing such agreement, a request shall be initiated by the
8 parties to the Federal Mediation and Conciliation Service to submit a panel of seven (7) names from
9 which a selection shall be made within fourteen (14) calendar days by the parties alternately striking
10 one person on the panel. The fees and expenses of the arbitrator and any other joint expense
11 incurred in connection with the arbitration proceedings shall be paid by the loser. The decision of
12 the arbitrator will be final and binding on the Company and the Union.

13
14 **Section 3.4 Agreement Not To Be Altered.** The jurisdiction and authority of this arbitrator shall be
15 confined exclusively to the interpretation of the explicit provision or provisions of this Agreement at
16 issue between the Union and the Company. The arbitrator shall have no authority to add to, detract from
17 alter, amend or modify any provision of this Agreement, or impose on any party a limitation or
18 obligation not explicitly provided for in this Agreement. The arbitrator shall have no authority or power
19 to limit or impair any right that Article 2 of this Agreement reserves to Management as a Management
20 prerogative. The arbitrator shall not consider as a past practice any other event or policy that occurred
21 before the Effective Date of this Agreement.

22
23 **Section 3.5 Time Limit to Process Grievance.** The Company shall not be required to consider or
24 process any Step 1 – Oral grievance not presented within ten (10) workdays after the occurrence which
25 gave rise to the grievance, or any grievance which is not processed within the other time limits
26 established in this Article. Upon mutual agreement the parties may extend time limits. Should
27 Management not act within any prescribed time limit, the grievance shall automatically proceed to the
28 next step.

29
30 **Section 3.6 Arbitration Proceeding.** Unless otherwise agreed by the parties, each grievance appealed
31 to arbitration shall be the subject of a separate and distinct arbitration hearing and decision, and no
32 arbitrator shall be selected by the parties to hear or decide more than one (1) grievance in any one (1)
33 arbitration proceeding.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

Section 3.7 Investigatory Interviews. Each employee shall be informed of the right, during an investigatory interview by personnel of the Company’s Security Organization, the Employee Relations Organization (ERO), or the Equal Employment Opportunity Organization (EEO), which may result in discipline, to request the presence of a union representative, if the union representative is available. If his union representative is not available, such employee may request the presence of another immediately available union representative. The union representative shall not obstruct or interfere with the purpose or timely completion of the interview. Reasonable delays will be accommodated to assure representation is available.

Section 3.8 Time Limitation as to Back Pay and Wage Overpayments.

3.8(a) Grievance claims regarding retroactive compensation shall be limited to thirty (30) calendar days prior to the written submission of the grievance to the Company; provided, however, that this thirty (30)-day limitation may be waived by mutual consent of the parties. The parties commit to make every effort to resolve arbitration cases as expeditiously as possible.

3.8(b) Company recovery of wage overpayments shall be limited to thirty (30) calendar days prior to discovery of the overpayment.

Section 3.9 Conferences During Work Hours. All conferences resulting from the application of provisions of this Article shall be held during working hours.

**ARTICLE 4
EMPLOYEE PERFORMANCE**

Section 4.1 Employee Performance Process. The Union and the Company agree that many factors contribute to performance. The Company will establish, modify and continuously improve the employee performance and evaluation process. The process will provide a documented means for the employee and the manager to assess performance and an option to build Individual Development Plans (IDP). The Union and the Company will discuss and the Company will consider in good faith any changes to the current process.

1 **4.1(a)** Both the employee and the manager are responsible for the completion of this process
2 annually. A copy of the completed final review shall be placed in the employee’s Personnel file.
3

4 **4.1(b)** It is expected that occasional disagreement over Performance Evaluation content will be
5 resolved at the lowest possible level. A skip-level manager may be involved in the process for this
6 purpose. However, in those few instances where such resolution is not possible, the Union may
7 involve the Human Resource Director (or designee).
8

9 **4.1(c)** Failure to perform to identified performance standards may result in progressive discipline.
10

11 **Section 4.2 Individual Development Plan**
12

13 Employees who want to improve their skills in their current job or qualify for a job level upgrade may
14 develop an Individual Development Plan (IDP) with Management. The IDP will generally identify a
15 path of courses, activities, assignments and/or on the job training. Successful completion of an IDP
16 targeted at qualifying for a higher level job shall be considered by the Company if or when promotions
17 are available.
18
19

20 **ARTICLE 5**

21 **HOLIDAYS**
22

23 **Section 5.1 Dates Observed.** There will be twelve (12) scheduled paid holidays each calendar year.
24 The following holidays will be observed by the Company for the purpose set forth in this Article:
25

2011 Holidays	Day of Week	Date of Observance
Labor Day	Monday	September 5, 2011
Thanksgiving Day	Thursday	November 24, 2011
Day following Thanksgiving	Friday	November 25, 2011
Christmas Break	Friday	December 23, 2011
Christmas Break	Monday	December 26, 2011
Christmas Break	Tuesday	December 27, 2011

Christmas Break	Wednesday	December 28, 2011
Christmas Break	Thursday	December 29, 2011
Christmas Break	Friday	December 30, 2011
2012 Holidays	Day of Week	Date of Observance
New Year's Day	Monday	January 2, 2012
Memorial Day	Monday	May 28, 2012
Independence Day	Wednesday	July 4, 2012
Labor Day	Monday	September 3, 2012
Thanksgiving Day	Thursday	November 22, 2012
Day following Thanksgiving	Friday	November 23, 2012
Christmas Break	Monday	December 24, 2012
Christmas Day	Tuesday	December 25, 2012
Christmas Break	Wednesday	December 26, 2012
Christmas Break	Thursday	December 27, 2012
Christmas Break	Friday	December 28, 2012
Christmas Break	Monday	December 31, 2012
2013 Holidays	Day of Week	Date of Observance
New Year's Day	Tuesday	January 1, 2013
Memorial Day	Monday	May 27, 2013
Independence Day	Thursday	July 4, 2013
Labor Day	Monday	September 2, 2013
Thanksgiving Day	Thursday	November 28, 2013
Day following Thanksgiving	Friday	November 29, 2013
Christmas Break	Tuesday	December 24, 2013
Christmas Day	Wednesday	December 25, 2013
Christmas Break	Thursday	December 26, 2013
Christmas Break	Friday	December 27, 2013
Christmas Break	Monday	December 30, 2013
Christmas Break	Tuesday	December 31, 2013

2014 Holidays	Day of Week	Date of Observance
New Year's Day	Wednesday	January 1, 2014
Memorial Day	Monday	May 26, 2014
Independence Day	Friday	July 4, 2014
Labor Day	Monday	September 1, 2014
Thanksgiving Day	Thursday	November 27, 2014
Day following Thanksgiving	Friday	November 28, 2014
Christmas Break	Wednesday	December 24, 2014
Christmas Day	Thursday	December 25, 2014
Christmas Break	Friday	December 26, 2014
Christmas Break	Monday	December 29, 2014
Christmas Break	Tuesday	December 30, 2014
Christmas Break	Wednesday	December 31, 2014
2015 Holidays	Day of Week	Date of Observance
New Year's Day	Thursday	January 1, 2015
Memorial Day	Monday	May 25, 2015
Independence Day	Friday	July 3, 2015
Labor Day	Monday	September 7, 2015
Thanksgiving Day	Thursday	November 26, 2015
Day following Thanksgiving	Friday	November 27, 2015
Christmas Break	Thursday	December 24, 2015
Christmas Day	Friday	December 25, 2015
Christmas Break	Monday	December 28, 2015
Christmas Break	Tuesday	December 29, 2015
Christmas Break	Wednesday	December 30, 2015
Christmas Break	Thursday	December 31, 2015

1

2016 Holidays	Day of Week	Date of Observance
New Year's Day	Friday	January 1, 2016

Memorial Day	Monday	May 30, 2016
Independence Day	Monday	July 4, 2016
Labor Day	Monday	September 5, 2016
Thanksgiving Day	Thursday	November 24, 2016
Day following Thanksgiving	Friday	November 25, 2016
Christmas Break	Friday	December 23, 2016
Christmas Break	Monday	December 26, 2016
Christmas Break	Tuesday	December 27, 2016
Christmas Break	Wednesday	December 28, 2016
Christmas Break	Thursday	December 29, 2016
Christmas Break	Friday	December 30, 2016

1

2017 Holidays	Day of Week	Date of Observance
New Year's Day	Monday	January 2, 2017
Memorial Day	Monday	May 29, 2017
Independence Day	Tuesday	July 4, 2017
Labor Day	Monday	September 4, 2017
Thanksgiving Day	Thursday	November 23, 2017
Day following Thanksgiving	Friday	November 24, 2017
Christmas Break	Friday	December 22, 2017
Christmas Day	Monday	December 25, 2017
Christmas Break	Tuesday	December 26, 2017
Christmas Break	Wednesday	December 27, 2017
Christmas Break	Thursday	December 28, 2017
Christmas Break	Friday	December 29, 2017

2

3

2018 Holidays	Day of Week	Date of Observance
New Year's Day	Monday	January 1, 2018
Memorial Day	Monday	May 28, 2018

Independence Day	Wednesday	July 4, 2018
Labor Day	Monday	September 3, 2018
Thanksgiving Day	Thursday	November 22, 2018
Day following Thanksgiving	Friday	November 23, 2018
Christmas Break	Monday	December 24, 2018
Christmas Day	Tuesday	December 25, 2018
Christmas Break	Wednesday	December 26, 2018
Christmas Break	Thursday	December 27, 2018
Christmas Break	Friday	December 28, 2018
Christmas Break	Monday	December 31, 2018

1

2019 Holidays	Day of Week	Date of Observance
New Year's Day	Tuesday	January 1, 2019
Memorial Day	Monday	May 27, 2019
Independence Day	Thursday	July 4, 2019
Labor Day	Monday	September 2, 2019
Thanksgiving Day	Thursday	November 28, 2019
Day following Thanksgiving	Friday	November 29, 2019
Christmas Break	Tuesday	December 24, 2019
Christmas Day	Wednesday	December 25, 2019
Christmas Break	Thursday	December 26, 2019
Christmas Break	Friday	December 27, 2019
Christmas Break	Monday	December 30, 2019
Christmas Break	Tuesday	December 31, 2019

2

2020 Holidays	Day of Week	Date of Observance
New Year's Day	Wednesday	January 1, 2020
Memorial Day	Monday	May 25, 2020
Independence Day	Friday	July 3, 2020
Labor Day	Monday	September 7, 2020

Thanksgiving Day	Thursday	November 26, 2020
Day following Thanksgiving	Friday	November 27, 2020
Christmas Break	Thursday	December 24, 2020
Christmas Day	Friday	December 25, 2020
Christmas Break	Monday	December 28, 2020
Christmas Break	Tuesday	December 29, 2020
Christmas Break	Wednesday	December 30, 2020
Christmas Break	Thursday	December 31, 2020

1

2021 Holidays	Day of Week	Date of Observance
New Year's Day	Friday	January 1, 2021
Memorial Day	Monday	May 31, 2021
Independence Day	Monday	July 5, 2021

2

3

4 **Section 5.2 Unworked Holidays.** Employees shall receive eight (8) hours pay for unworked holidays
 5 (those holidays designated above), at their Base Rate in effect at the time the holiday occurs, plus shift
 6 premiums where applicable, provided, however the employee works his last full working day prior to
 7 and after the holiday(s), unless excused by supervisor.

8

9 **Section 5.3 Worked Holidays.**

10

11 **5.3(a)** Non-exempt employees who are required to work on their designated holidays shall receive
 12 the pay due them for the holiday, plus double their Base Rate for all hours worked on such holiday
 13 plus shift premiums where applicable.

14

15 **5.3(b)** Exempt employees shall receive the pay due them for the holiday, plus their Base Rate plus
 16 \$6.50 per hour for all hours worked on such holiday plus shift premiums where applicable.

17

18 **Section 5.4 Holidays During Earned Time Off.** Holidays occurring while an employee is on earned
 19 time off are not deducted from earned time off credits.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

Section 5.5 Employees Prevented from Working Because of Local Holidays. Employees assigned to a non-Company facility who are prevented from working their assigned shift because a holiday not listed in this Article is recognized at that facility shall be paid for such assigned shift unless the Company, at its option, modifies the work schedule for the week in which the holiday falls so that the employees are able to work a full work week. In all cases, hours worked on scheduled days of rest will be treated as overtime under Section 10.

**ARTICLE 6
EARNED TIME OFF**

Section 6.1 Computation of Credit. All earned time off must be approved in advance by one’s supervisor excluding illnesses. The amount of earned time off depends on the amount of continuous service and hire date. Years of service for Boeing employees hired on or before the Effective Date shall apply. Earned time off will be accrued per pay period.

Complete Years of Service	Earned Time Off Days	Earned Time Off Hours
0 - 4	16	128
5 - 9	18	144
10 - 11	21	168
12 - 13	22	176
14 - 15	23	184
16 - 17	24	192
18 +	25	200

Shift differential and work schedule premium pay will be paid where applicable in addition to Base Rate.

Section 6.2 Unused Credit.

1 **6.2(a)** All earned time off must be taken before the expiration of twelve (12) months after the date
2 the earned time off day is earned. However, days earned up to the maximum accrual during an
3 anniversary year may be carried over into the succeeding anniversary year. At no time shall an
4 employee carry a balance of more than two (2) times their annual accrual.

5
6 **6.2(b)** An employee may choose to be paid, upon written request, for a total of up to ten (10)
7 earned time off days in any calendar year. An employee may request payment on two occasions
8 during the year: (1) on their service date; and (2) one other time during the calendar year at the
9 employee's discretion.

10
11 **Section 6.3 Use of Credit.** All earned time off shall be taken at a time as to not seriously interfere with
12 scheduled operations. So far as practicable, the Company will permit all earned time off for the period
13 for which employees express preference. Employees, including exempt employees, may take earned
14 time off in one tenth (.10) hour increments up to a maximum accrual per the appropriate schedule.

15
16 **Section 6.4 Bereavement Leave.** Up to three (3) days bereavement leave with pay will be granted to
17 an employee on the active payroll who, because of death in his immediate family, takes time off from
18 work during his normal work schedule as such term is defined in Section 10 of this Agreement. Such
19 pay shall be at the employee's straight time base rate, including shift differential and cost of living
20 adjustment where applicable for each such day off; however, such pay will not be applicable if the
21 employee receives pay for such days off under any other provision of this Agreement. Bereavement
22 leave must be taken on consecutive workdays as selected by the employee within twenty (20) calendar
23 days following the death (or evidence of belated notification of death). For the purposes of this Section
24 6.4 the "immediate family" is defined as follows: spouse, mother, father, mother-in-law, father-in-law,
25 children, brother, sister, son-in-law, daughter-in-law, great-grandparents, grandparents, grandchildren,
26 stepmother, stepfather, stepchildren, stepbrother, stepsister, half-brother, half-sister, spouse's
27 grandparents, domestic partner, step-grandparents, and spouses step-grandparents. In addition, an
28 employee will be granted bereavement leave for a stillborn child.

29
30
31 **ARTICLE 7**
32 **WORKFORCE**
33

1 **Section 7.1 Objective.** The parties agree that it is in their mutual interest to ensure that appropriate
2 employment, advancement, retention, redeployment, and layoff practices are implemented.

3
4 **Section 7.2 Surplus.** The term refers to a condition in which the Company determines that the assigned
5 number of individuals exceeds the needs of the activity, project, program or organization to which the
6 individuals are assigned. A surplus may or may not result in layoffs. To the extent deemed practicable
7 by the Company, surpluses will be resolved by placing individuals in other assignments.

8
9 **Section 7.3 Layoffs.** The general objective of the procedure stated in this 7.3 is to provide for the
10 accomplishment of layoffs for business reasons, to the end that insofar as practicable the layoffs will be
11 made equitably, expeditiously and economically, and at the same time will result in retention on the
12 payroll of those employees regarded by management as comprising the workforce that is best able to
13 maintain or improve the efficiency of the Company, further its progress and success and contribute to
14 the successful accomplishment of the Company's current and future business. The occurrence and
15 existence of any condition necessitating a layoff, and the number of employees involved, will be
16 determined exclusively by the Company. Following such determination, the Company will notify the
17 Union of the anticipated layoff and, the affected retention groups and number of employees apt to be
18 affected.

19
20 **Section 7.4 Procedure Relating to the Filling of Positions.**

21
22 **7.4(a)** The parties are agreed that it is in their mutual interest to assure that favorable promotional
23 and retention consideration is granted to those individuals who are best able to maintain or improve
24 the efficiency of the Company, further its progress and contribute to the successful accomplishment
25 of current and future business. Accordingly, in the filling of positions, particular attention will be
26 given to the development, advancement and retention of the existing workforce.

27
28 **7.4(b)** The Company will first seek qualified candidates from within the existing active workforce
29 for all available positions, giving first consideration in the following order:

30
31 **7.4(b)(1)** An "in-place" promotion is the promotion of an employee to a higher level within the
32 same Job Classification. This promotion results from expansion of the **employee's** own work

1 assignment and is not for the purpose of filling a position vacated by another employee. The
2 Company may make such in-place promotions without limitations.

3
4 **7.4(b)(2) Reassignments of individuals** within the **bargaining unit** who have been **identified for**
5 **redeployment.**

6
7 **7.4(b)(3) Reassignments of individuals from other payrolls who have been identified for**
8 **redeployment.**

9
10 **7.4(b)(4) Employees who were,** within six (6) years preceding the date on which the open
11 position is designated, while on the active payroll, downgraded for other than performance
12 reasons from the same Job Classification as the **available** position, or from a higher level of that
13 Job Classification, or from a directly related management, engineering, or other payroll position
14 **and has not declined a Company offer of return to the Job Classification from which**
15 **downgraded.**

16
17 **7.4(b)(5) Transfers into the bargaining unit of individuals who at some previous time were**
18 **assigned** to the Job Classification.

19
20 **7.4(b)(6) Individuals on file for recall as described in 7.9(b).**

21
22 **7.4(b)(7) Candidates** who make timely application for the open position through the **Company's**
23 **Employee Requested Transfer process.**

24
25 **7.4(b)(8) Others.**

26
27 **7.4(c) Workforce Deployment.** Because of changing business practices or organizational structure,
28 a need to re-deploy employees may occur. In such cases, the Company will give as much advance

1 notice to the Union as is practicable.

2 **7.4(c)(1)** If an open position occurs for a Job Classification in which employees have been
3 identified for re-deployment, an employee already assigned to that Job Classification shall be
4 selected for the open position.

5
6 **7.4(d) Employee Requests for Transfers.** The Company will maintain an environment in which
7 employees can make known their interest in transferring to other positions for which they are
8 qualified to perform and which may satisfy their personal needs. A job posting and transfer process
9 will be maintained which will allow employees, without fear of reprisal, to make application for
10 transfer and receive consideration as a candidate for open positions for which they are qualified. All
11 employees, including those involved in surpluses, shall have full access to the Company staffing
12 process. The Company will provide the Union with a copy of the request for transfer procedure and
13 any changes thereto.

14
15
16 **Section 7.5 Reductions-in-Force.** Should reductions-in-force become necessary, the Company will
17 retain employees with the best performance or as warranted by business need in each job classification.

18
19 **7.5(a) Retention Rating.** The Company will establish and communicate to the employees and the
20 Union, a retention rating process consisting of three (3) categories. Employees will be given written
21 notification of their rating.

- 22
- 23 i. Category A shall represent the employees rated in the top 70% of the employees in each
24 classification.
 - 25
 - 26 ii. Category B shall represent the employees rated in the next 20% of the employees in each
27 classification.
 - 28
 - 29 iii. Category C shall represent the employees rated in the lowest 10% of the employees in each
30 classification. Employees rated in Category C will be notified of their vulnerability to layoff
31 during a reduction-in-force.
 - 32

1 **7.5(a)(1) Adjustments for Company Service.** Employees with twenty (20) or more years of
2 Company service who are ranked in the Category C will be adjusted to a Category B retention
3 rating, and employees with twenty (20) or more years of Company service who are rated in
4 Category B will be adjusted to a Category A retention rating. Such adjustments will be reflected
5 in the written notification to each employee.

6
7 **7.5(a)(2) Retention Rating Appeals.** An employee who feels the assigned retention rating is
8 inappropriate may at any time discuss the matter with his or her immediate supervisor. If within
9 thirty (30) calendar days following notification of the assigned retention rating the employee
10 elects to appeal the rating, and discussion with the immediate supervisor has not resolved the
11 employee's concern, certain ratings may be appealed for further review as provided below:

12
13 **7.5(a)(2)a** Employees ranked in Category C will be allowed to appeal the rating.

14
15 **7.5(a)(2)b** Any employee experiencing a drop in rating will be allowed to appeal the rating.

16
17 **7.5(a)(3) Final Appeal** will reside with the Workforce Skill Team Strategist or HR Generalist,
18 the Labor Relations Representative, and the Union Representative who will resolve the appeal by
19 majority decision at the meeting or within five workdays thereafter. In the event the Union
20 considers the decision to be inappropriate to the facts of the case, the Union may advance its
21 appeal to the Site Union Relations Manager whose decision will be final and binding and will
22 conclude the appeal process. Pertinent information may be obtained from meeting with the
23 employee, the immediate supervisor and/or the appropriate management representative.

24
25 **7.5(a)(4) Retention Rating Frequency.** Retention ratings will occur at least every eighteen
26 (18) months. A retention rating may be conducted in any retention groups in advance of any
27 contemplated surplus.

28
29 **7.5(a)(5) Employee Notification.** Following each periodic retention index review, the
30 Company will provide each employee with a written notification of the employee's retention
31 rating prior to the effective date, except where such is made impracticable due to the
32 unavailability of the employee or the supervisor occasioned by vacations, travel assignments, etc.
33 In such circumstance the notification will be given as soon as practicable. In addition,

1 management will discuss the new retention rating with employees. The written notification will
2 contain:

3
4 **7.5(a)(5)a** The employee’s Job Classification,

5
6 **7.5(a)(5)b** The employee’s retention rating prior to and following any adjustment under
7 7.5(a)(1),

8
9 **7.5(a)(5)c** The number of employees in each of the three retention index categories [as
10 adjusted under 7.5(a)(1)], within the employee’s retention index group,

11
12 **7.5(a)(5)d** A description of the jobs and levels included in the retention group,

13
14 **7.5(a)(5)e** “Designation” status, in accordance with Section 7.10,

15
16 **7.5(a)(5)f** Manager signature and date the notification was presented to the employee, and
17 employee signature acknowledging receipt (the employee’s signature does not represent
18 agreement but merely that the employee was notified of the information provided above).

19
20 **7.5(b) Out-of-Sequence Retention Rating.** The retention rating of an employee who is reclassified
21 between periodic retention rating reviews will be sustained or revised as defined in 7.5(b)(3).

22
23 **7.5(b)(1)** With downward movement between sequenced rating groups, the employee will
24 become a Category A until the next periodic retention rating review.

25
26 **7.5(b)(2)** With an upward movement between sequenced groups, the employee will
27 automatically receive a retention rating of Category C until the next periodic retention rating
28 review.

29
30 **7.5(b)(3)** When no level sequencing between groups is involved, the employee will retain the
31 same retention rating as before the reclassification until the next periodic retention rating review.
32

1 **7.5(b)(4)** An employee who returns from leave of absence between periodic retention rating
2 reviews shall retain the same rank until the next periodic retention rating review.

3
4 **7.5(b)(5)** An individual who enters the bargaining unit between periodic retention rating reviews
5 shall automatically be assigned a retention rating of Category C until the next periodic retention
6 rating review.

7
8 **7.5(b)(6)** An individual who returns from layoff shall be assigned the retention rating of record
9 at the time of layoff, providing there has not been a retention rating review during the layoff
10 period. The individual will automatically be assigned a retention rating of Category C if a
11 retention rating review has been conducted during the layoff period.

12
13 **7.5(b)(7)** The out-of-sequence retention rating assigned under the provisions of 7.5(b)(1)
14 through 7.5(b)(7) will be reaffirmed or superseded by the rank assigned during the next periodic
15 retention rating review.

16
17 **7.5(c) Retention Rating Group Makeup.** Management will assign the retention rating by Job
18 Classification for each employee to who this Article applies, with the basic objective of identifying
19 those employees who in the opinion of Management, are best able to maintain or improve the
20 efficiency of the Company, further its progress and success and contribute to the successful
21 accomplishment of the Company's current and future business. Each retention group will consist of
22 all the employees in the appropriate identified Job Classification. Exempt and non-exempt
23 employees will not be in the same retention group.

24
25 **7.5(d) Application.** When a workforce reduction is determined by management to be necessary
26 within one or more retention rating groups, management will follow the applicable provisions of
27 Article 8 and designate for layoff the required number of employees within such retention rating
28 groups, beginning with the lowest rating index.

29
30 **7.5(d)(1) Exceptions.** Exceptions to the designation for layoff may be made by the Company
31 where it desires to retain a maximum of 10% of employees who are Category C, 10% of
32 employees who are Category B, and 10% of employees who are Category A within an affected

1 Retention Index Group as of the time of the most recent retention index review. Exceptions will
2 be identified in writing to the Union representative.

3
4 **7.5(d)(1)a** One (1) employee may be subject to the 10% exception if there are one (1) to
5 fourteen (14) employees in the retention rating group;

6
7 **7.5(d)(1)b** Two (2) employees may be subject to the 10% exception if there are fifteen (15)
8 to twenty-four (24) employees in the retention rating group;

9
10 **7.5(d)(1)c** Three (3) employees may be subject to the 10% exception if there are twenty-five
11 (25) to thirty-four (34) employees in the retention rating group;

12
13 **7.5(d)(1)d** Higher numbered retention rating groups may be rounded similarly.

14
15 **7.5(d)(2)** Employees designated for layoff in a retention rating group that is sequenced by levels
16 with a group that has lower levels and which is populated will be allowed a downgrade in lieu of
17 layoff.

18
19 **7.5(d)(3)** Employees on travel status **that is expected to continue for thirty (30) or more days**
20 may not be laid off while on such status. Such employees shall not be counted among or reduce
21 the number of exceptions permitted by the provisions of Section 7.5 nor shall their rating prevent
22 the layoff or downgrade of employees with a higher rating who are otherwise subject to such
23 action.

24
25 **7.5(d)(4)** Employees selected by management to participate in a program of formal training in a
26 field outside their current Job Classification, which training is conducted or approved by the
27 Company, and employees who at management's request transfer from one major functional area
28 to another for a Company-sponsored skill transition and retraining program will be assigned a
29 unique job code upon entering the training program or upon transfer to the new functional area
30 respectively. The trainee shall retain this unique code for a period of six (6) months following
31 completion of training or transfer to the new functional area, as the case may be, in order to
32 allow time for the trainee to demonstrate his or her adaptability to the new assignment. During
33 the period in which the trainee is assigned the unique code, he or she will retain the retention

1 rating held at the time of assignment to the unique code. In the event a surplus is declared in the
2 trainee's new assignment and if the trainee's rating would cause him or her to be an individual
3 surplus, the trainee will be returned for assignment to an area under his or her last held regular
4 assigned Job Classification and the retention rating of record.

5
6 **7.5(d)(5)** Employees laid off after refusing less than equivalent job offers made as a result of re-
7 deployment activities will be coded as a layoff and will be regarded for all Company purposes as
8 a laid off employee.

9
10 **7.5(d)(6)** The Company and the Union agree that, any provision in the parties' Collective
11 Bargaining Agreements to the contrary notwithstanding, an employee may request that he or she
12 be voluntarily laid off without regard to assigned rating or adjustments for company service. If
13 the request is approved by management, the employee will be coded as a layoff and will be
14 regarded for all Company purposes as a laid off employee. The Union will be advised of all
15 employees approved for voluntary layoff.

16
17 **Section 7.6 Temporary Layoff / Short Workweek.**

18
19 **7.6(a)** Management, with bona fide requirements, can conduct temporary layoffs without regard to
20 retention, provided the number of such layoffs per month does not exceed 5% of the total number of
21 employees employed in the bargaining unit on the first day of that month. Temporary layoffs will be
22 voluntary whenever practical and will not exceed **sixty (60) days, within a rolling twelve (12) month**
23 **period. Employees on a temporary layoff will receive health and welfare benefits as provided for by**
24 **the Health and Welfare Benefit Plans during such layoff. The union shall be notified of plans for**
25 **temporary layoff as early in the process as practicable. Contract personnel within the same job**
26 **codes and Program shall be terminated prior to implementing temporary layoffs, except when the**
27 **Company determines that it needs to retain any key contract labor in order to avoid significant**
28 **customer disruption or impact on a Program. Such exceptions must be approved by the Senior**
29 **Executive in the Program, shall not be greater than five percent (5%) of the bargaining unit, and the**
30 **Union shall be notified.**

31
32 **7.6(b)** If deemed necessary to avoid a layoff, management will ask for volunteers but may in its
33 discretion schedule short workweeks of not less than 24 hours for a period not to exceed 180

1 consecutive calendar days. Health and welfare benefits will not be prorated during this time period.
2 The union shall be notified of plans for short workweeks as early in the process as practicable.
3 Contract personnel within the same job code and Program shall also be placed on short workweeks
4 during any time employees in the same job code and Program are assigned to short workweeks,
5 except when the Company determines that it needs to retain any key contract labor in order to avoid
6 significant customer disruption or impact on a Program. Such exceptions must be approved by the
7 Senior Executive in the Program, shall not be greater than five percent (5%) of the bargaining unit,
8 and the Union shall be notified.

9 **7.6(c)** The Company shall provide the union with a list of Key Contract Labor at least annually,
10 and shall update it as necessary.

11
12 **Section 7.7 Exceptions to Foregoing Procedures.**

13
14 In instances where in the opinion of the Company the layoff procedures set forth in this section do
15 not achieve the objectives stated in 7.3, exceptions thereto, without any limitation as to the number,
16 may be made not more than one time during the contract term when approved by the Chief
17 Executive Officer or designated representative. It will be the responsibility of any supervisor who
18 recommends such an exception to prepare and transmit, a detailed report of the proposed
19 exception(s) and the reasons therefore. An explanation, prior to implementation, will be provided to
20 the Union.

21
22 **Section 7.8 Layoff Notice.** The Company will attempt to give at least two (2) weeks notice prior to
23 layoff to the employees affected, except when the layoff is caused by unexpected events (WARN Act
24 definition), termination of a Government or other production contract, or when the affected employees
25 are absent.

26
27 **Section 7.9 Layoff Status.**

28
29 **7.9(a) Maintenance of Layoff Status.**
30

1 **7.9(a)(1)** Each employee laid off under the provisions of this Article will remain on layoff status
2 for a total period of three (3) years from the date the layoff was effective, subject to 7.9(a)(2).

3
4 **7.9(a)(2)** An employee shall remain on layoff status in accordance with Section 7.5, provided he
5 or she does not:

6
7 **7.9(a)(2)a** Fail to respond to a formal offer from the Company of a job within ten (10)
8 workdays after it is extended or by such later date as may be stipulated by the Company, or

9
10 **7.9(a)(2)b** Refuse a formal offer from the Company for a full-time job within the bargaining
11 unit or in the same labor market area from which laid off, for which the salary or level
12 offered is equal to or greater than the employee's salary at the time of layoff, or

13
14 **7.9(a)(2)c** Fail to report to work within ten (10) workdays following acceptance of a formal
15 Company offer or on such later date as may be stipulated in the Company offer, or

16
17 **7.9(a)(2)d** Elect retirement thereby removing themselves permanently from layoff status.

18
19 **7.9(a)(3)** Employees removed from layoff status for any reason other than retirement or
20 expiration of the three (3) year period following layoff will be notified in writing of such
21 removal, and the reasons therefore, by the Company.

22
23 **7.9(a)(4)** Laid off employees who are prevented from meeting the conditions described in
24 7.9(a)(2)a, 7.9(a)(2)b or 7.9(a)(2)c solely due to medical disability, verified to the Company's
25 satisfaction by their personal physician, shall upon request be granted a waiver for the missed
26 requirement(s).

27
28 **7.9(b) Return to Active Employment.**

29
30 **7.9(b)(1)** It is a mutual objective of the Company and the Union that laid off employees who
31 have not been determined ineligible be recalled to active employment, and a mutual desire that
32 such recall into the Company the laid off employee be offered in approximate reverse order,
33 **within a 60-day range**, from the Job Classification from which the employee was laid off.

1
2 **7.9(b)(2)** At the time of layoff, the Company automatically will place in the file for priority
3 consideration return to active employment the names of all laid-off employees. In order to
4 maintain such recall status, the employee must keep the Company informed of his or her interest
5 in returning to active employment by submitting a letter so stating. The employee must register
6 by letter at time of layoff and no later than December 31st of each calendar year following the
7 year in which the layoff occurs. Such letter must contain the individual's name, employee
8 identification number, address, and telephone number. The Company's sole obligations to
9 provide notice of recall shall be to (1) send a certified written notice to the last mailing address
10 provided by the employee and (2) notify the Union of the employees to be recalled.

11
12 **7.9(b)(3)** Prior to hiring from outside the Company, the Company shall extend job offers to
13 those eligible on the recall list. Nothing in Article 7.9 will preclude the Company from hiring
14 from sources outside the Company when projected requirements exceed the number of
15 employees in applicable job classifications eligible to be recalled from the priority recall list.

16
17 **7.9(b)(4)** If any employee on layoff status disputes his or her recall status as reflected in
18 Company records, Company records shall prevail unless rebutted by either (a) a Company
19 receipt, or (b) a properly addressed U.S. Postal Service return receipt evidencing filing of the
20 salaried payroll employment availability form (or letter) during the calendar period in question.

21
22 **7.9(c) Salary and Level of Returning Laid-Off Employees.** Company offers extended to laid-off
23 employees for return to active employment in the same area will be, at a minimum, the salary and
24 level from which laid off. The Company will review salary on a case-by-case basis and make
25 adjustments as appropriate. Rejection of a formal Company offer for a position outside the
26 bargaining unit or in a labor market area other than from which laid off will not be cause for removal
27 from layoff status.

28
29 **7.9(d) Retiree Medical Eligibility.** Employees who are on layoff status may credit up to 30
30 months of time spent on layoff towards eligibility for retiree medical benefits.

31
32 **7.9(e) Record Maintenance.** The Company will maintain a record of all laid-off employees who
33 are on layoff status under the above provisions.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33

Section 7.10 Designated Employees.

7.10(a) The Company may designate employees who either will be declared ineligible for first consideration recall rights or will not receive a service adjustment or both. Any such designation shall be subject to the following requirements:

7.10(a)(1) Designated employees will be identified as part of the retention rating process and advised in writing that, in the event of layoff during the period of time between **retention ratings**, either they will have no first consideration recall rights or will not receive a service adjustment or both.

7.10(a)(2) Designated employees must have an assigned Category C retention rating.

7.10(a)(3) Designated employees will be identified by **the appropriate management team**.

7.10(b) Employee Improvement Action Plan. Employees who have been identified as “designated” will be provided with an Employee Improvement Action Plan within thirty (30) calendar days of the designation, which will identify the specific conditions leading to the designation and improvements necessary to avoid such designations in the future. Management and the employee will have on-going, **scheduled** discussions about the employee’s progress in achieving the objectives outlined in the action plan. The Company will promptly notify the Union of the identities of designated employees. The identification **of** designated employees shall not be subject to Article 3 (**Determination of Disputes**); however, designated employees may appeal the designation regardless of their previous retention index rating in accordance with Section 7.5(a)(2). Designations pursuant to this section will remain in effect until the next scheduled retention rating review exercise or until the employee satisfactorily completes the Improvement Action Plan and has been removed from designation. **The employee and union will be informed of the removal of the designation.**

7.10(b)(1) All employees have the opportunity to request an Employee Improvement Action Plan within (30) calendar days of their retention rating.

1 **Section 7.11 Temporary Recall.**

2
3 **7.11(a)** The parties acknowledge that Article 8 limits the use of contract personnel during workforce
4 reductions or when employees are on active recall status. The parties acknowledge further that
5 occasionally situations arise when short-term assignments, **expected to be of no more than six (6)**
6 **months duration**, require additional staffing. The Company could choose to contract out these work
7 packages. The Company in its sole discretion has from time to time preferred to have this work
8 performed by employees on active layoff status. In recognition of the fact that the work under
9 discussion involved short-term assignments, the parties agree to the implementation of the process
10 described immediately below.

11
12 **7.11(b)** The process shall be known as Temporary Recall and shall be defined as the temporary re-
13 employment of individuals on active layoff status (hereinafter “employees”).

14
15 **7.11(c)** Temporary Recall assignments may be designated for specific programs or projects whose
16 normal maximum will be six (6) months. Assignments will normally be full-time (average eighty
17 (80) hours in a pay period).

18
19 **7.11(d)** The Company will determine which employees will be offered Temporary Recall
20 assignments. Temporary Recall will be strictly voluntary on the part of the employee. Refusing to
21 consider an employee for Temporary Recall or an employee’s rejection of an offer of Temporary
22 Recall will not affect the employee’s active layoff status.

23
24 **7.11(e)** Temporarily-recalled employees will receive the same salary they were receiving prior to
25 layoff.

26
27 **7.11(f)** Eligibility for coverage for medical/dental insurance, life insurance, accidental death and
28 dismemberment insurance, business travel accident insurance, long-term and short-term disability
29 insurance, and voluntary personal accident insurance begins on the first day which the re-
30 employment commences.

31
32 **7.11(g)** With regard to the Retirement Plan, unused sick leave, and Earned Time Off, employees on
33 Temporary Recall will be set up in the system based on their respective layoff/recall circumstances.

1 This will include the reactivation of unused but earned credits and the generation of future benefits
2 consistent with standard policies. 401(k) Plan contributions shall be resumed (subject to the terms of
3 the Plan), beginning upon recall.
4

5 **7.11(h)** Company service will be earned beginning the first day back on the active payroll.
6

7 **7.11(i)** Active layoff status will not be interrupted. Filing requirements once during each year for
8 first consideration recall status will remain.
9

10 **7.11(j)** Employees on Temporary Recall will not receive a retention index based on Temporary
11 Recall assignments.
12

13 **7.11(k)** Employees on Temporary Recall will generate funds for a selective adjustment exercise if
14 they meet contractual criteria.
15

16 **7.11(l)** Employees on Temporary Recall will not be eligible for additional layoff benefits when their
17 Temporary Recall assignment ends.
18

19 **7.11(m)** Employees on Temporary Recall are not eligible to apply for internal job postings.
20

21 **Section 7.12 General Provisions.** 22

23 **7.12(a) Compensable Injuries.** Any employee who has been wholly or partially incapacitated for
24 that employee's regular work by compensable injury or compensable occupational disease while in
25 the employ of the Company may, while so incapacitated, be employed in work which the employee
26 can do without regard to the provisions of this Agreement. The Union shall be notified of persons to
27 whom this waiver applies and the effective dates of such waiver.
28

29 **7.12(b) Veterans.** The Company and the Union, recognizing that the reemployment rights of
30 employees entering or inducted into the Armed Forces of the United States are the subject matter of
31 legislation, agree that nothing contained in this Agreement will preclude the Company from
32 reemploying such employees in compliance with provisions of applicable laws.
33

1 **7.12(c) Transfer Return Rights.** An employee who is transferred by the Company from the
2 bargaining unit described in Article 1 of this Agreement to another SPEEA-represented bargaining
3 unit, and at the time of such transfer is accorded return rights by the Company in writing, will not be
4 laid off while assigned at such other unit, but will be transferred back to the original unit in
5 accordance with the return rights previously accorded by the Company. An exception will be made
6 if the employee elects to be laid off in which case the employee will waive transfer return rights.
7

8 **Section 7.13 Reclassification to a Lower Level at Employee’s Request or in Lieu of Layoff.**
9

10 **7.13(a)** The Company may at the employee’s request effect a reclassification to a lower level.
11

12 **7.13(b)** The Company may offer an employee a reclassification to a lower level in lieu of layoff.
13

14 **Section 7.14 Acting Supervisors.** The Company agrees to inform the Union in a timely manner when
15 it intends to use a member of the bargaining unit as an acting supervisor. If the employee remains as an
16 acting supervisor for more than six (6) consecutive months, the employee shall be reclassified to
17 management or returned to his or her bargaining unit position. Deviations shall require the consent of
18 the Union.
19

20 **Section 7.15 Probationary Period.** Employees may be terminated within the first ninety (90) days of
21 **employment** for any reason deemed appropriate by management. **The Company will maintain a process**
22 **to provide feedback to new employees during this Probationary Period, generally at thirty (30), sixty**
23 **(60), and ninety (90) days. A discharge during this Probationary Period is not grievable.**
24
25

26 **ARTICLE 8**

27 **CONTRACT LABOR AND SUBCONTRACTING**
28

29 **Section 8.1 Contract Labor.**
30

31 **A. Purpose.** The Company and the Union recognize that Contract personnel are a practical source
32 of skilled temporary labor that allows the Company to acquire skilled professional and technical
33 support in a timely manner. The Company and the Union recognize that requirements for

1 experienced Contract personnel must be balanced with the need to build and maintain the
2 experience base and to support our mutual objective of workforce stabilization by minimizing
3 employee layoffs.
4

5 **B. Definition.** The term, contract personnel, refers to temporary personnel supplied by another
6 business entity to perform work in Sedgwick County, Butler County, Harvey County, and
7 Sumner County, Kansas under the daily control and supervision of Company management. The
8 business entities that provide contract personnel normally are in the business of providing
9 temporary services (such as temporary employment agencies and staffing firms). Sources of
10 contract personnel may also include businesses in the aerospace or related fields that make their
11 personnel available for temporary labor (so called “industry assist” arrangements). Excluded
12 from the definition of contract personnel are consultants and their employees and employees of
13 subcontractors or vendors.
14

15 **Section 8.2 Procedure and Limitations.**

16

17 **8.2(a)** The Company shall notify the Union of the basis for the need, the approximate number of
18 Contract personnel required and the Job Classification normally held by employees performing the
19 type of work involved during the quarterly Labor/Management business meeting.
20

21 **8.2(b)** If based on a variety of factors (including but not limited to the nature of the assignment, the
22 status of the program, the overall need for the skills at issue, and the purpose of using Contract
23 personnel described above) the Company needs the skills supplied by Contract personnel on a long-
24 term basis, the position shall be made available in accordance with the Company job posting
25 process. Individual contract personnel may not perform work for the Company for more than
26 eighteen (18) consecutive months without the written approval of the appropriate senior level
27 executive. With such approval of the appropriate senior level executive, the individual contract
28 personnel may perform work for the Company for an additional eighteen (18) months. No further
29 extensions shall occur without agreement by the Union.
30

31 **8.2(c)** The Company and the Union agree that it is normally inappropriate to hire Contract personnel
32 as direct hires in periods of surplus activity within a Job Classification. Deviations will be subject to
33 approval by the appropriate senior-level executive and provided, in writing, to the Union. The

1 granting of a deviation to allow such hiring shall not be subject to the grievance and arbitration
2 process.

3
4 **8.2(d)** Contract personnel shall not be authorized to make decisions normally associated with
5 management responsibility including salary determination, retention and discipline. They shall not
6 be assigned lead positions.

7
8 **8.2(e)** No employee shall be laid off while Contract personnel are still employed in the Skill
9 Classification, except when the Company determines that it needs to retain any contract labor while
10 surplus employees in order to avoid significant disruption or impact on the committed packages
11 of work. In such cases, the approval of the Human Resource leader and the appropriate senior level
12 executive shall be required. Notification of such decision will be provided to the Union as soon as
13 practicable.

14
15 **8.2(f)** Employees will not be laid off until their skills have been reviewed to determine if they can
16 replace contract personnel in other than their job classifications.

17
18 **Section 8.3 Data.** On request, the Company shall supply the Union with data that displays the number
19 of contract personnel utilized by Job Code, so that compliance with all limitations identified in 8.2 can
20 be monitored. The data shall include names, Job Classifications as applicable, organizations, and start
21 dates.

22
23 **Section 8.4 Subcontracting.**

24
25 **Section 8.4(a)** The Company and the Union agree that subcontracting, market access/offset
26 agreements or other assignments of work may be a part of the Company's business strategies.

27
28 **Section 8.4(b)** With respect to the subcontracting of work currently performed by bargaining unit
29 employees, the parties recognize that from time to time such subcontracting may be necessary. To
30 enable the Union to suggest competitive alternatives which might allow the retention of work within
31 the bargaining unit, the Company will, at least sixty (60) days prior to signing any agreement to
32 subcontract work currently being performed by bargaining unit employees, provide notice to the
33 Union of its plans to subcontract work which would directly result in the displacement of twenty-

1 five (25) or more bargaining unit employees. The Company will provide information related to the
2 potential subcontracting other than information it considers to be confidential, proprietary or subject
3 to nondisclosure provisions.
4

5 **Section 8.4(c)** The parties recognize that some subcontracting decisions cannot be disclosed
6 within the sixty (60) day period referred to above, due to confidentiality concerns. In such
7 circumstances, the Company will provide the Union as much notice as practicable.
8

9 **Section 8.4(d)** Following notice of specific plans to subcontract work currently performed by the
10 bargaining unit that would directly displace twenty-five (25) or more of bargaining unit employees,
11 the parties shall, upon the request of the Union, meet and discuss the impact on the bargaining unit.
12 The Company agrees to consider any proposal the Union might make which would result in a less
13 costly way to retain such work in the bargaining unit. The Union must present any such proposals
14 within thirty (30) calendar days of receipt of the Company's plans. The decision to implement any
15 such union proposal instead of subcontracting the work shall be the Company's. The parties will
16 meet periodically to review the implementation of any such union proposals selected by the
17 Company. If the Company chooses to implement the union proposal instead of subcontracting the
18 work, and if the Union's projected savings are not realized within any ninety (90) day period
19 following implementation, the Company may subcontract the work.
20
21

22 **ARTICLE 9**

23 **JOINT MEETINGS**

24

25 **Section 9.1 Joint Meetings.**

26

27 **9.1(a)** Should either party desire to discuss with the other any matter affecting generally the
28 relationship of the parties, a meeting of Union and management representatives shall be arranged
29 upon request of either party. Such meeting shall take place at a time mutually convenient to both
30 parties. Any use of Company time for attendance at such meetings shall be arranged in advance by
31 mutual agreement.
32

1 **9.1(b)** This Article is intended to provide an open avenue of communication between the Union and
2 the Company, and suggestions, complaints, or other matters may be presented by either party,
3 provided that neither party shall be required to discuss any item brought up by the other party nor be
4 bound to act upon any item presented. However, both parties agree to discuss information
5 grievances and complaints.
6

7 **Section 9.2 Business Overviews.** Regularly scheduled quarterly meetings will be held between the
8 Company and the Union to share information about Company business plans such as workforce
9 planning, business outlook, facility and safety issues, subcontracting, surplus activity, employment of
10 contract engineers, and other areas of interest as agreed to by the parties. Meetings shall be attended by
11 appropriate Union, Human Resources and Business Unit Representatives.
12

13 **Section 9.3 Joint Oversight Committee (JOC) for Labor-Management Cooperative Initiatives.**

14 The parties will establish a joint committee to oversee labor management initiatives the parties
15 undertake. These joint initiatives are intended to enhance and develop employees as the Company's key
16 resource. The oversight function can include: (1) establishing subcommittees to handle the initiatives;
17 (2) reviewing, expanding where appropriate, and resolving issues related to ongoing initiatives; and (3)
18 formulating future labor-management cooperative initiatives. The Company at its sole discretion will
19 provide administrative staff and appropriate funding to support the initiatives. To create a proper
20 environment for the committee's work, no aspect of the committee's proceedings shall be used as the
21 basis for, or as evidence in, any proceedings under Article 3.
22

23 **9.3(a) Committee membership:** Joint Committee with WTPU and the Company. The Joint
24 Union-Company Oversight Committee shall consist of up to four persons representing the Company
25 and up to 4 persons representing the Union. The Company representatives will be appointed from
26 the Business Unit(s) and Human Resources management. The Union representatives will be selected
27 from the bargaining unit's membership. Each party shall appoint a chairperson of its group.
28

29 **9.3(b)** The Joint Oversight Committee may oversee initiatives:
30

- 31 • Review proposed changes to the job descriptions and job structure.
- 32

- 1 • Discuss Salary Reference Tables and Salary Planning Fund, including size and management
2 training materials, Company compensation philosophy, and market relationships.
3
4
- 5 • Monitoring developments in the areas of use of compensatory time off, child and elder care,
6 Drug and Alcohol-Free Workplace Program, and the Employee Assistance Program.
7
- 8 • Exploring alternate forms of compensation and delivery methods, salary planning process,
9 market relationships and compensation philosophy.
10
- 11 • Discussion groups on topics of mutual interest.
12
- 13 • Exploring healthcare costs and plan details.
14
- 15 • Career Enhancement, including:
16
 - 17 – Programs to provide employees the information, training, and opportunity to influence
18 their career direction.
 - 19
 - 20 – A program to provide a meaningful career alternative for those employees who choose to
21 remain on a technically oriented career path (as opposed to a managerial track).
22
 - 23 – Coordination with related activities to maximize efficiency and involve appropriate
24 people and viewpoints as required.
25
- 26 • Discuss the potential Company employee transfer process.
27
- 28 • Conducting briefings on the Company's plans for the introduction of new technological
29 change that may affect employees, including schedules of introduction and areas of skill
30 impacts.
31

- Planning, developing, implementing and evaluating pilot projects involving innovative approaches in the workplace aimed at improving the quality of work life and productivity.
- Reviewing on a quarterly basis, if requested, data regarding overtime worked by employees.

9.3(c) The Joint Oversight Committee shall meet as often as its members agree, but in no event less than quarterly. The Company and Union chairpersons will establish committee meeting locations, agendas and procedures.

9.3(d) Joint Training Committee

The Company and the Union are committed to ensuring that employees have opportunities to improve their skills and are prepared for changing technologies. The parties agree to a Joint Training Committee. The Committee will have an equal number of representatives, including a co-chair, from each party. The Committee will have no bargaining authority. The Committee will monitor and explore developments in the areas of education and training, skill utilization and application, and career development as those link to emerging technologies. The Committee will consider the possibility of utilizing third-party training providers jointly selected by the Company and the Union.

9.3(e) Joint Benefits Committee.

The Company and the Union are committed to ensuring that employees have access to cost effective, quality health care coverage, and other competitive benefits. The parties agree to a Joint Benefits Committee. The Committee will have an equal number of representatives, including a co-chair, from each party. The Joint Benefits Committee will have no bargaining authority. When appropriate, health care experts and representatives from the Company's health plans, and other benefits experts will be invited to attend Committee meetings. Among the topics that the parties will consider and discuss are:

- Explore the possibility of self-funding the medical plans
- Explore health care audit program
- Explore retirement program structure
- Healthy Spirit strategy for Kansas employees
- Programs, events, rewards, etc.
- Healthcare Reform and anticipated impacts

- Medical trend information –Quarterly reviews
- Summary of Material Modifications to the Summary Plan Descriptions
- Employee Education and Communication
- Jointly develop education and communication materials
- Explore bereavement leave immediate family definition
- Other pertinent items as they come up

ARTICLE 10 HOURS OF LABOR

Section 10.1 Regular Hours.

10.1(a) A regular work day and work shift shall be eight (8) hours and a regular work week shall be forty (40) hours. The regular schedule of hours shall be as follows: First (daylight) Shift: start time will be from 4:00 A.M. to 11:59 A.M.; Second Shift: start time will be from 12:00 P.M. to 7:59 P.M.; Third Shift: start time will be from 8:00 P.M. to 3:59 A.M. (seven (7) hours shift, thirty (30) minutes unpaid lunch) on Monday, Tuesday, Wednesday, Thursday, and Friday. The Company shall assign the initial start times as stated above.

10.1(b) Variable work schedules can be established to meet business requirements. Any such change in work schedules will be reviewed with the Union.

10.1(c) Management may allow employees to volunteer for variable work schedules (e.g., four (4) 10-hour days; Thursday through Monday work week) as warranted by business need.

Section 10.2 Shift Premiums. An employee who works second shift shall be paid a shift premium of one dollar (\$1.00) per hour and an employee who works third shift shall be paid a shift premium of seventy-five cents (\$.75) per hour. An employee who works third shift of six and one-half (6-1/2) hours will receive an adjustment equivalent to one and one-half hours' pay at his base rate. A prorated portion of that adjustment will be paid when the employee works less than six and one-half hours on a regular third shift.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

Section 10.3 Work Schedule Premiums.

10.3(a) An employee assigned to either Saturday or Sunday as a regular day of work will receive two dollars fifty cents (\$2.50) per hour in addition to Base Rate of pay for hours worked on Saturday and/or Sunday.

10.3(b) Employees may, at their request and with management approval, work any variable work week schedule. Employees working schedules at their request, and in the absence of a company requirement for such a schedule, will not be eligible for the work schedule premiums.

Section 10.4 Shift Preference or Variable Work Week Schedule.

10.4(a) When staffing a shift or variable work week schedule, the Company maintains the right to assign employees necessary to accomplish the work, including the right to assign employees with key skills regardless of their shift preference. The Company will attempt to complete such staffing from volunteers, assignments from other shifts in reverse seniority order, promotions and new hires.

10.4(b) Where appropriate, the employee and management shall agree to flexible work schedules to accommodate personal or business needs.

Section 10.5 Overtime Rate.

10.5(a) Non-exempt Employees. Time worked in excess of forty (40) hours in one (1) work week shall be paid at one and one-half (1-1/2) times employee’s statutory regular hourly rate. All overtime worked in excess of 12 hours in a workweek will be paid at double his or her base rate. Time worked on one’s scheduled second day of rest will be paid at a rate of two (2) times one’s Base Rate if the employee also worked on first scheduled day of rest.

10.5(b) Exempt Employees. The hourly rate to be paid for scheduled overtime worked by employees will be straight time plus \$6.50 per hour.

1 **Section 10.6 Reporting Pay.** If a non-exempt employee reports for work in accordance with
2 instructions, he shall receive a minimum of eight (8) hours pay at his Base Rate plus shift premiums
3 where applicable.

4
5 This will not apply in case of emergency shutdowns arising out of any condition beyond the Company's
6 control. An employee who leaves work of his own volition, or because of incapacity (other than
7 industrial injury or illness), or is discharged or suspended after beginning work, will be paid only for the
8 number of actual hours worked during that day. An employee who leaves work because of incapacity
9 due to industrial injury will be paid eight (8) hours pay at his Base Rate plus shift premiums where
10 applicable.

11
12 **Section 10.7 Call Back Pay.** A minimum of four (4) hours pay at the applicable overtime rate will be
13 paid for any call back work performed outside of one's regularly scheduled hours. An employee who
14 leaves work of his own volition, or because of incapacity (other than industrial injury or illness), or is
15 discharged or suspended after beginning work, will be paid only for the number of hours actually
16 worked during that day. An employee, who leaves work after call back, will be paid only for the
17 number of hours actually worked unless authorized by management.

18
19 **Section 10.8 Overtime Scheduling.** It is the intent of the Company to distribute overtime as equally as
20 reasonably practicable in light of the work to be performed by shift, classification, and skill. Both the
21 Union and the Company recognize that the employees who are assigned the work must be qualified to
22 perform the specific work. The Company will strive to meet its overtime requirements on a voluntary
23 basis when practical. In the event there are insufficient qualified volunteers to meet the requirement,
24 Management may designate and require the necessary number of employees to work overtime.

25
26 **10.8(a)** Accordingly, the Company and the Union agree, subject to the exceptions noted below, that
27 no employee shall normally be required, and need not be permitted, to work more than 144 overtime
28 hours in any budget quarter, more than 576 overtime hours in a twelve-month period, more than
29 three (3) weekends consecutively without the next weekend off, or more than eight (8) hours on a
30 Saturday or a Sunday or other regularly-scheduled day of rest. Overtime work on **the first or second**
31 **day of scheduled rest, or on the first and second days of scheduled rest,** shall constitute a weekend
32 worked. All overtime on a holiday as set forth in the Agreement or on the weekend which

1 immediately precedes a Monday holiday or immediately follows a Friday holiday shall be voluntary
2 for those on weekday work schedules.

3
4 **10.8(b)** All overtime in excess of the above limits shall be strictly on a voluntary basis and no
5 employee shall suffer retribution for his refusal or failure to volunteer. An employee may be
6 required to perform overtime work beyond the above limitations where necessary for delivery of
7 Company products to a customer, where necessary for the timely submission of proposals where
8 related to customer-requested emergency repair of delivered products, or for Government DX or
9 Government DO rated orders.

10
11 **Section 10.9 Meal Periods.** Non-exempt employees will work schedules which provide a fixed unpaid
12 meal period to start not more than five (5) hours after start time, consisting of a forty (40) minute lunch
13 period, ten minutes of which shall be paid time and thirty (30) minutes of which shall be unpaid. Non-
14 exempt employees working in excess of an eleven (11) hour shift are entitled to a second unpaid meal
15 period, to start not more than eight (8) hours after start time, consisting of a minimum of thirty (30)
16 minutes. Meal periods will be paid if the employee is not fully relieved of his or her duties.

17
18
19 **ARTICLE 11**
20 **LEAVES OF ABSENCE**
21 **AND JURY/WITNESS DUTY**
22

23 **Section 11.1 Authorized Leaves of Absence.** Leaves of Absence will be granted in accordance with
24 the Family and Medical Leave Act (FMLA) and the Company local policy. Employees are **not** required
25 to use available earned time off concurrently with **authorized leaves of** absence. Other leaves of absence
26 may be granted to any employee with a minimum of ninety (90) days active service for any reason
27 deemed satisfactory to the Company or as required by law. Where practical, a request for a leave of
28 absence must be made in writing to one's supervisor five (5) working days prior to the beginning of the
29 leave.

30
31 **Section 11.2 Leave of Absence Condition.** An employee, while on leave of absence, shall be deemed
32 to have voluntarily resigned from the Company upon accepting other employment, or engaged in

1 business for himself that prevents his return from leave, or is inconsistent with the **medical** or other
2 limitations that provide the basis for the **employee's** leave of absence from the Company.

3
4 **Section 11.3 Military Leave of Absence.** An employee who is a member of a reserve component of
5 the United States Armed Forces or a State's National Guard, who is absent due to required active annual
6 training duty or temporary special services duty, shall be paid Base Rate plus shift premiums where
7 applicable, up to a maximum of ten (10) workdays each calendar year. An employee who, because of
8 schedule adjustments by the reserve component, receives orders to report for two (2) training periods in
9 one (1) calendar year may receive time off with pay in excess of the ten (10)-day annual maximum
10 provided that the total time off with pay does not exceed twenty (20) workdays in a two (2) consecutive
11 year period (either current and previous calendar years or current and following calendar years) and the
12 employee was a member of the reserve component during both of the applicable consecutive years.
13 Employees with military orders to serve additional days of duty will be placed on unpaid authorized
14 leave of absence. The amount due the employee under this Section shall be reduced by the amount
15 received from the government body identified with such training duty or services, for the period of such
16 duty (up to the maximum period mentioned above). Such items as subsistence, uniform and travel
17 allowance shall not be included in determining pay received from state or federal government. Members
18 of a reserve component of a uniformed service ordered to temporary special duty under Military U.S.
19 Code Title 10 or mobilized by the applicable state agency are eligible for military differential pay up to a
20 maximum of (ninety) 90 calendar days for each occurrence.

21
22 **Section 11.4 Jury/Witness Duty.** When an employee is required to report for jury duty, or compelled
23 to testify in a case brought by someone other than the employee or on his behalf, on his regularly
24 scheduled workday, the employee shall receive eight (8) hours pay at his Base Rate plus shift premiums
25 where applicable. Employees who report for jury/witness duty but are excused, are expected to return to
26 work if more than one-half (1/2) of their shift remains. Employees shall receive holiday pay if a holiday
27 occurs while on jury/witness duty. Proof of such service satisfactory to the Company must be given
28 before this Section shall apply. Time spent on jury/witness duty is not to be counted as absenteeism for
29 purposes of disciplinary action.

30
31
32 **ARTICLE 12**
33 **JOB CLASSIFICATIONS AND SALARIES**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

Section 12.1 Job Classifications. It is agreed that it is the right and responsibility of Management to establish new job classifications, or eliminate existing classifications, and establish the appropriate pay rate for such classifications. Any such change in classifications will be reviewed and discussed with the Union at least thirty (30) days in advance of its establishment. **Should a dispute arise concerning the pay range for the new job classification, it shall be treated as a grievance and handled in accordance with Article 3.**

12.1(a) Definition: The term “Job Classification” shall be used to classify similar or related work activities that constitute a position of employment based on primary assignment, common products or processes, and employee skills. There will be elements of the job classification that from time to time the Company may use for varying purpose.

12.1(b) Individual Employee’s Job Classification or Skills Management Code Review. An individual employee may request a review of his or her job classification or level based on the contention the work assigned by the Company differs from the job classification or skills management code to the extent and in such a manner as to warrant reclassifying the employee to a different existing job classification or skills management code. Employees will attempt to resolve classification first by discussion with first-line management. In the absence of a resolution mutually agreeable to both management and the employee, the following steps will be utilized in the review process. **The review process shall be completed within ninety (90) days of request for review under 12.1(b)(1), below, unless mutually extended by the Company and Union:**

12.1(b)(1) If the employee contends that a classification or level issue still exists, he or she along with his or her Union Representative will notify the **next-level** Manager to request a review.

12.1(b)(2) The **next-level** Manager will meet with the employee and the Union Representative to fully discuss the employee’s issue in an effort to reach mutual resolution.

1 **12.1(b)(3)** If the employee and Union Representative do not agree with the **next-level**
2 **Manager's** decision, the **next-level** Manager, the appropriate Human Resources Representative
3 and the Union Representative will meet to resolve the matter by a majority decision.
4

5 **Section 12.2 Base Rate.** “Base rate” is an employee’s hourly rate of pay, excluding all, allowances,
6 awards, bonuses, and premiums.
7

8 **Section 12.3 Salaries.** Salaries are set forth by Job Family, Job Title and Rate Table in the Company’s
9 compensation web site or other accessible means.
10

11 **Section 12.4 Rate Range and Discretionary Salary Increases.** The Company will establish and fully
12 distribute salary adjustment funds in accordance with the dates set forth below. No increase adjustments
13 to base pay will exceed the established Base Rate Range maximum. Employees at rate maximums may
14 receive lump sums in lieu of base salary increases. These lump sum increases will charge to the salary
15 adjustment fund.
16

17 **In February of 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020 a review of market increases**
18 **will be conducted. If survey data indicates a market adjustment has occurred, a Selective Salary**
19 **Adjustment Fund (“Fund”) will be generated, with selective salary adjustments made no later than the**
20 **first pay period following July 1 of that year. The following process shall be followed in calculating the**
21 **Fund.**
22

- 23 • The SIRS High Technology Composite Salary Budgets Report (“Report”) will be used.
24 Should the SIRS report be discontinued or its methodology significantly changed, a similar
25 report will be used. No geographical adjustment shall be made to this Report.
26
- 27 • Three groupings in the Report shall be used in calculating a Fund amount:
 - 28 ○ Exempt
 - 29 ○ Non-Exempt – Office Clerical
 - 30 ○ Non-Exempt – Technical Support
 - 31 ○ Below is an example of how the Fund Percentage shall be calculated each year. Only
32 for the purpose of illustrating this calculation, assume there were 1100 exempt
33 employees and the SIRS report projected a 2.8% increase for exempt employees,

1 there were 100 non-exempt office clerical employees and the SIRS Report projected
2 a 2.7% increase, and there were 1100 non-exempt technical support employees and
3 the SIRS Report projected a 3.1% increase, the Fund would be calculated in the
4 following way:

$$(((1100*0.028)+(100*0.027)+(1100*0.031))/2300)*100 = 2.9\%$$

- 5
- 6
- 7
- 8
- 9 • Once the fund percentage has been determined, the Fund shall be calculated by multiplying
10 the Fund Percentage by the total WTPU base salaries in February of the year of calculation.
11 This Fund calculation shall be a minimum and the Company shall be free to increase the Fund
12 due to unusual economic conditions. Likewise, the Union will consider a reduction in the
13 Fund if merited by unusual economic conditions, but no such reduction may be made without
14 Union approval.
- 15 • A portion of the Fund equal to 0.5% of total WTPU base salaries shall be reserved for
16 promotions and out-of-sequence raises during the year. If the full amount reserved for
17 promotions and out-of-sequence raises is not used, the unused portion shall be added to the
18 following year's Fund. In 2016 through 2020, if the bargaining unit weighted average
19 *comparatio* is equal to or less than 0.97, the Company will not reserve the 0.5% for
20 promotions and out-of-sequence raises for that year and the entire Fund shall be used for
21 selective salary adjustments. In 2020, if at year-end there remains unspent funds reserved
22 from the Fund for promotions or out-of-sequence raises, then such remaining funds shall be
23 used for promotions or out of sequence raises by the Termination Date of this Agreement.
- 24 • Employees at a *comparatio* of 0.85 or less shall be awarded an increase at least as great as the
25 Fund Percentage if the employee's performance rating on the most recent evaluation is at
26 "Meets" or higher.
- 27 • Selective salary adjustments shall be made no later than the first pay period following July 1
28 of that year.
 - 29 ○ Each year, the Company will establish guidelines regarding the relationship of
30 individual performance, *comparatio*, and distribution of the selective salary
31 adjustments.

- These guidelines shall be communicated to the Union and supervisors before the selective salary adjustment exercise.
- Exceptions to the guidelines require approval of the Director of the Organization.
- Individual salary adjustments shall not be grievable.

Section 12.5 Eligibility. Eligible employees are those who were in the bargaining unit and on the active payroll on both the fund computation date and the increase effective date.

Section 12.6 Performance Bonus Plan.

12.6(a) The Company intends to pay a performance bonus when financial performance equals or exceeds the established targets. Beginning with the 2011 Plan Year, employees covered by this collective bargaining agreement will participate in the Spirit AeroSystems Holdings, Inc. Incentive Award Plan for Salaried Employees (M&S Bonus Plan), as it may be amended from time-to-time. Targets will be the same as in the existing M&S Bonus Plan or any changes to the existing plan during the duration of this agreement. If the M&S Incentive Award Plan is discontinued for the M&S Payroll, and employees on that Payroll are moved to a different Incentive Plan, the WTPU Bargaining Unit employees covered by this Agreement will be afforded an opportunity to participate in that new plan in lieu of continued participation in the M&S Incentive Award Plan. Payments will be as follows:

- Plan Years 2011 and 2012: 3% of Eligible Pay at Target and 6% of Eligible Pay at Maximum. For Plan Year 2011, a Two Thousand Dollars (\$2,000) guaranteed advance on the 2011 Plan Year payment will be paid within thirty (30) calendar days of ratification to each active employee in the WTPU unit on the date of ratification. This advance shall reduce the employee's Incentive Award Plan payment in March 2012 by Two Thousand Dollars (\$2,000), but not below \$0.00.
- Plan Years 2013 and 2014: 4% of Eligible Pay at Target and 8% of Eligible Pay at Maximum.
- Plan Years 2015 through 02020: 6% of Eligible Pay at Target and 12% of Eligible Pay at Maximum.

1 **12.6(b)** Eligible Pay shall be defined as total earnings from straight-time and overtime hours worked
2 in the appropriate Plan Year, except for Plan Year 2011. For Plan Year 2011, Eligible Pay shall be
3 defined as total earnings from straight-time and overtime hours worked from July 1, 2011 through
4 December 31, 2011.

5 **12.6(c)** All active WTPU employees on the payroll on December 31st of the applicable Plan Year
6 shall be eligible to participate in the Plan with respect to incentive award amounts payable under the
7 Plan for that Plan Year.

8 **12.6(d)** Payments will be made no later than March 15 of the year following the applicable Plan
9 Year.

10
11 **12.6(e)** Nothing will prevent the Company from making payments in excess of those provided, or
12 where none is provided, for in this section, including maximums set out in 12.6(a), or from making
13 improvements to the plan.
14

15
16
17
18 **ARTICLE 13**
19 **UNION OFFICIALS**
20

21 **Section 13.1 Union to Furnish List of Officials.** The Union shall inform the Company in writing of
22 the names of its officials (not more than one (1) council representative per two hundred (200)
23 employees, or major fraction thereof) who are accredited to represent it, which information shall be kept
24 up to date at all times. Only persons so designated will be accepted by the Company as representatives
25 of the Union. **If the geographical dispersion of represented employees in parts of the Wichita facility**
26 **leads to an inordinate amount of in-plant travel by a counsel representative, the Company will consider**
27 **any requests by the Union to designate additional council representatives for these particular areas.**
28

29 **Section 13.2 Union Officials – Access to Plant.** The Union Leadership and Staff Representatives, not
30 employed by Company, will be permitted access to the Company’s facility during normal working
31 hours. The Union will provide advance notification to the Company of such visits. Such visits shall be

1 subject to such regulations as may be made from time to time by any governmental or government
2 affiliated agency of the United States, other customers, or the Company. The Company will not impose
3 regulations that are designed to exclude the Union Leadership and Staff Representatives from the plant
4 or render ineffective the intent of this provision. No union meetings involving more than **sixty-five (65)**
5 will occur on company property without express written permission.
6

7 **Section 13.3 Union Activity During Working Hours.** The Company agrees not to discriminate in any
8 way against any employee for Union activity, but such activity shall not be carried on during working
9 time, except as specifically allowed **below**.

10
11 **13.3(a) Upon request of his or her supervisor, each** employee, before leaving his or her assigned
12 work on Union business, shall have authorization from the Union and shall notify his or her
13 supervisor prior to taking such leave. The Union shall provide to the designated Company
14 Representative oral confirmation of such authorization at least one day prior to such leave and
15 written confirmation immediately thereafter.
16

17 **13.3(b) SPEEA-paid Time.** Time worked for union-related issues, limited to regular working
18 hours, shall be charged to a special charge account number and the Union agrees to reimburse the
19 Company at the employee's regular hourly rate for all such time so spent.
20

21 **13.3(c) Employer-paid Time.** Time worked for contract-related issues, limited to regular
22 working hours, shall be charged to an employer charge account number that identifies the
23 organization in which the contract-related issue is worked.
24

25 **Section 13.4 Bulletin Boards.** The Union shall have the right to use designated bulletin boards on the
26 Company property for the purpose of posting notices of Union meetings and other activities which are
27 officially approved by the Union prior to posting.
28

29 **Section 13.5 Grievance and Contract Administration.**
30

31 **13.5(a)** The Union shall investigate and adjust grievances, perform contract administration, support
32 employee disciplinary hearings and conduct information sharing meetings with bargaining unit

1 members in the work area, exclusively through Executive Board members and Council
2 Representatives, who shall be employees, and Union Staff Representatives.

3
4 **13.5(b)** Each Executive Board Member and Council Representative shall notify and obtain
5 permission from his or her supervisor before leaving the work assignment for the purpose of
6 investigating complaints or claims of grievance on the part of employees in his or her work area.
7 Such permission shall be granted except where the supervisor considers such absence would
8 seriously interfere with the performance of the group of which the representative is a part. Time
9 spent on such approved investigations and discussions shall be considered work time provided such
10 activity does not extend beyond the time that the supervisor considers reasonable under the
11 circumstances. Any Executive Board Member and Council Representative in the conduct of his or
12 her investigation, and before contacting an employee, shall obtain permission of the supervisor of
13 such employee and advise the supervisor of the estimated time required for the discussion. Such
14 permission shall be granted except where the visit would seriously interfere with the work of the
15 group.

16 **Section 13.6 Leaves of Absence.**

17
18 **13.6(a) Duration.** Leaves of absence of at least thirty (30) days without pay shall be granted for the
19 following reasons:

- 20
21
- Full-time employment by the Union or its national organization.
 - Union business authorized by the Executive Board and approved in writing by the designated
24 Company Representative, which approval shall not be withheld absent legitimate business
25 circumstances.
- 26

27 **13.6(b) Return from Leave of Absence.** The Company will reinstate employees on such leaves at
28 not less than his or her former grade level and salary. The Company will review salary on a case-by-
29 case basis and make adjustments as appropriate.

30
31 **Section 13.7 Substitute Council Representative.** In the absence of a Council Representative for any
32 reason, the Union may designate a temporary substitute.

1 **Section 13.8 Protection of Union Officials.**

2
3 **13.8(a)** Executive Board members and Council Representatives shall not be laid off during their
4 respective terms of office except as described herein.

5
6 **13.8(a)(1)** Executive Board members and Council Representatives will be given a retention
7 rating while serving during their term of office that will be adjusted to indicate that the employee
8 is at the top of the highest retention rating in the applicable skill or job activity code. So rated,
9 the Representatives will be subject to all terms and conditions of Article 7 of the parties'
10 Agreements. Once the Representatives are no longer in office, the retention rating will be
11 readjusted to the otherwise applicable rating.

12
13 **13.8(a)(2)** If Council Representatives are relocated, due to transfer or otherwise, out of the
14 district in which they were elected, the Representatives will continue to be protected from layoff
15 for the balance of their term of office so long as they remain recognized members of the Council.
16 Each designated Council position can be filled by only one member.

17
18 **13.8(a)(3)** Nothing herein precludes an Executive Board Member or Council Representative
19 from requesting a voluntary or accelerated layoff.

20
21 **13.8(a)(4)** Layoff protection does not apply to Executive Board members and Council
22 Representatives who, at the time of election or appointment, have received an active advance
23 notice of potential layoff, unless the Board of Members or Council Representative is running for
24 reelection to a consecutive term of office.

25
26 **13.8(b)** In the event management deems it necessary to involuntarily transfer or loan a Council
27 Representative, and other employees then represented by the Council Representative would remain
28 in the same skill code, when practicable the Company will inform the Union of the proposed transfer
29 or loan thirty (30) days prior to its effective date and will discuss with the Union the feasibility of
30 transferring or loaning another employee.

31
32 **Section 13.9 Union Requests for Employer Data.** The Company will provide the data to the Union
33 which is listed in the memorandum from the Union to the Company effective June 30, 2005, subject to

1 such revisions in the future as may be made by mutual agreement of the parties. Nothing herein is
2 intended to waive any right the Union may have to receive additional data.

3
4 **Section 13.10 SPEEA Access to the Web.** The parties hereby agree that SPEEA shall have access to
5 the Company's internal Web page. To that effect, the parties agree as follows:

6
7 **13.10(a)** SPEEA shall maintain the confidentiality of all information, data and computer programs
8 ('Information Assets') to which SPEEA has access, along with any passwords or access procedures
9 given to facilitate access to 'authorized SPEEA users'.

10
11 **13.10(b)** SPEEA shall only access the Information Assets specified by the Company Computing
12 Access Focal Point, and then only in accordance with the access procedures.

13
14 **13.10(c)** SPEEA shall not access any other Information Assets not approved by the Company
15 Computing Access Focal Point.

16
17 **13.10(d)** SPEEA shall not remove any Information Assets from Company computing systems, or
18 delete, change or otherwise modify any Information Assets.

19
20 **13.10(e)** Access to Information Assets marked 'Company Limited' or bearing Government
21 classified markings is strictly prohibited. The Company may re-evaluate access at any time. Any
22 decision by the Company to withdraw access shall not be subject to the provisions of Article 3.

23
24
25 **ARTICLE 14**
26 **PAYROLL DEDUCTION FOR UNION DUES**

27
28 **Section 14.1 Payroll Deduction for Union Dues.** Whenever an employee shall appropriately request
29 in writing, the Company will deduct from such employee's pay each month dues payable to the Union.
30 The Union will promptly notify the Company of any changes in the rate of dues during the term of this
31 Agreement. The agreed forms for use by employees in making a request for deduction, as well as form
32 of notice of withdrawal, will be furnished by the Union. The Company will not deduct dues or
33 discontinue dues deductions absent authorization from the employee. In no circumstances shall the

1 Company be held liable for the payment of any dues to the Union. The Company agrees to recognize all
2 current and new authorization cards on file.

3
4
5 **ARTICLE 15**
6 **STRIKES AND LOCKOUTS**

7
8 **Section 15.1 Strikes and Lockouts.**
9

10 **15.1(a)** During the term of this Agreement neither the Union (including its officers, agents,
11 representatives, and members) nor any employee covered by this Agreement shall in any way,
12 directly or indirectly, authorize, cause, assist, encourage, participate in, ratify or condone any strike
13 (whether it be an economic strike, sympathy strike, unfair labor practice strike or otherwise) slow
14 down, walk out, boycott, picketing, or any other interference with the Company's operations by
15 bargaining unit members, including any refusal to cross any other labor organization's or other
16 party's picket line. Nothing in 15.1 shall require employees to work in an unsafe environment. Any
17 employee who violates this Article may be subject to disciplinary action.

18
19 Consistent with the foregoing, during the term of the Agreement, the Union has the right to engage
20 in informational picketing provided that such picketing does not have an effect of inducing any
21 individual employed by any person in the course of his employment to refuse to pick up, deliver, or
22 transport any goods, or not to perform any services.

23
24 **15.1(b)** The Union will make every effort to stop and discourage any action prohibited by Section
25 15.1, if it should occur and will keep the

26
27 **15.1(c)** The Company agrees that there shall be no form of lockout during the term of this
28 Agreement.

29
30 **15.1(d)** The Parties agree that violations of the no strike/no lockout provisions of this Article will
31 cause irreparable harm and therefore they agree that either party may enforce the obligations of this
32 Article by injunction action in the courts without any requirement that the grievance and arbitration
33 procedure of this Agreement be invoked or exhausted. The parties further agree that the Company,

1 at its option, may file a grievance alleging a violation of the no strike obligation of this article and
2 the Union, at its option, may file a grievance alleging violation of the no-lockout obligation at Step 3
3 – Pre-Arbitration of the Grievance Procedure in Article 3.2.
4
5

6 **ARTICLE 16**
7 **GROUP INSURANCE AND RETIREMENT PLANS**
8

9 **16.1 Benefits.** Benefits shall be provided as defined in the Plans and as described in Attachment A.
10
11

12 **ARTICLE 17**
13 **HEALTH AND SAFETY**
14

15 **Section 17.1 Mutual Objective.** It is the desire of both parties to this Agreement to maintain high
16 standards of safety and health in order to eliminate, as far as possible, industrial accidents and illness.
17 Both parties will continue to establish proactive, customer-driven programs and systems to support this
18 mutual objective.
19

20 **Section 17.2 Health and Safety In The Workplace.**
21

22 **17.2(a)** The Company shall maintain on all full shifts, an emergency first aid station.
23

24 **17.2(b)** The Company will furnish personal protective equipment as deemed necessary.
25

26 **17.2(c)** The Company is committed to a tobacco-free work environment based on the evidence that
27 tobacco smoke and second-hand smoke is detrimental to employee health. Accordingly the interior
28 spaces of all Company facilities are tobacco-free. The Company shall designate exterior spaces for
29 smoking and use of other tobacco products. There shall be no use of tobacco products except in
30 designated areas.
31

32 **Section 17.3 Drug and Alcohol-Free Workplace.**
33

1 **17.3(a)** The Union and the Company recognize the value of working together to maintain the Drug
2 and Alcohol-Free Workplace Program. This program has been established to promote a safe,
3 healthy, and productive work environment. This program is intended to help prevent substance
4 abuse through drug and alcohol/drug testing and enhanced employee communication that
5 emphasizes the importance of awareness and rehabilitation. By complying with state/federal laws,
6 regulations and enforcing the Company prohibition against drugs and alcohol in the workplace,
7 public confidence in Company products and services is maintained. Both parties commit to work
8 together to create an environment which promotes a drug and alcohol-free workplace and adhere to
9 the Company's established policy.

10
11 **17.3(b)** For reasonable suspicion and post-accident testing only, the employee has the right to
12 request the presence of a Union Representative at the collection site. The Union Representative shall
13 not in any way interfere with or otherwise obstruct the collection process. The parties agree that the
14 collection may be delayed a reasonable period, not to exceed thirty (30) minutes, to await the arrival
15 of the Union Representative. The thirty (30) minute period will commence when the Union, to
16 include a Union Representative, is notified.

17
18
19 **ARTICLE 18**
20 **NON-DISCRIMINATION**

21
22 **Section 18.1 Non-Discrimination.**

23
24 **18.1(a)** All terms and conditions of employment included in this Agreement shall be administered
25 and applied without regard to race, color, religion, national origin, status as a disabled or Viet Nam
26 era veteran, age, sex, sexual preference, marital status, or the presence of a disability except in those
27 instances where age, sex or the absence of a disability may constitute a bona fide occupational
28 qualification.

29
30 **18.2(b)** Administration and application of the Agreement that is not in contravention of federal or
31 state law shall not be considered discrimination under this Article. The parties recognize that the
32 Company is required to comply with applicable federal and state disability discrimination laws, and
33 agree that the Company may take actions necessary to stay in compliance. The Company agrees to

1 notify the Union in advance in the event that compliance with such laws affects the employee rights
2 set forth in this Agreement.

3
4 **Section 18.2 Non-Discrimination Grievances.** Notwithstanding any other provision of Article 3, a
5 grievance alleging a violation of this Article 18 shall be subject to the grievance and arbitration
6 procedure of Article 3 only if it is filed on behalf of and pertains to a single employee. Class grievances
7 under Article 18 shall not be subject to the grievance and arbitration procedure under this Agreement.

8
9
10 **ARTICLE 19**
11 **SCOPE OF AGREEMENT**

12
13 **Section 19.1 Complete Agreement.** This Agreement constitutes the entire contract between the parties
14 hereto and supersedes and replaces any and all prior obligations and/or agreements, whether written,
15 oral, expressed or implied between or concerning employees and/or the Union and the Company. No
16 amendment, modification or addition to this Agreement shall be effective unless it is reduced in writing
17 and duly executed by the parties. Nothing herein limits the parties' obligation to bargain mandatory
18 subjects arising during the term of this agreement.

19
20 **Section 19.2 Severability.** If any term or provision of this Agreement is, at any time during the life of
21 this Agreement, adjudged by a court or administrative body of competent jurisdiction to be in conflict
22 with any law, such term or provision shall become invalid and unenforceable, but such invalidity or
23 unenforceability shall not impair or affect any other term or provision of this Agreement.

24
25
26 **ARTICLE 20**
27 **MISCELLANEOUS**

28
29 **Section 20.1 Child and Elder-care Referral.** The Company will maintain a child and elder-care
30 referral program consisting of referrals of employees to licensed care facilities, consultation with
31 employees to determine individual needs, and providing educational materials and programs.

1 **Section 20.2 Printing of Contracts.** The parties agree, in the spirit of labor/management cooperation,
2 that they will equally share the costs of printing the labor agreement.

3
4
5 **ARTICLE 21**
6 **PERIOD OF AGREEMENT**
7

8 **Section 21.1 Duration.** This Agreement shall be effective for a period from the date of contract
9 ratification, and shall remain in force through the **January 31, 2021 (Contract Termination Date)**. This
10 Agreement shall remain in force from year to year thereafter, unless either party shall notify the other, in
11 writing by registered mail, not more than ninety (90) calendar days nor less than sixty (60) calendar days
12 prior to the anniversary of the **Contract Termination** Date in the year in which contract termination is
13 desired. Unless terminated, this Agreement shall remain in full force and effect from year to year
14 thereafter.

15
16 **Section 21.2 Notification.** Notice under Section 1 above shall be served on the senior Human
17 Resources manager for the Company and the designated representative for the Union.

18
19 **Section 21.3 CONTRACT REAFFIRMANCE**
20

21 **The Company and the Union agree and commit that they will, on the day of the third, sixth, and ninth anniversary**
22 **of this Agreement, or such other date as either party requests, mutually sign and execute a written amendment to**
23 **this Agreement, which expressly reaffirms this Agreement for its remaining stated term.**
24

25 Signed at Wichita, Kansas, and dated this ____th day of _____, 2011.
26

27 **Society of Professional Engineering** **Spirit AeroSystems, Inc.**
28 **Employees in Aerospace**

29
30 By

By

31
32 **Tom McCarty**

Adam Pogue

33 President

Vice President – Labor Relations and Workforce Strategies

APPENDIX A

1 **APPENDIX A**

2
3
4 **ORGANIZATIONS/FUNCTIONS WITH CONFIDENTIAL EMPLOYEES AND**
5 **CURRENT JOBS IDENTIFIED AS CONFIDENTIAL**
6

7
8 **A. CONFIDENTIAL GROUP 1 – PERSONNEL INFORMATION**
9

10 **1. People Organization/People Systems excluding Trainers and Health Services Administrators**

- 11 • FADU – HUMAN RESOURCE GENERALIST
- 12 • FADV – HUMAN RESOURCE SPECIALIST
- 13 • UAWL – OFFICE ADMINISTRATOR CONFIDENTIAL
- 14 • BDAW – APPLICATIONS ANALYST
- 15 • BDAU – PROGRAM/ANALYST – BUSINESS
- 16 • 9AWE – BUSINESS AND PLANNING ANALYST CONFIDENTIAL

17
18 **2. Employee Assistance Program**

- 19 • 7BTW – EMPLOYEE ASSISTANCE PROGRAM ADMINISTRATOR

20
21 **3. Law and Ethics**

- 22 • CABN – COUNSEL
- 23 • UAMX – ADMINISTRATIVE ASSISTANT
- 24 • SAMT – ETHICS ADVISOR

25
26 **4. Security & Fire Protection**

- 27 • BCBH – DESKTOP SYSTEMS INSTALLER
- 28 • BACS – COMPUTING SECURITY SPECIALIST
- 29 • LAHQ – INDUSTRIAL SECURITY SPECIALIST
- 30 • LAHR – ACCESS ADMINISTRATOR
- 31 • LAHS – INVESTIGATOR
- 32 • LAHW – S & FP MULTIPLE OPERATIONS SPECIALIST
- 33 • LAHT – UNIFORMED SECURITY OFFICER
- 34 • UAWL – OFFICE ADMINISTRATOR

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

B. CONFIDENTIAL GROUP 2 – BUSINESS INFORMATION

1. Program Management Office

- 2AGP – WRITER/EDITOR
- KADN – MARKETING AND SALES REPRESENTATIVE
- KADQ – STRATEGY & ANALYSIS SPECIALIST
- KADS – CUSTOMER RELATIONS SPECIALIST
- KADT – MARKETING AND SALES PROCESS SPECIALIST
- UAMC – PROGRAM MANAGEMENT SPECIALIST
- WASV – PROGRAM MANAGEMENT SPECIALIST (P & L)
- UAWL – OFFICE ADMINISTRATOR CONFIDENTIAL
- UAMX – ADMINISTRATIVE ASSISTANT
- UANR – STAFF ANALYST

2. Internal Audit

- 9AHL – INTERNAL AUDITOR

3. Communications & Public Affairs and State & Local Government Relations

- 2AGR – GRAPHIC ARTIST
- 4ADL – COMMUNICATIONS SPECIALIST
- MACU – COMMUNITY RELATIONS SPECIALIST
- MACV – EDUCATION RELATIONS SPECIALIST
- MACX – GOVERNMENT RELATIONS SPECIALIST
- UAWL – OFFICE ADMINISTRATOR CONFIDENTIAL
- UAMX – ADMINISTRATIVE ASSISTANT
- UANR – STAFF ANALYST

4. Finance

- 9AWC – ACCOUNTANT CONFIDENTIAL
- 9AWE – BUSINESS AND PLANNING ANALYST CONFIDENTIAL
- 9AHN – TAX SPECIALIST
- 9AWG – ESTIMATING AND PRICING SPECIALIST CONFIDENTIAL
- 9AHK – INSURANCE/RISK MANAGEMENT ANALYST
- 9ARA – GOVERNMENT PROPERTY ANALYST

- 1 • 5AAD – CONTRACTS & PRICING ADMINISTRATOR (Levels 4 & 5)
- 2 • 5AAE – EXPORT ADMINISTRATOR
- 3 • 5AAH – IMPORT ADMINISTRATOR
- 4 • 5AMS – COMMERCIAL A/C CONTRACTS ADMINISTRATOR

5

6 **5. Executive Office Administrators/Executive Support**

- 7 • UAWL – OFFICE ADMINISTRATOR CONFIDENTIAL

- 8 • **BCWD – EXECUTIVE SUPPORT**

9

10 **C. CONFIDENTIAL GROUP 3 – INFORMATION TECHNOLOGY**

11

12 **1. Systems Level Root Authority**

- 13 • BCWD – SYSTEM DESIGN & INTEGRATION SPECIALIST CONFIDENTIAL

- 14 • BDDBA – DATABASE ADMINISTRATOR

1
2 **LETTER OF UNDERSTANDING**
3 **RELATING TO STATEMENT OF INTENTIONS**
4

5 We are writing to express the business objectives and intentions of Spirit AeroSystems, Inc. (the
6 “Company”) in regard to employment levels and employment security at the Company’s facilities in
7 Wichita, KS, and Tulsa and McAlester, OK.

8
9 The Company’s objective is to maintain principal business operations at these existing facilities, to build
10 and maintain a strong workforce of full time direct employees, and to mitigate any business-driven need
11 for lay-offs by seeking new work and business in these facilities, retaining the work and business now
12 conducted there by the Company, and by providing training and development opportunities that increase
13 the skills flexibility of individual employees.

14
15 Dated July __, 2011

16
17 **Spirit AeroSystems, Inc.**

18
19
20 By

21
22 **Adam Pogue**
23 **Vice President** – Labor Relations and Workforce Strategies
24
25
26

**Letter of Understanding
Relating to Section 3.7**

Pursuant to this Agreement, if an interview being conducted by the Company’s Employee Relations Organization (ERO), Security Investigations, or the Equal Employment Organization (EEO) could reasonably lead to discipline of the employee being interviewed, the Company has undertaken in Section 3.7 to inform the employee of the employee’s right to union representation. The parties agree that the target of any investigation shall be informed of this right to union representation before the interview begins. If a witness makes statements during an interview that cause the interviewer to conclude that it is reasonable to anticipate that discipline of the witness might occur, if the witness has not already been informed of his or her right to union representation, the witness shall be so informed and union representation provided if requested.

Dated July __, 2011

**Society of Professional Engineering
Employees in Aerospace – WTPU**

Spirit AeroSystems, Inc.

By

By

Tom McCarty
President

Adam Pogue
Vice President – Labor Relations and Workforce Strategies

1
2 **Letter of Understanding**
3 **2011 EBIT Performance Bonus Plan**
4

5 The EBIT Performance Bonus Plan in the current WTPU Collective Bargaining Agreement (2005 –
6 2011) will remain in effect for the January 2011 – June 2011 time period. A pro-rated payment will be
7 made to all eligible represented employees if the plan meets the specific payout targets.

8
9
10 Dated __, 2011

11
12 **Society of Professional Engineering**
13 **Employees in Aerospace – WTPU**

Spirit AeroSystems, Inc.

14
15 By

By

16
17
18 **Tom McCarty**

Adam Pogue

19 President

Vice President – Labor Relations and Workforce Strategies

**Letter of Understanding
Regarding Technical Product Designers**

The parties agree a job analysis will be performed pursuant to Section 12.1(b) on all employees in the 6ASE, *Technical Product Designer* job code. It is further agreed 6ASE employees performing administration responsibilities will remain under the current “technical support” job classification. 6ASE employees providing design responsibilities to support engineering will be moved to an “engineering support” Designer function/job classification.

Dated __, 2011

**Society of Professional Engineering
Employees in Aerospace – WTPU**

Spirit AeroSystems, Inc.

By

By

Tom McCarty
President

Adam Pogue
Vice President – Labor Relations and Workforce Strategies

**Letter of Understanding
Regarding Medical Plan Auditing**

The parties agree that within six (6) months of the ratification of this contract, to implement a trial program to encourage employees to audit their medical bills in order to reduce cost escalation of insurance premiums. The Company Benefits Organization shall assign a coordinator for the program. If an employee discovers errors in the employee's medical bills associated with a procedure reimbursed by the Company's health insurance provider, and if the bill is subsequently lowered because of the employee bringing the error to the attention of the health care provider, the employee shall be awarded a fifty dollar (\$50.00) payment. If significant savings are not realized during the first six months of the program being implemented, the Company may discontinue the program and reassign the program coordinator.

Dated __, 2011

**Society of Professional Engineering
Employees in Aerospace – WTPU**

Spirit AeroSystems, Inc.

By

By

Tom McCarty
President

Adam Pogue
Vice President – Labor Relations and Workforce Strategies

**Letter of Understanding
Regarding 401(k) Contributions**

Subject to Board approval, the Company will modify the requirement for retirees to be employed on the last day of the year to receive Company contributions to the 401(k) plan and the Company shall make such contributions for the retiring employee so long as the employee has 1000 hour of service in the Plan Year. The contribution shall be made at the same time as other Company contributions.

The Company further agrees that if any enhancements are made to 401(k) Company contributions for other salaried employee groups at the Company's Wichita facility during the term of this Agreement, such enhancements shall be provided to WTPU represented employees as well.

Dated __, 2011

**Society of Professional Engineering
Employees in Aerospace – WTPU**

Spirit AeroSystems, Inc.

By

By

Tom McCarty
President

Adam Pogue
Vice President – Labor Relations and Workforce Strategies

**Letter of Understanding
Regarding Salary Reference Tables**

The Parties agree that current practice of evaluating Salary Reference Table mid-points in tandem with national survey data, adjusted geographically, shall continue except the company will use the 50th percentile of “high technology - manufacturing” national survey structure data (SIRS), adjusted downward 7.0% for the Wichita geographical area. The aforementioned data will be used in all job classifications, except where the company and union mutually agree that doing so may not be appropriate. To determine the appropriateness of the data, the company and the union shall meet no less frequently than quarterly to discuss matters related to salary reference tables, benchmarking positions and industry trends.

Should Mercer discontinue or materially modify the SIRS process or methodology, the company and union shall work together to find a mutually acceptable replacement.

Because the WTPU Salary Reference Tables will be principally determined by SIRS salary structure reports, the SRT mid-points may go up or down, depending upon the national survey data.

Dated __, 2011

**Society of Professional Engineering
Employees in Aerospace – WTPU**

Spirit AeroSystems, Inc.

By

By

Tom McCarty
President

Adam Pogue
Vice President – Labor Relations and Workforce Strategies

**Letter of Understanding
Regarding Gain Sharing Plan**

- A. The Company and the Union will make their best efforts to establish a gain-sharing plan to be implemented for 2012 whereby employees are rewarded for Company productivity improvements.
- B. The framework for such a Plan shall include:
- a. Target performance goals will be set for each year. Each year the Company will make a good faith effort to establish reasonable goals with a realistic chance of being achieved.
 - b. The Company will meet quarterly with Union officials to discuss the targets that have been set and the quarterly progress with regard to the attainment of the target levels. The definition of Target and Outstanding Performance goals will be communicated to the Union as soon as they have been set at the beginning of the Plan Year. Once set, the Target and Outstanding Performance goals may not be changed to be more difficult to achieve during the Plan Year.
 - c. If the Target is met, employees will be paid a gain-sharing payment equal to one (1.0) percent of the employee's straight-time and overtime wages (pay for hours worked) during the calendar year. If the Outstanding goal is met, employees will be paid a gain-sharing payment equal to two (2.0) percent of the employee's straight-time and overtime wages (pay for hours worked) during the calendar year. If Threshold savings are achieved that are less than the Target goal or less than the Outstanding goal, a proportionate payment shall be made.
 - d. In 2012, the target shall focus on achieving a savings equal to at least twice the total payout.
 - e. As a condition to be eligible for the gain-sharing payment, the employee must be employed by the Company in the SPEEA WTPU bargaining unit position on December 31st of the particular calendar year for which the gain-sharing payment is being made. Payment shall be made by March 15 of the following year.

**Society of Professional Engineering
Employees in Aerospace – WTPU**

Spirit AeroSystems, Inc.

By

Tom McCarty
President

By

Adam Pogue
Vice President – Labor Relations and Workforce Strategies

WTPU Represented Employees

Savings/401(k) Plan		
Employee Contributions	Up to 50% of Base Salary, up to federal limits	
Matching Contributions	75% match on first 8% of employee contributions (per pay period)	
Additional Contributions (Contributions will be made no later than April 15 th of the applicable year)	<u>Age + Service*</u>	<u>Contribution</u>
	<60	1.5%
	>60 but <80	3.0%
Transition Contributions** (Contributions will be made no later than April 15 th of the applicable year)	<u>Service at Closing</u>	<u>Contribution***</u>
	5-9 years	1.5%
	10-14 years	2.5%
	15+ years	3.5%
Vesting:		
Employee Contributions	100% Immediate	
Matching Contributions	100% Immediate	
Additional Contributions	50% after 3 years, 75% after 4 years and 100% after 5 years of service, separation at or after normal retirement age or terminates employment due to Total and Permanent Disability.**	
Transition Contributions	100% at completion of 3 years of service (Spirit service only), separation at or after normal retirement age or termination of employment due to Total and Permanent Disability.	
Pay Definition	Base salary	
Payout Options	Lump sum Installment payout Direct Rollover	
	* Service includes employee's years of vesting service earned at Boeing and Spirit. ** Transition Contributions are provided only to employees hired on June 17, 2005. Boeing retirees are not eligible for Transition Contributions. ***Contribution continues for the lesser of 15 years or completed years of Boeing service at the Closing Date (June 17, 2005).	
Spirit Retirement Plan		
Normal Retirement Benefit	Accrued benefit determined under Boeing Company Employee Retirement Plan (BCERP) and Pension Value Plan (PVP) as of the Closing Date (June 17, 2005).	
Early Retirement	Early retirement provisions under BCERP/PVP as in effect on the Closing Date (June 17, 2005), applicable to frozen accrued benefit. Early retirement eligibility determined based on Spirit service plus service earned for retirement eligibility under	

	BCERP/PVP through the Closing Date (June 17, 2005).
Payout Options	Same options as available to BCERP/PVP participants as of the Closing Date (June 17, 2005).
Medical	
Plan Design	Two plans, Core and Enhanced
Employee Premium Contribution	<p>All Years: Current Contribution continues until 7/1/12</p> <p>Core - 12% of medical premium cost – 7/1/12 to 6/30/13 14% of medical premium cost – 7/1/13 to 6/30/14 16% of medical premium cost – 7/1/14 to 6/30/15 18% of medical premium cost – 7/1/15 to 6/30/16 20% of medical premium cost – 7/1/16 to 6/30/21</p> <p>Enhanced – 5% of medical premium cost beginning on 7/1/12. Company and Union are committed to reviewing plan design and other cost savings through the JCC to achieve the lowest total premium Premium contribution moving up by 1% on each plan year anniversary if premium cost on the low-cost option (CCP) increases by more than 10% over the prior year.</p> <p>Spousal Surcharge: \$100 for spouse with other coverage choosing Newco plan (all plans; all years)</p>
Contribution to FSA	Employees contribute at own discretion up to plan maximum, which will be the greater of \$4,500 or the Federal Maximum.
Dental	
Plan Design	Refer to Plan Summary
Employee Premium Contribution	Free from premium contributions for employees and their eligible dependants.
Vision	
Plan Design	Refer to Plan Summary
Employee Premium Contributions	Included in medical plan.
Retiree Medical	
Retire at Age 62 & 10 Years of service, if a former Boeing employee hired by Spirit on June 17, 2005.	Same medical benefit options and employee cost as provided to active employees. Employees with at least 10 years of service who are laid off by Spirit up to 30 months prior to meeting eligibility for this benefit will be eligible for this benefit upon reaching age 62. Subsidized coverage will be provided until the earlier of age 65 or Medicare eligibility. Subsidized retirees (not Medicare eligible) upon turning age 65 will become eligible for Access only retiree medical coverage through Medicare eligibility.
Retire at Age 55 & 10 Years of service	Same medical benefit options as active employees; retiree pays full cost of benefits (based on retired population costs). Employees with at least 10 years of service who are laid off by Spirit up to 30

	months prior to meeting eligibility for this benefit will be eligible for this benefit upon reaching age 55. Upon retiree election, coverage will continue up to Medicare eligibility.
Ancillary Benefits (2080 hrs/yr)	
Company Paid Life Insurance	1.25 times annual base wage
Optional Life Insurance	Additional benefit is available on an employee pay all basis
Company Paid Short Term Disability	The plan will pay 80% of weekly base wage for weeks 2 - 13 and 60% of weekly base wage for weeks 14 – 26, irrespective of ETO balance.
Company Paid Long Term Disability	40% of base monthly wage up to a maximum of \$5,000 per month following a 26 week elimination period.
Optional Long Term Disability	Additional 20% benefit (\$2,500 monthly maximum) is available on an employee pay all basis
Company Paid AD&D	2 times annual base wage
Company Paid Business Travel Accident	2 times annual base wage

Core Plan Benefits at a Glance

7/1/2011

Benefit Summary	In-Network	Self - Referral
Deductible		
Individual	None	\$600
Employee+1 (Employee & Spouse or Employee & Child(ren))	None	\$1,200
Family	None	\$1,800
Annual Out-of-Pocket (OOP) Maximum (does NOT include deductible)		
Individual	N/A	\$1,500
Employee+1 (Employee & Spouse or Employee & Child(ren))	N/A	\$2,250
Family	N/A	\$3,000
Outpatient Care		
Surgery/Diagnostic Tests/X-Rays	\$0 or \$25 copay	60% after deduct
Physician Office Visit	\$0 or \$20 copay	60% after deduct
Inpatient Care		
Hospital Room & Board	\$100	60% after deduct
Physician Services	100%	60% after deduct
Emergency Room & Ambulance		
Emergency Room (waived if admitted)	\$50 Copay	\$50 - outside service area
Ambulance or other emergency related charges	\$20 Copay	\$20 Copay

Mental Health/Chemical Dependency		
Inpatient -		
Hospital Room and Board	\$100 Co-pay	60% after deduct
Diagnostic Tests/X-Rays/Physician Services	100% Covered	60% after deduct
Physician Services	100% Covered	60% after deduct
Outpatient		
Physician Office Visit (Substance abuse has a lifetime maximum of \$7,500)	\$0 or \$20 copay	60% after deduct
Other		
Home Health Care/Private Duty Nursing - \$10,000 annual max	\$20 per visit	60% after deduct
Maternity		
Initial Visit	\$20 Copay	60% after deduct
Pre-Natal Visits After Initial Visit	\$0	60% after deduct
Delivery/Hospital Services/Doctor Visits While in Hospital	\$100 Copay	60% after deduct
Post-Natal Visits	\$0	60% after deduct
Therapy - 20 visits annual maximum per episode		
Occupational/Physical Therapy	\$20	60% after deduct
Speech Therapy	\$20	60% after deduct
Chiropractic Care	\$20	60% after deduct
Preventative	100%	Not Covered
Pharmacy	In Network	Out-of-Network
Retail (30 day supply)		
Generic (mandatory chemically equivalent generic)	\$8 Co-pay (\$5 with special network)	100% of allowed amount after copay
Formulary	\$15 Co-pay	100% of allowed amount after copay
Non-Formulary	\$30 Co-pay	100% of allowed amount after copay
Mail Order (90 day supply)		
Generic (mandatory chemically equivalent generic)	\$16 Co-pay (\$10 with special network)	Not Covered
Formulary	\$30 Co-pay	Not Covered
Non-Formulary	\$60 Co-pay	Not Covered

Enhanced Plan (CDHP)

Benefits at a Glance

7/1/2011

Benefit Summary	In-Network	Out-of-Network
Deductible (In and Out-of-network accumulate separately)		
Individual	\$1,000	\$2,000
Employee+1 (Employee & Spouse or Employee & Child(ren))	\$1,750	\$3,500
Family	\$2,500	\$5,000
Employer Funded Personal Care Account		
Individual	\$500	
Employee+1 (Employee & Spouse or Employee & Child(ren))	\$1,000	
Family	\$1,500	
Annual Out-of-Pocket (OOP) Maximum <i>(does NOT include deductible or copays, in and out-of-networks are separate)</i>		
Individual	\$1,000	\$2,000
Employee+1 (Employee & Spouse or Employee & Child(ren))	\$1,500	\$3,000
Family	\$2,000	\$4,000
Outpatient Care		
Surgery/Diagnostic Tests/X-Rays	90% after deduct	60% after deduct
Physician Office Visit	90% after deduct	60% after deduct
Inpatient Care		
Hospital Room & Board	90% after deduct	60% after deduct
Physician Services	90% after deduct	60% after deduct
Emergency Room & Ambulance		
Emergency Room (waived if admitted)	90% after deduct	90% after deduct- outside service area
Ambulance or other emergency related charges	90% after deduct	90% after deduct
Mental Health & Chemical Dependency		
Inpatient -		
Hospital Room and Board	90% after deduct	60% after deduct
Diagnostic Tests/X-Rays/Physician Services	90% after deduct	60% after deduct
Physician Services	90% after deduct	60% after deduct
Outpatient		
Physician Office Visit	90% after deduct	60% after deduct
Other		
Home Health Care/Private Duty Nursing - \$10,000 annual max	90% after deduct	
Maternity		

Initial Visit	90% after deduct	60% after deduct
Pre-Natal Visits After Initial Visit	90% after deduct	60% after deduct
Delivery/Hospital Services/Doctor Visits While in Hospital	90% after deduct	60% after deduct
Post-Natal Visits	90% after deduct	60% after deduct
Therapy - <i>20 visits annual maximum per episode</i>		
Occupational/Physical Therapy	90% after deduct	60% after deduct
Speech Therapy	90% after deduct	60% after deduct
Chiropractic Care	90% after deduct	60% after deduct
Preventive	100%	Not Covered
Pharmacy	In Network	Out-of-Network
Retail (30 day supply)		
Generic (mandatory chemically equivalent generic)	\$10 (\$7 copay for special network)	100% of allowed amount after copay
Formulary	\$20	100% of allowed amount after copay
Non-Formulary	\$35	100% of allowed amount after copay
Mail Order (90 day supply)		
Generic (mandatory chemically equivalent generic)	\$25 (\$17 copay for special network)	Not Covered
Formulary	\$50	Not Covered
Non-Formulary	\$85	Not Covered

Dental Benefits at a Glance

Benefit Summary	In Network	Out-of-Network
Deductible	\$50	\$100
Annual Benefit Maximum per Individual	\$2,000	\$2,000
Coinsurance		
Preventative (deductible waived in network)	100%	80%
Basic	80%	70%
Major	50%	50%
Orthodontia		
Coinsurance	50%	50%
Lifetime Maximum	\$1,750	\$1,750

Vision Benefits at a Glance

Benefit Summary	In Network	Out-of-Network
Exam - Limited to one exam per Benefit Period	\$20	Deductible and coinsurance
Hardware - Limited to one pair of lenses/frames or contact lenses per Benefit Period.		
Frames		\$82
Lenses:		
Single		\$78
Bifocal		\$160
Progressive		\$190
Trifocal		\$190
Lenticular		\$215
Contacts		\$210