

2009 Contract Proposal

**Spirit AeroSystems, Inc.
Wichita, Kansas**

Presented by:



Wichita Engineering Unit

**Society of Professional Engineering Employees in Aerospace
International Federation of Professional & Technical Engineers
AFL-CIO**

PREAMBLE

THIS AGREEMENT, dated as of the 11th day of July 11, 2005, is made and entered into by and between ~~MID-WESTERN AIRCRAFT SYSTEMS, INC~~ Spirit AeroSystems Inc. (hereinafter referred to as "the Company"), and the Society of Professional Engineering Employees in Aerospace – Wichita Engineering Unit~~UNIT~~ (hereinafter referred to jointly as "the Union").

PREFACE

Company and Union Cooperation

This agreement is a reflection of the parties' commitment to these shared principles:

- To maintain a respectful, cooperative relationship; recognizing that the employeesengineers are the most valued resource the Company has.
- To work together to further the mutual success of both parties; so that the Company will continue to have a productive, flexible, competitive business with a highly-motivated, skilled and involved workforce while enabling the Union to best represent and serve its members.
- To resolve issues to the greatest extent possible through a collaborative process marked by open communication and respect for the employeesengineers, the Company and the Union.

ARTICLE 1

BARGAINING UNIT

Section 1.1. Recognition

For the purposes of collective bargaining with respect to rates of pay and other conditions of employment, and in accordance with the certification of the National Labor Relations Board, the Company recognizes the Union as the exclusive bargaining agent for the collective bargaining unit described as follows:

1.1(a) Engineering. All professional ~~employees~~engineers working in the Company's plants ~~in Sedgwick County, Kansas,~~ including persons who are on travel status from such plants, who are classified by the Company in one of the following

Classification Levels

- DE Quality Engineer 1-6
- JA Engineer/Scientist 1-6
- KE Industrial Engineer 1-6
- KK Manufacturing Engineer 1-6
- KZ Tool Engineer 1-6
- ND Embedded Software Engineer 1-6
- SC Customer Support Engineer 1-6
- ST Software Quality Engineer 1-6

Section 1.2. ~~Employees~~Engineers

For purposes of the remaining articles of this Agreement, the term "~~employees~~engineers" shall include only those persons who are a part of the unit as described in Section 1.1.

ARTICLE 2

RIGHTS OF MANAGEMENT

Section 2.1. Management of Company

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

2.1(a) Company and the Union agree that due to the nature of the work performed by employeesengineers represented by the Union, management with a previous engineering background employeesengineers may from time to time, perform work that would otherwise be performed by bargaining unit members for the purposes of product development, process improvement, employeeengineer training or emergencies, not to exceed 3 months and with concurrent notification to the Union.

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

ARTICLE 3

DETERMINATION OF DISPUTES

Section 3.1. Establishment of Procedure

Definition: The term “grievance” shall mean a written complaint involving the interpretation or application of this Agreement. A grievance may include a complaint about an act, communication or omission which occurs after the termination of this Agreement, but no such grievance shall be subject to arbitration.

Section 3.2. Just Cause Requirement

~~Employees~~Engineers shall not be disciplined (~~a CAM~~) or discharged without just cause. For grievances involving a layoff, discharge, suspension, or involuntary resignation ~~employees~~engineers shall have the right to begin the grievance process at Step 3 of this procedure, with the designated Company representative within ten (10) workdays after the date of such layoff, discharge, suspension, or involuntary resignation.

Section 3.3. Grievance Steps

Step 1 - Oral. Any ~~employee~~engineer having a complaint shall first bring it to the attention of his immediate supervisor. A Union Representative shall be present if requested by the Company or the ~~employee~~engineer. The decision in this Step will be final and binding unless, within ten (10) workdays of the decision, the ~~employee~~engineer proceeds to Step 2 of this procedure. The supervisor shall, within (5) workdays thereafter, provide to the ~~employee~~engineer the answer to the grievance.

Step 2 - Documented. Any complaint not resolved in Step 1 – Oral, must be documented and signed by the ~~employee~~engineer specified with alleged facts giving rise to the complaint, the Article or Sections of this Agreement alleged to have been violated, and the remedy requested. The grievance must be submitted to the ~~employee~~engineer's supervisor within ten (10) working days of the Step 1 – Oral decision. Within fifteen (15) calendar days of the manager's receipt of a grievance, the supervisor or his designee will meet with the ~~employee~~engineer and the Council Representative or designee in an effort to resolve the grievance. A written answer shall

be given to the employeeengineer with a copy to the Union within three (3) workdays after the meeting.

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

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

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

Section 3.4. Agreement Not To Be Altered

The jurisdiction and authority of the arbitrator shall be confined exclusively to the interpretation of the explicit provision or provisions of this Agreement at issue between the Union and the Company. The arbitrator shall have no authority to add to, detract from, alter, amend or modify any provision of this Agreement, or impose on any party a limitation or obligation not explicitly provided for in this Agreement. The arbitrator shall have no authority or power to limit or impair any right that Article 2 of this Agreement reserves to Management as a Management prerogative. The arbitrator shall not consider as a past

practice any other event, policy, or grievance resolution that occurred before the Effective Date of this Agreement.

Section 3.5. Time Limit to Process Grievance

The Company shall not be required to consider or process any Step 1 – Oral grievance not presented within ten (10) workdays after the occurrence which gave rise to the grievance, or any grievance which is not processed within the other time limits established in this Article. Upon mutual agreement the parties may extend time limits. Should Management not act within any prescribed time limit, the grievance shall automatically proceed to the next step.

Section 3.6. Arbitration Proceeding

Unless otherwise agreed by the parties, each grievance appealed to arbitration shall be the subject of a separate and distinct arbitration hearing and decision, and no arbitrator shall be selected by the parties to hear or decide more than one (1) grievance in any one (1) arbitration proceeding.

Section 3.7. Investigatory Interviews

Each employeeengineer has the right, during an investigatory interview, which the employeeengineer reasonably believes may result in discipline, to request the presence of his union representative, if the union representative is available. If his union representative is not available, such employeeengineer 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

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.

Section 3.9. Conferences During Working Hours

All conferences resulting from the application of provisions of this Article shall be held during working hours.

ARTICLE 4

EMPLOYEEENGINEER 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 by including the Joint Oversight Committee as outlined in Section 9.3.

The process will provide a documented means for the employeeengineer and the manager to assess performance and an option to build Employee Improvement Action Plans (ref Article 7.10(b)). The Union and the Company will discuss and the Company will consider in good faith any changes to the current process.

4.1(a) Both the employeeengineer and the manager are responsible for the completion of this process annually. A copy of the completed final review shall be placed in the employeeengineer's Personnel file.

4.1(b) It is expected that occasional disagreement over Performance Evaluation content, interim and final will be resolved at the lowest possible level. A skip-level manager may be involved in the process for this purpose. However, in those few instances where such resolution is not possible, the Union may involve the Human Resource Director (or designee) and the Engineering Skill Team Captain.

ARTICLE 5 HOLIDAYS

Section 5.1. Dates Observed

There will be twelve (12) scheduled paid holidays each calendar year. The following holidays shall be observed by the Company for the purpose set forth in this Article:

2009 Holidays	Day of Week	Date of Observance
Memorial Day	Monday	May 25, 2009
Independence Day	Friday	July 3, 2009
Labor Day	Monday	September 7, 2009
Thanksgiving Day	Thursday	November 26, 2009
Day following Thanksgiving	Friday	November 27, 2009
Winter Break	Thursday	December 24, 2009
Winter Break	Friday	December 25, 2009
Winter Break	Monday	December 28, 2009
Winter Break	Tuesday	December 29, 2009
Winter Break	Wednesday	December 30, 2009
Winter Break	Thursday	December 31, 2009

<u>2010 Holidays</u>	<u>Day of Week</u>	<u>Date of Observance</u>
<u>New Year's Day</u>	<u>Friday</u>	<u>January 1, 2010</u>
<u>Memorial Day</u>	<u>Monday</u>	<u>May 31, 2010</u>
<u>Independence Day Observed</u>	<u>Monday</u>	<u>July 5, 2010</u>
<u>Labor Day</u>	<u>Monday</u>	<u>September 6, 2010</u>
<u>Thanksgiving Day</u>	<u>Thursday</u>	<u>November 25, 2010</u>
<u>Day following Thanksgiving</u>	<u>Friday</u>	<u>November 26, 2010</u>
<u>Winter Break</u>	<u>Friday</u>	<u>December 24, 2010</u>
<u>Winter Break</u>	<u>Monday</u>	<u>December 27, 2010</u>
<u>Winter Break</u>	<u>Tuesday</u>	<u>December 28, 2010</u>
<u>Winter Break</u>	<u>Wednesday</u>	<u>December 29, 2010</u>
<u>Winter Break</u>	<u>Thursday</u>	<u>December 30, 2010</u>

<u>Winter Break</u>	<u>Friday</u>	<u>December 31, 2010</u>
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<u>2011 Holidays</u>	<u>Day of Week</u>	<u>Date of Observance</u>
<u>New Year's Day Observed</u>	<u>Monday</u>	<u>January 3, 2011</u>
<u>Memorial Day</u>	<u>Monday</u>	<u>May 30, 2011</u>
<u>Independence Day</u>	<u>Monday</u>	<u>July 4, 2011</u>
<u>Labor Day</u>	<u>Monday</u>	<u>September 5, 2011</u>
<u>Thanksgiving Day</u>	<u>Thursday</u>	<u>November 24, 2011</u>
<u>Day following Thanksgiving</u>	<u>Friday</u>	<u>November 25, 2011</u>
<u>Winter Break</u>	<u>Friday</u>	<u>December 23, 2011</u>
<u>Winter Break</u>	<u>Monday</u>	<u>December 26, 2011</u>
<u>Winter Break</u>	<u>Tuesday</u>	<u>December 27, 2011</u>
<u>Winter Break</u>	<u>Wednesday</u>	<u>December 28, 2011</u>
<u>Winter Break</u>	<u>Thursday</u>	<u>December 29, 2011</u>
<u>Winter Break</u>	<u>Friday</u>	<u>December 30, 2011</u>

<u>2012 Holidays</u>	<u>Day of Week</u>	<u>Date of Observance</u>
<u>New Year's Day Observed</u>	<u>Monday</u>	<u>January 2, 2012</u>
<u>Memorial Day</u>	<u>Monday</u>	<u>May 28, 2012</u>
<u>Independence Day</u>	<u>Wednesday</u>	<u>July 4, 2012</u>

Section 5.2. Unworked Holidays

EmployeesEngineers shall receive eight (8) hours pay for unworked holidays (those holidays designated above), at their Base Rate in effect at the time the holiday occurs, plus shift premiums where applicable, provided, however the employeeengineer works his last full working day prior to and/or after the holiday(s), unless excused by supervisor.

Section 5.3. Worked Holidays

~~5.3(a) Employees~~Engineers shall receive the pay due them for the holiday, plus double their Base Rate ~~plus \$6.50~~ per hour for all hours worked on such holiday plus shift premiums where applicable.

Section 5.4 Holidays During Earned Time Off

Holidays occurring while an ~~employee~~engineer is on earned time off are not deducted from earned time off credits.

Section 5.5 ~~Employees~~Engineers Prevented from Working Because of Local Holidays

~~Employees~~Engineers 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~~engineers 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 employeesengineers 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 <u>21</u>	128 <u>168</u>
5 – 9	18 <u>23</u>	144 <u>184</u>
10 – 11	21 <u>26</u>	168 <u>208</u>
12 – 13	22 <u>27</u>	176 <u>216</u>
14 – 15	23 <u>28</u>	184 <u>224</u>
16 – 17	24 <u>29</u>	192 <u>232</u>
18+	25 <u>30</u>	200 <u>240</u>

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

Section 6.2. Unused Credit

6.2(a) All earned time off must be taken before the expiration of ~~twelve~~twenty-four (~~12~~24) months after the date the earned time off day is earned. However, days earned up to the maximum accrual during an anniversary year may be carried over into the succeeding anniversary year. At no time shall an employeeengineer carry a balance of more than ~~two~~four (~~2~~4) times their annual accrual.

6.2(b) An employeeengineer may choose to be paid, upon written request, for up to five (5) earned time off days on their anniversary date ~~twice~~ a calendar year.

Section 6.3. Use of Credit

All earned time off shall be taken at a time as to not seriously interfere with scheduled operations. So far as practicable, the Company will attempt to schedule all earned time off for the period for which employeesengineers express a preference. EmployeesEngineers may take earned time off in one tenth (.10) hour increments up to a maximum accrual per the appropriate schedule. EmployeesEngineers who carry a balance of Boeing reserved sick leave may use it instead of ETO. If the company calls for a voluntary shortened work week the Boeing reserved sick leave may be clocked to complete a 40-hour work week. Upon retirement, employeesengineers will be paid half of their total hours remaining and at their retirement base rate.

Section 6.4. Bereavement Leave

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

ARTICLE 7 WORKFORCE

Section 7.1. Objective

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

Section 7.2. Surplus

The term refers to a condition in which the Company determines that the assigned number of individuals exceeds the needs of the activity, project, program or organization to which the individuals are assigned. A surplus may or may not result in layoffs. To the extent deemed practicable by the Company, surpluses will be resolved by placing individuals in other assignments. The Company and SPEEA through the Joint Oversight Committee will develop a process for placement of engineers into other assignments.

Section 7.3 Layoffs

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

Section 7.4 Procedure Relating to the Filling of Positions

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

7.4(b) Re-assignments and transfers of the following kinds to employeesengineers considered capable of performing the assignment may be made by the Company

without regard to the provisions of 7.4(e). Positions so filled shall not be regarded as open positions.

7.4(b)(1) Reassignments of surplus employeesengineers and surplus individuals from management, engineering, or other salaried payrolls.

7.4(b)(2) Non-promotional reassignments of non-surplus employeesengineers (as, for example, to staff new programs or to avoid surpluses).

7.4(b)(3) Return of employeesengineers from layoff status or from leaves of absence.

7.4(b)(4) Transfers into the bargaining unit of individuals who at some previous time were assigned to a Job Classification currently within the bargaining unit.

7.4(c) An "in-place" promotion is the promotion of an employeeengineer to a higher level within the same Job Classification. This promotion results from expansion of the employeeengineer's own work assignment and is not for the purpose of filling a position vacated by another employeeengineer. Such an in-place promotion does not constitute the filling of a position within the meaning of 7.4, and the Company may make such in-place promotions without limitations.

7.4(d) All vacant positions other than those filled as described in 7.4(b) and 7.4(c) shall be designated as open positions.

7.4(e) The Company will seek candidates from within the existing workforce for all positions that are designated by the Company as open positions. EmployeesEngineers on the active payroll who have been declared surplus and/or who have been previously downgraded shall have priority rights to open positions as described in 7.4(e)(1) and 7.4(e)(2), respectively. For open positions remaining after the provisions of 7.4(e)(1) and 7.4(e)(2) have been met, other candidates shall receive consideration as described in 7.4(e)(3).

7.4(e)(1) If an open position occurs for a Job Classification in which layoffs are authorized, an employeeengineer already assigned to that Job Classification shall be selected for the open position.

7.4(e)(2) If, after application of 7.4(e)(1), the open position still exists, first consideration shall be given to an employeeengineer who meets all the following conditions:

7.4(e)(2)a Was, within six (6) years preceding the date on which the open position is designated, while on the active payroll, downgraded for other than performance reasons from the same Job Classification as the open position, or from a higher level of that Job Classification, or from a directly related management, engineering, or other payroll position.

7.4(e)(2)b Has not declined a Company offer of return to the Job Classification from which downgraded.

7.4(e)(3) If the open position still exists following application of 7.4(e)(1) and 7.4(e)(2), other candidates will receive consideration in the following order:

7.4(e)(3)a Individuals on file for recall as described in 7.9(b) and candidates who make timely application for the open position through the Company's Employee Requested Transfer system [A process will jointly be developed to allow movement of engineers within the same skill code.](#)

7.4(e)(3)b Others.

The Company will select for the open position whichever of the considered candidates it determines will best achieve the purposes set forth in 7.4(a).

7.4(f) Employee Requests for Transfer. The Company will maintain an environment in which [employeesengineers](#) can make known their interest in transferring to other positions for which they are qualified to perform and which may satisfy their personal needs. A job posting and transfer process will be maintained which will allow [employeesengineers](#), without fear of reprisal, to make application for transfer and receive consideration as a candidate for open positions for which they are qualified. All [employeesengineers](#), including those involved in surpluses, shall have full access to the Company staffing process. The Company will provide the Union with a copy of the request for transfer procedure and any changes thereto.

Section 7.5. Reductions-in-Force

Should reductions-in-force become necessary, the Company will retain [employeesengineers](#) with the best performance or as warranted by business needs in each job classification.

7.5(a) Retention Rating: The Company will establish and communicate to the employeesengineers and the Union, a retention rating process consisting of three (3) categories. EmployeesEngineers will be given written notification of their rating.

- i. Category A shall represent the employeesengineers rated in the top 70% of the employeesengineers in each classification.
- ii. Category B shall represent the employeesengineers rated in the next 20% of the employeesengineers in each classification.
- iii. Category C shall represent the employeesengineers rated in the lowest 10% of the employeesengineers in each classification. EmployeesEngineers rated in Category C will be notified of their vulnerability to layoff during a reduction-in-force.

7.5(a)(1) Adjustments for Company Service. EmployeesEngineers with twenty (20) or more years of Company service who are ranked in the Category C will be adjusted to a Category B retention rating, and employeesengineers with twenty (20) or more years of Company service who are rated in Category B will be adjusted to a Category A retention rating. Such adjustments will be reflected in the written notification to each employeeengineer.

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

7.5(a)(2)a EmployeesEngineers ranked in Category C will be allowed to appeal the rating.

7.5(a)(2)b Any employeeengineer experiencing a drop in rating will be allowed to appeal the rating.

The Union will notify the Company of appeals and will provide the appropriate notification to the engineer.

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

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

7.5(a)(5) Employee Notification. Following each periodic retention index review, the Company will provide each employeeengineer with a written notification of the employeeengineer's retention rating prior to the effective date, except where such is made impracticable due to the unavailability of the employeeengineer or the supervisor occasioned by vacations, travel assignments, etc. In such circumstance the notification will be given as soon as practicable. In addition, management will discuss the new retention rating with employeesengineers. The written notification will contain:

7.5(a)(5)a The employeeengineer's Job Classification,

7.5(a)(5)b The employeeengineer's retention rating prior to and following any adjustment under 7.5(a)(1),

7.5(a)(5)c The number of employeesengineers in each of the three retention index categories [as adjusted under 7.5(a)(1)], within the employeeengineer's retention index group,

7.5(a)(6)d The effective date, and

7.5(a)(7)e A description of the jobs and levels included in the retention group.

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

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

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

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

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

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

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

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

7.5(c) Retention Rating Group Makeup. Management will assign the retention rating by Job Classification for each employeeengineer to whom this Article applies, with the basic objective of identifying those employeesengineers who in the opinion of Management, are best able to maintain or improve the efficiency of the Company, further its progress and success and contribute to the successful accomplishment of the Company's current and future business. Each retention group will consist of all the employeesengineers in the appropriate identified Job Classification.

7.5(d) Application. When a workforce reduction is determined by management to be necessary within one or more retention rating groups, management will follow the

applicable provisions of Article 8 and designate for layoff the required number of employeesengineers within such retention rating groups, beginning with the lowest rating index.

7.5(d)(1) Exceptions. Exceptions to the designation for layoff may be made by the Company where it desires to retain a maximum of 10% of employeesengineers who are Category C, 10% of employeesengineers who are Category B, and 10% of employeesengineers who are Category A within an affected Retention Index Group as of the time of the most recent retention index review. Exceptions will be identified in writing to the Union representative.

7.5(d)(1)a One (1) employeeengineer may be subject to the 10% exception if there are one (1) to fourteen (14) employeesengineers in the retention rating group;

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

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

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

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

7.5(d)(3) EmployeesEngineers on travel status may not be laid off while on such status. Such employeesengineers shall not be counted among or reduce the number of exceptions permitted by the provisions of Section 7.5 nor shall their rating prevent the layoff or downgrade of employeesengineers with a higher rating who are otherwise subject to such action.

7.5(d)(4) EmployeesEngineers selected by management to participate in a program of formal training in a field outside their current Job Classification, which training is conducted or approved by the Company, and employeesengineers who at management's request transfer from one major functional area to another for a

Company-sponsored skill transition and retraining program will be assigned a unique job code upon entering the training program or upon transfer to the new functional area respectively. The trainee shall retain this unique code for a period of six (6) months following completion of training or transfer to the new functional area, as the case may be, in order to allow time for the trainee to demonstrate his or her adaptability to the new assignment. During the period in which the trainee is assigned the unique code, he or she will retain the retention rating held at the time of assignment to the unique code. In the event a surplus is declared in the trainee's new assignment and if the trainee's rating would cause him or her to be an individual surplused, the trainee will be returned for assignment to an area under his or her last held regular assigned Job Classification and the retention rating of record.

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

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

Section 7.6. Temporary Layoff / Short Workweek

7.6(a) Management, with bona fide requirements, can conduct temporary layoffs without regard to retention, provided the number of such layoffs per month does not exceed 5% of the total number of employees employed in the bargaining unit on the first day of that month. Temporary layoffs will be voluntary ~~whenever practical~~ and will not exceed ninety (90) days. Employees on a temporary layoff will receive health and welfare benefits during such layoff.

7.6(b) If deemed necessary to avoid a layoff, management will ask for volunteers ~~for but may in its discretion~~ scheduled short workweeks of not less than 24 hours for a

period not to exceed 180 consecutive calendar days. Health and welfare benefits will not be prorated during this time period.

Section 7.7 Exceptions to Foregoing Procedures. (Discuss at Sub committee)

7.7(a) The Company may lay off employeesengineers without regard to the provisions of the layoff procedures set forth in this section, provided the number of such layoffs per month does not exceed 0.25% (one quarter of one percent) of the total number of employeesengineers employed in the bargaining unit on the first day of that month.

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

Section 7.8. Layoff Notice

7.8(a) Layoff Notice

The Company ~~will~~must attempt to give at least two (2) weeks notice prior to layoff to the employeesengineers affected, except when the layoff is caused by unexpected events (WARN Act definition), termination of a Government or other production contract, or when the affected employeesengineers are absent.

7.8(b) Layoff Benefits

The Company will establish a Layoff Benefit Plan to provide for lump sum or income continuation benefits as set forth in this Article. Such Plan will apply to employees who are laid off with an effective date on or after July 11, 2009.

7.8(b)(1) Eligibility

All bargaining unit employees who have a least one (1) year of Company service and who are involuntarily laid off from the Company (including such employees who accelerate their layoff dates and employees laid off because of declining an offer for less than equivalent) are eligible to receive the benefits, however, the following employees shall not be eligible

for the benefit: employees who volunteer for layoff; employees who upon their layoff become employed by a subsidiary or affiliate of the Company; employees who are laid off from the Company because of a merger, sale or similar transfer of assets and are offered employment with the new employer; employees who are laid off because of an act of God, natural disaster or national emergency; employees who terminate employment for any reason other than layoff, including but not limited to, resignation, dismissal, retirement, death, or leave of absence.

7.8 Amount and Payment of Benefit. An eligible employee's total lump sum or income continuation benefit shall equal on (1) week of pay based on the employee's base salary at the time of layoff (but excluding any shift differentials or other premiums) for each full year of Company service as of the employee's layoff date, subject to a maximum benefit of twenty six (26) weeks of pay. Eligible employees may elect either of the following:

7.8(a) Benefits will be paid as a lump sum following the effective date of layoff. Employees who elect this option will have first consideration rights for recall will be cancelled.

7.8(b) Income continuation benefits will be paid in eighty (80) hour increments, subject to an employee's total benefit, on regular paydays with the second payday following the effective date of layoff. Income continuation benefits shall immediately cease upon the earlier of any of the following events: exhaustion of the employee's total income continuation benefits; re-employment with the Company or any of its subsidiaries or affiliates; failure to accept a formal offer of recall from layoff within ten (10) workdays after it is extended or by such later date as may be stipulated by the Company. Failure to report to work on the date designated by the Company or change in the employee's employment status from layoff to resignation, dismissal, retirement, death, or leave of absence.

Subject to continuation of the Plan, no employee shall be paid a lump sum or income continuation benefits more than once during any three (3) year period; provided, however, if an employee is re-employed by the Company before payment of the employee's total income continuation benefit and is subsequently laod off in such three (3) year period under conditions which make the employee eligible for a benefit, any unused benefit will be payable to the employee under the procedures established by this Article.

7.8© Benefit Not Applicable for Other Purpose. Periods for which an employee receives income continuation benefits shall not be considered as compensation or service under

any employee benefit plan or program and shall not be counted toward Company service. Benefits under this Article may not be deferred into the Voluntary Investment Plan.

7.9 Continuation of Medical Coverage. In the event of layoff, medical coverage for employees and dependents will continue until the employee is covered by any other group medical plan either as an employee or as a dependent, but in not event beyond three (3) months after the date of layoff. Required contributions, if any, must be paid during any period of such continuation of coverage.

Section 7.9. Layoff Status

7.9(a) Maintenance of Layoff Status

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

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

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

7.9(a)(2)b Refuse a formal offer from the Company for a full-time job within the bargaining unit or in the same labor market area from which laid off, for which the salary or level offered is equal to or greater than the employeeengineer's salary at the time of layoff plus the inflation adjustment in effect at the time of layoff, or

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

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

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

7.9(a)(4) Laid off ~~employees~~engineers who are prevented from meeting the conditions described in 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 satisfaction by their personal physician, shall upon request be granted a waiver for the missed requirement(s).

7.9(b) Return to Active Employment

7.9(b)(1) It is a mutual objective of the Company and the Union that laid off ~~employees~~engineers who have not been determined ineligible be recalled to active employment, and a mutual desire that such recall into the Company the laid off employee be offered in approximate reverse order from the Job Classification from which the ~~employee~~engineer was laid off

7.9(b)(2) At the time of layoff, the Company automatically will place in the file for priority consideration return to active employment the names of all laid-off ~~employees~~engineers. In order to maintain such recall status, the ~~employee~~engineer must keep the Company informed of their current contact information. ~~of his or her interest in returning to active employment by submitting a letter so stating. The employee must register by letter at time of layoff and no later than December 31st of each calendar year following the year in which the layoff occurs. Such letter must contain the individual's name, employee identification number, address, and telephone number.~~ The Company's sole obligation to provide notice of recall shall be to send a certified ~~written notice~~letter to the last mailing address provided by the ~~employee~~engineer. The Company will provide the Union with names of engineers where contact has been unsuccessful. The Union will be provided the opportunity to contact the engineer and provide the communication to the employee within seven (7) days of the Company notification to the Union.

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

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

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

7.9(d) Retiree Medical eligibility. EmployeesEngineers who are on layoff status may credit up to 30-60 months of time spent on layoff towards eligibility for retiree medical benefits.

7.9(e) Record maintenance. The Company will maintain a record of all laid-off employeesengineers who are on layoff status under the above provisions.

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 performance reviews, either they will have no first consideration recall rights or will not receive a service adjustment or both. Management will provide an oral and written notification to the designated employee.

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

7.10(a)(3) Designated employees will be identified by engineering skill teams.

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 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; 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.

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

Section 7.11. Temporary Recall

7.11(a) The parties acknowledge that Article 8 limits the use of contract personnel during workforce reductions or when employeesengineers are on active recall status. The parties acknowledge further that occasionally situations arise when short-term assignments require additional staffing. The Company will use Temporary Recall instead of could choose to contract labor on out—these work packages. The Company in its sole discretion has from time to time preferred to have this work performed by employeesengineers on active layoff status. In recognition of the fact that the work under discussion involves short-term assignments, the parties agree to the implementation of the process described immediately below.

7.11(b) The process shall be known as Temporary Recall and shall be defined as the temporary re-employment of individuals on active layoff status (hereinafter "employeesengineers").

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

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

7.11(e) Temporarily-recalled employeesengineers will receive the same salary they were receiving prior to layoff.

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

7.11(g) With regard to the Retirement Plan, unused sick leave, and Earned Time Off, employeesengineers on Temporary Recall will be set up in the system based on their respective layoff/recall circumstances. This will include the reactivation of unused but earned credits and the generation of future benefits consistent with standard policies. 401(k) Plan contributions may be resumed, beginning upon recall.

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

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

7.11(j) EmployeesEngineers on Temporary Recall will not receive a retention index based on Temporary Recall assignments.

7.11(k) EmployeesEngineers on Temporary Recall will generate funds for a selective adjustment exercise if they meet contractual criteria.

7.11(l) EmployeesEngineers on Temporary Recall will not be eligible for additional layoff benefits when their Temporary Recall assignment ends.

7.11(m) EmployeesEngineers on Temporary Recall are not eligible to apply for internal job postings.

Section 7.12. General Provisions

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

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

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

Section 7.13. Reclassification to a Lower Level at Employee's Request or in Lieu of Layoff

7.13(a) The Company may at the employeeengineer's request effect a reclassification to a lower level.

7.13(b) The Company may offer an employeeengineer a reclassification to a lower level in lieu of layoff.

Section 7.14. Acting Supervisors and Lead Engineers

7.14(a) The Company agrees to inform the Union in a timely manner when it intends to use a member of the bargaining unit as an acting supervisor. If the employeeengineer remains as an acting supervisor for more than six (6) consecutive months, the

employeeengineer shall be reclassified to management or returned to his or her bargaining unit position. Engineers accepting an acting supervisor position must be compensated accordingly. Their adjusted salary will be retained when they return to the bargaining unit. Deviations shall require the consent of the Union.

7.14(b) Leads should be at least a Level 3 (Deviations shall require the consent of the Union). Engineers accepting a Lead position must be compensated accordingly. (Lead definition and compensation rates to be defined at sub-committee)

Section 7.15 Probationary Period

Employees hired after the Effective Date that do not have Boeing job rights, may be terminated within the first ninety (90) days for any reason deemed appropriate by management. Termination will not occur before the full 89 days have passed. Exceptions to this policy will be worked with the bargaining unit staff on a case by case basis. The Company will notify the union of any engineer at risk of termination at each of the first two review periods.

Section 7.16 Secondary Skills

The Company will ~~give consideration~~ allow secondary skill codes to be assigned to the ~~skills of employees~~engineers when making reassignments associated with a reduction in force.

ARTICLE 8

CONTRACT LABOR AND SUBCONTRACTING

Section 8.1. Contract Labor

- A. **Purpose.** The Company and the Union recognize that Contract personnel are a practical source of skilled temporary labor that allows the Company to acquire skilled professional and technical support in a timely manner. The Company and Union recognize that requirements for experienced Contract personnel must be balanced with the need to build and maintain the experience base and to support our mutual objective of workforce stabilization by minimizing employee engineering layoffs.
- B. **Definition.** The term, contract personnel, refers to temporary personnel supplied by another business entity to perform work on Company premises under the daily control and supervision of Company management. The business entities that provide contract personnel normally are in the business of providing temporary services (such as temporary employment agencies and staffing firms). Sources of contract personnel may also include businesses in the aerospace or related fields that make their personnel available for temporary labor (so called 'industry assist' arrangements). Excluded from the definition of contract personnel are consultants and their employees and employees of subcontractors or vendors.

Section 8.2. Procedures and Limitations

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

8.2(b) If based on a variety of factors (including but not limited to the nature of the assignment, the status of the program, the overall need for the skills at issue, and the purpose of using Contract personnel described above) the Company needs the skills supplied by Contract personnel on a long-term basis, the position shall be made available in accordance with the Company job posting process.

8.2(c) The Company and the Union agree that it is normally inappropriate to hire Contract personnel as direct hires in periods of surplus activity within a Job Classification. Deviations will be subject to approval by the appropriate senior-level executive and provided, in writing, to the Union. The granting of a deviation to allow such hiring shall not be subject to the grievance and arbitration process.

8.2(d) Contract personnel shall not be authorized to make decisions normally associated with management responsibility including salary determination, retention and discipline. They shall not be assigned lead positions ~~for a period in excess of six months~~. Individual contract personnel may not perform work for the Company for more than eighteen (18) consecutive months ~~without the written approval of the appropriate senior level executive~~. After that time Upon completion of eighteen (18) consecutive months of contract service, a direct position should will be offered to the contractor. If the contractor refuses the direct position, a job posting shall be posted until a direct is hired to replace that the contractor position.

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

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

Section 8.3. Data

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

Section 8.4. Subcontracting

The Company and the Union agree that subcontracting, market access/offset agreements or other assignments of work may be a part of the Company's business strategies. The

Company will provide the Union with advance notification and opportunity for discussion concerning any significant movement of customer work and the reasons for the movement.

ARTICLE 9

JOINT MEETINGS

Section 9.1. Joint Meetings

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

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

Section 9.2 Business overviews

Regularly scheduled quarterly meetings ~~will~~shall be held between the Company and the Union to share information about Company business plans such as workforce planning, business outlook, facility and safety issues, subcontracting, surplus activity, employment of contract engineers, and other areas of interest as agreed to by the parties. Meetings shall be attended by appropriate Union, Human Resources and Business Unit Representatives. Dates for the year will be scheduled during sub-committee meetings.

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

The parties will establish a joint committee to oversee labor management initiatives the parties undertake. These joint initiatives are intended to enhance and develop ~~employees~~engineers as the Company's key resource. The oversight function can include: (1) establishing subcommittees to handle the initiatives; (2) reviewing, expanding where appropriate, and resolving issues related to ongoing initiatives; and (3) formulating future labor-management cooperative initiatives. The Company at its sole discretion will provide administrative staff and appropriate funding to support the initiatives. To create a proper

environment for the committee's work, no aspect of the committee's proceedings shall be used as the basis for, or as evidence in, any proceedings under Article 3.

9.3(a) Committee membership: Joint Committee with WEU, ~~WTPU~~ and the Company. The Joint Union-Company Oversight Committee shall consist of up to four persons representing the Company and up to ~~4~~5 persons representing the Union, ~~2 persons from each unit~~. The Company representatives will be appointed from the Business Unit(s) and Human Resources management. The Union representatives will be selected from the bargaining unit's membership. Each party shall appoint a chairperson of its group.

9.3(b) The Joint Oversight Committee ~~may oversee~~ initiatives:

- Review proposed changes to the job descriptions and job structure.
- Monitoring and exploring developments in the areas of education and training, skill utilization and application, and career development as those link to emerging technologies.
- Monitoring developments in the areas of use of compensatory time off, child and elder care, Drug and Alcohol-Free Workplace Program, and the Employee Assistance Program.
- Exploring alternate forms of compensation and delivery methods, salary planning process, market relationships and compensation philosophy.
- Discussion groups on topics of mutual interest.
- Exploring healthcare costs, issues and plan details.
- Career Enhancement, including:
 - Programs to provide employeesengineers the information, training, and opportunity to influence their career direction.
 - A program to provide a meaningful career alternative for those employeesengineers who choose to remain on a technically oriented career path (as opposed to a managerial track).
 - Coordination with related activities to maximize efficiency and involve appropriate people and viewpoints as required.
- Discuss the potential Company employeeengineer transfer process.

- Conducting briefings on the Company's plans for the introduction of new technological change and products that may affect employeesengineers, including schedules of introduction and areas of skill impacts.
- 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 employeesengineers.
- If Spirit has something through Chief Scientist Office that replaces Ed Wells, please ask for a presentation, during subcommittee.

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.

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) hour shift, thirty (30) minute 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 employeesengineers 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 employeeengineer who works second and_or third shift shall be paid a shift premium of seventy-five cents (\$1.00.75) per hour. An employeeengineer who works third shift of six and one-half (6 ½) 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 employeeengineer works less than six and one-half hours on a regular third shift.

Section 10.3. Work Schedule Premiums

10.3(a) An employeeengineer assigned to either Saturday or Sunday as a regular day of work will receive two dollars fifty cents (~~\$2.50~~3.00) per hour in addition to Base Rate of pay for hours worked on Saturday and/or Sunday.

10.3(b) EmployeesEngineers may, at their request and with management approval, work any variable work week schedule. EmployeesEngineers 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 employeesengineers necessary to accomplish the work, including the right to assign employeesengineers 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 employeeengineer and management shall agree to flexible work schedules to accommodate personal or business needs.

Section 10.5. Overtime Rate

The hourly rate to be paid for scheduled overtime worked by employeesengineers will be 1 and ½ times their base rate. straight time plus \$6.50 per hour.

Section 10.6. Reporting Pay

If a employeeengineer reports for work in accordance with instructions, he shall receive a minimum of eight (8) hours pay at his Base Rate plus shift premiums where applicable. This will not apply in case of emergency shutdowns arising out of any condition beyond the Company's control. An employeeengineer who leaves work of his own volition, or because of incapacity (other than industrial injury or illness), or is discharged or suspended after beginning work, will be paid only for the number of actual hours worked during that day. An employeeengineer who leaves work because of incapacity due to industrial injury will be paid eight (8) hours pay at his Base Rate plus shift premiums where applicable.

Section 10.7. Call Back Pay

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

Section 10.8 Overtime Scheduling

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

10.8(a)~~(1)~~ Accordingly, the Company and the Union agree, subject to the exceptions noted below, that no employeeengineer shall normally be required, and need not be permitted, to work more than 144 overtime hours in any budget quarter, more than 576 overtime hours in a twelve-month period, more than three ~~(32)~~ weekends consecutively without the next weekend off, or more than eight (8) hours on a Saturday or a Sunday or other regularly-scheduled day of rest. Overtime work on either a Saturday and a Sunday, or a Saturday or a Sunday, shall constitute a weekend worked. All overtime on a holiday as set forth in the Agreement or on the weekend which immediately precedes a Monday holiday or immediately follows a Friday holiday shall be voluntary for those on weekday work schedules.

10.8(ab)~~(2)~~ All overtime in excess of the above limits shall be strictly on a voluntary basis and no employeeengineer shall suffer retribution for his refusal or failure to volunteer. An employeeengineer may be required to perform overtime work beyond the above limitations where necessary for delivery of Company products to a customer, where necessary for the timely submission of proposals where related to

customer-requested emergency repair of delivered products, or for Government DX or Government DO rated orders. All overtime in excess of the above limits or any overtime over 12 hours in any one week will be compensated at 2 times their base rate.

10.8(c) Additional ETO will accumulate at the engineer's current accrual rate, for any overtime hours worked.

ARTICLE 11

LEAVES OF ABSENCE AND JURY/WITNESS DUTY

Section 11.1. Authorized Leaves of Absence

Leaves of Absence will be granted in accordance with the Family and Medical Leave Act (FMLA) and the Company local policy ([review policy](#)). [EmployeesEngineers](#) are required to use available earned time off concurrently with their [intermittent](#) FMLA absence. In such cases, all [employeesengineers](#) shall be entitled to retain up to eighty (80) hours of earned time off for other use. Other leaves of absence may be granted to any [employeeengineer](#) with a minimum of ninety (90) days active service for any reason deemed satisfactory to the Company or as required by law. Where practical, a request for a leave of absence must be made in writing to one's supervisor five (5) working days prior to the beginning of the leave.

Section 11.2. Leave of Absence Condition

An [employeeengineer](#), while on leave of absence, shall be deemed to have voluntarily resigned from the Company upon accepting other employment, or engaged in business for himself that prevents his return from leave, or is inconsistent with the medical or other limitations that provide the basis for the [employeesengineers](#) leave of absence from the Company.

Section 11.3. Military Leave of Absence

An [employeeengineer](#) who is a member of a reserve component of the United States Armed Forces or a State's National Guard, who is absent due to required active annual training duty or temporary special services duty, shall be paid Base Rate plus shift premiums where applicable, up to a maximum of ten (10) workdays each calendar year. An [employeeengineer](#) who, because of schedule adjustments by the reserve component, receives orders to report for two (2) training periods in one (1) calendar year may receive time off with pay in excess of the ten (10)-day annual maximum provided that the total time off with pay does not exceed twenty (20) workdays in a two (2) consecutive year period (either current and previous calendar years or current and following calendar years) and

the employeeengineer was a member of the reserve component during both of the applicable consecutive years. EmployeesEngineers with military orders to serve additional days of duty will be placed on unpaid authorized leave of absence. The amount due the employeeengineer under this Section shall be reduced by the amount received from the government body identified with such training duty or services, for the period of such duty (up to the maximum period mentioned above). Such items as subsistence, uniform and travel allowance shall not be included in determining pay received from state or federal government. Members of a reserve component of a uniformed service ordered to temporary special duty under Military U.S. Code Title 10 or mobilized by the applicable state agency are eligible for military differential pay up to a maximum of (ninety) 90 calendar days for each occurrence.

Section 11.4. Jury/Witness Duty

When an employeeengineer is required to report for jury duty, or compelled to testify in a case brought by someone other than the employeeengineer or on his behalf, on his regularly scheduled workday, the employeeengineer shall receive eight (8) hours pay at his Base Rate plus shift premiums where applicable. EmployeesEngineers who report for jury/witness duty but are excused, are expected to return to work if more than one-half (½) of their shift remains. EmployeesEngineers shall receive holiday pay if a holiday occurs while on jury/witness duty. Proof of such service satisfactory to the Company must be given before this Section shall apply. Time spent on jury/witness duty is not to be counted as absenteeism for purposes of disciplinary action.

ARTICLE 12

JOB CLASSIFICATIONS AND SALARIES

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.

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 employeeengineer 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 EmployeeEngineer's Job Classification or Skills Management Code Review. An individual employeeengineer 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 employeeengineer to a different existing job classification or skills management code. EmployeesEngineers 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 employeeengineer, the following steps will be utilized in the review process:

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

12.1(b)(2) The Skill Team Manager will meet with the employeeengineer and the Union Representative to fully discuss the employeeengineer's issue in an effort to reach mutual resolution.

12.1(b)(3) If the employeeengineer and Union Representative do not agree with the Skill Team decision, the Engineering Skill Team Manager, the appropriate Human

Resources Representative and the Union Representative will meet to resolve the matter by a majority decision.

Section 12.2. Classifications

When, pursuant to the provisions of Article 1, the Company classifies an individual as an Engineer in one of the classifications listed, it will give consideration to the nature of the work involved and the qualifications of such individual. Inclusion in these classifications shall be limited to those employees who, in the performance of their assigned work, regularly apply engineering disciplines to the research, design, development, test and evaluation of Company products or processes, and who satisfy the definition of "professional employee" as stated in Section 2(12) of the National Labor Relations Act as set forth below:

“(a) any employee engaged in work (i) predominately intellectual and varied in character as opposed to routine mental, manual, mechanical, or physical work; (ii) involving the consistent exercise of discretion and judgment in its performance; (iii) of such a character that the output produced or the result accomplished cannot be standardized in relation to a given period of time; (iv) requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction and study in an institution of higher learning or a hospital, as distinguished from a general academic education or from an apprenticeship or from training in the performance of routine mental, manual, or physical processes; or

(b) any employee, who (i) has completed the courses of specialized intellectual instruction and study described in clause (iv) of paragraph (a) and (ii) is performing related work under the supervision of a professional person to qualify himself to become a professional employee as defined in paragraph (a).”

This Section shall not be construed as affecting the Company's unilateral right to select and determine the employees to be included in each classification listed in Article 1, which right shall not be subject to Article 3.

Section 12.22. Base Rate

“Base rate” is an ~~employee~~engineer's hourly rate of pay, excluding all, allowances, awards, bonuses, and premiums.

Section 12.34. Salaries

Salaries are set forth by Job Family, Job Title and Rate Table in the Company's compensation web site or other accessible means.

Section 12.45. Rate Range and Discretionary Salary Increases

The Company will establish and fully distribute salary adjustment funds in accordance with the dates set forth below. No increase adjustments to base pay will exceed the

established Base Rate Range maximum. EmployeesEngineers at rate maximums may receive lump sums in lieu of base salary increases. These lump sum increases will not be charged to the salary adjustment fund

TABLE I

SELECTIVE SALARY ADJUSTMENT FUND COMPUTATION DATES, EFFECTIVE DATES, AND INCREASED PERCENTAGES

Review Period	Fund Computation Date	Increase Effective Date	Increase Percentage	Minimum Increase
1	<u>02/26/2010</u>	<u>03/26/2010</u>	<u>6.0%</u>	<u>1.75%</u>
2	<u>02/25/2011</u>	<u>03/25/2011</u>	<u>5.0%</u>	<u>1.75%</u>
3	<u>02/24/2012</u>	<u>03/24/2012</u>	<u>5.0%</u>	<u>1.75%</u>

12.4(a) Add The Company and Union, through the Joint Oversight Committee, will develop an appeal process and provide including the matrix showing your salary increase as related to the PE Process.

12.4(b) Annually, the Company will provide a fund of one-half of one percent (.5%) of the total unit salaries as of Fund Computation Date of the salary increases, to manage both salary growth and promotions based upon the business needs of the Wichita site. Funds unspent during the period will be added to the next salary adjustment fund.

Minimum promotional increase is to be \$3000.

Section 12.5. Eligibility

Eligible employeesengineers 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. The WEU will participate fully in the M&S Bonus Plan. Targets and payments will be the same as in the existing M&S Bonus Plan or any changes to existing plan during the duration of this agreement.

~~12.6(b) Employees~~Engineers in the bargaining unit will share, proportionately to their headcount relative to total Company headcount, in fifty (50) percent of the amount by which operating income (EBIT) in any year exceeds twelve (12) percent of revenues, as determined by the Company and its accountants and excluding unusual and non-cash items, to a maximum of three (3) weeks pay.

~~12.6(c)~~ The Company intends to make the first payout, assuming it is earned, not later than the first quarter of 2007 based on full year 2006 performance.

~~12.6(d)~~ Nothing will prevent the Company from making payments in excess of those provided, or where none is provided, for in this section, including maximums set out in 12.6(b), or from making improvements to the plan.

Section 12.7 Cost of Living Adjustments

~~12.7(a)(1)~~ Engineers eligible to participate in the selective adjustment funds under 12.5(a) may also receive Cost of Living Adjustments to the extent such adjustments become effective under and in accordance with all of the terms, conditions and limitations stated in the Section 12.7. The terms, definitions, and limitations stated in 12.7 also apply to such adjustments. Cost of Living Adjustments would be delivered to each eligible employeeengineer separately from those selective adjustment funds derived in 12.4. Cost of Living Adjustments would be effective on the dates specified in Table I.

~~12.7(a)(2)~~ Determination of Cost of Living Adjustments shall be made in reference to the series U.S. city average "Consumer Price Index Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics, U.S. Department of Labor, with the following base period: 1982-1984 = 100, such Index being referred to herein as the BLS Index.

~~12.7(a)(3)~~ Computations will be made using the three (3) month average of the BLS Index for February, March, April 2005 (188.7) as the base period.

~~12.7(a)(4)~~ During the life of this Agreement, Cost of Living Adjustments shall be computed using the three-month average of the BLS Index for the periods specified in Table II and the corresponding BLS Index threshold values expressed as percentage increases over the base period. The formula will be: percentage of Cost of Living

~~Adjustment equals fifty percent (50%) of the percentage increase in the BLS Index, from the base period to the BLS Index Comparison Quarter, that exceeds the BLS Index Threshold Percentage shown in Table II. In order to preclude recognition, on more than one effective date, of the same percentage increase in the BLS Index, any recognition on one effective date of a percentage increase over the applicable BLS Index Threshold Percentage will cause that percentage to be set aside and disregarded in ensuing computations. [e.g., if the BLS Index for February, March, April 2006 represented a 13.0 percent increase over the base period (yielding a 2.5 percent Cost of Living Adjustment effective June 16, 2006), no Cost of Living Adjustment would result for the June 15, 2007 effective date unless, and to the extent, the BLS Index for February, March, April 2007 represented an increase in excess of 21.3 percent (21.3%) over the base period.] BLS Index three (3) month averages, BLS Index increase percentages, and salary increase percentages will be rounded to the nearest tenth, with five hundredths rounded upward to the nearest tenth.~~

TABLE II

<u>Effective Date</u>	<u>BLS Index</u>	<u>BLS Index</u>
<u>of Adjustment</u>	<u>Comparison Quarter</u>	<u>Threshold Percentage</u>

12.7(a) Engineers covered by this Agreement shall receive Cost of Living Adjustments to the extent such adjustments become effective under and in accordance with all of the terms, conditions and limitations stated in this Section 12.7.

12.7(b) Determination of Cost of Living Adjustments.

12.7(b)(1) Determination of the potential Cost of Living Adjustment shall be made in reference to the new series "All City Average of the Consumer Price Index for Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics, U.S. Department of Labor, with the following base period: 1982-84 = 100, such index being referred to herein as the BLS Index.

12.7(b)(2) During the life of this Agreement, subject to the proviso stated below, a Cost of Living Adjustment shall be computed by using (1) 214.8 (the three-month average of the BLS Index for May, June and July, 2008) as the base and (2) the formula 1 cent = .075 percent change in the appropriate three-month average of the BLS Index, as shown in the table below:

<u>Effective Date of Potential Adjustment</u>	<u>Based Upon the Average of the Three-Month BLS Consumer Price Indexes for</u>
<u>September 4, 2009</u>	<u>May, June, July 2009</u>
<u>December 4, 2009</u>	<u>August, September, October 2009</u>
<u>March 5, 2010</u>	<u>November, December 2009, January 2010</u>
<u>June 4, 2010</u>	<u>February, March, April 2010</u>
<u>September 3, 2010</u>	<u>May, June, July 2010</u>
<u>December 3, 2010</u>	<u>August, September, October 2010</u>
<u>March 4, 2011</u>	<u>November, December 2010, January 2011</u>
<u>June 3, 2011</u>	<u>February, March, April 2011</u>

12.7(b)(3) Any quarterly Cost of Living Adjustment shall be added to or subtracted from any quarterly Cost of Living Adjustment already paid during the life of this Agreement, subject to Section 12.7(c), provided, however, a Cost of Living Adjustment generated in any particular quarter shall be payable only to those employees who, on an Effective Date of Potential Adjustment, are on the active payroll or on leave of absence for less than ninety (90) days.

12.7(b)(4) If the BLS Index is revised or discontinued, the parties shall attempt to determine an appropriate Index figure by agreement and, if agreement is not reached, the parties shall request the Bureau of Labor Statistics to make available a BLS Index in its present form for the appropriate date or dates and calculated on a comparable basis.

12.7(c) Cost of Living Adjustments shall not be added to or subtracted from any employee's base rate, except as herein provided:

On September 4, 2009, the Cost of Living Adjustment being paid to employees on that date under Section 12.7 shall be added to the employees' base rates and made a part thereof. On September 3, 2010, the Cost of Living Adjustment being paid to employees on that date under Section 12.7 shall be added to the employees' base rates and made a part thereof.

Any Cost of Living Adjustment payable during the life of this Agreement shall be added only to each employee's straight time hourly earnings. The applicable Cost of Living Adjustment shall be included in computing overtime payment, third-shift bonus, vacation and holiday payment, sick leave payment and report time payment.

ARTICLE 13

UNION OFFICIALS

Section 13.1. Union to Furnish List of Officials

The Union shall inform the Company in writing of the names of its officials (~~not more than~~ with one (1) Council Representative per ~~two~~ one hundred (~~200~~100) ~~employees~~engineers, or major fraction thereof) who are accredited to represent it, which information shall be kept up to date at all times. Only persons so designated will be accepted by the Company as representatives of the Union. The total number of Council Representatives shall always be an odd number and rounded up.

Section 13.2. Union Officials - Access to Plant

The Union Leadership and Staff Representatives, not employed by Company, will be permitted access to the Company's facility during normal working hours. The Union will provide advance notification to the Company of such visits. Such visits shall be subject to such regulations as may be made from time to time by any governmental or government affiliated agency of the United States, other customers, or the Company. The Company will not impose regulations that are designed to exclude the Union Leadership and Staff Representatives from the plant or render ineffective the intent of this provision. The Company and the Union through the Joint Oversight Committee will develop a plan for Union access to limited access areas of the Spirit facility.

~~No union meetings involving more than forty (40) will occur on company property without express written permission.~~

Section 13.3. Union Activity During Working Hours

The Company agrees not to discriminate in any way against any employeeengineer for Union activity, but such activity shall not be carried on during working time, except as specifically allowed by the provisions of this Agreement.

Section 13.4. Bulletin Boards

The Union shall have the right to use designated bulletin boards on the Company property for the purpose of posting notices of Union meetings and other activities which are officially approved by the Union prior to posting.

Section 13.5. Time Working Union Issues

Each employeeengineer, before leaving his or her assigned work on Union business, shall have authorization from the Union and shall notify his or her supervisor prior to taking such leave. The Union shall provide to the designated Company Representative oral confirmation of such authorization at least one day prior to such leave and written confirmation immediately thereafter.

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

13.5(b) Employer-paid Time. Time worked for contract-related issues, limited to regular working hours, shall be charged to an employer charge account number that identifies the organization in which the contract-related issue is worked.

Section 13.6. Grievance and Contract Administration

13.6(a) The Union shall investigate and adjust grievances, perform contract administration, support employeeengineer disciplinary hearings and conduct information sharing meetings with bargaining unit members in the work area, exclusively through Executive Board members and Council Representatives, who shall be employeesengineers, and Union Staff Representatives.

13.6(b) Each Executive Board Member and Council Representative shall notify and obtain permission from his or her supervisor before leaving the work assignment for the purpose of investigating complaints or claims of grievance on the part of

employeesengineers in his or her work area. Such permission shall be granted except where the supervisor considers such absence would seriously interfere with the performance of the group of which the representative is a part. Time spent on such approved investigations and discussions shall be considered work time provided such activity does not extend beyond the time that the supervisor considers reasonable under the circumstances. Any Executive Board Member and Council Representative in the conduct of his or her investigation, and before contacting an employeeengineer, shall obtain permission of the supervisor of such employeeengineer and advise the supervisor of the nature of the complaint or grievance and the estimated time required for the discussion. Such permission shall be granted except where the visit would seriously interfere with the work of the group.

Section 13.7 Leaves of Absence

13.7(a) Duration. Leaves of absence of at least thirty (30) days without pay shall be granted for the following reasons:

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

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

Section 13.8. Substitute Council Representative

In the absence of a Council Representative for any reason, the Union may designate a temporary substitute.

Section 13.9. Protection of Union Officials

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

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

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

13.9(a)(3) Nothing herein precludes an Executive Board Member or Council Representative from requesting a voluntary or accelerated layoff.

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

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

Section 13.10. Union Requests for Employer Data

The Company will provide the data to the Union which is listed in the memorandum from the Union to the Company effective June 30th 2005, subject to such revisions in the future as may be made by mutual agreement of the parties. Nothing herein is intended to waive any right the Union may have to receive additional data.

Section 13.11. SPEEA Access to the Web

The parties hereby agree that SPEEA shall have access to the Company's internal Web page. To that effect, the parties agree as follows:

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

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

13.11(c) SPEEA shall not access any other Information Assets not approved by the Company Computing Access Focal Point.

13.11(d) SPEEA shall not remove any Information Assets from Company computing systems, or delete, change or otherwise modify any Information Assets.

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

ARTICLE 14

PAYROLL DEDUCTION FOR UNION DUES

Section 14.1. Payroll Deduction for Union Dues

Whenever an employeeengineer shall appropriately request in writing, the Company will deduct from such employeeengineer's pay each month dues payable to the Union. The Union will promptly notify the Company of any changes in the rate of dues during the term of this Agreement. The agreed forms for use by employeesengineers in making a request for deduction, as well as form of notice of withdrawal, will be furnished by the Union. The Company will not deduct dues or discontinue dues deductions absent authorization from the employeeengineer. In no circumstances shall the Company be held liable for the payment of any dues to the Union. The Company agrees to recognize all current and new authorization cards on file

ARTICLE 15

STRIKES AND LOCKOUTS

Section 15.1. Strikes and Lockouts

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

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

15.1(b) The Union will make every effort to stop and discourage any action prohibited by Section 15.1. if it should occur and will keep the Company advised of its actions.

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

15.1(d) The Parties agree that violations of the no strike/no lockout provisions of this Article will cause irreparable harm and therefore they agree that either party may enforce the obligations of this Article by injunction action in the courts without any requirement that the grievance and arbitration procedure of this Agreement be invoked or exhausted. The parties further agree that the Company, at its option, may file a grievance alleging a violation of the no strike obligation of this article and the Union, at its option, may file a grievance alleging violation of the no-lockout obligation at Step 3 – Pre-Arbitration of the Grievance Procedure in Article 3.2.

ARTICLE 16

GROUP INSURANCE & RETIREMENT PLANS

- Increase Company matching on 401K to 100% on the first 8%
- Add Roth 401(k)
- Increase Age + Service to 2.5, 4 and 5.5 %
- Increase Transition to 2.5, 3.5 and 4.5 %
- Change Additional NEWCO threshold from 60 to age 55
- Define date for company contributions (per paycheck, monthly or Quarterly)
- Add provision of pro-rated contribution pay out for retirees
- Retiree Medical Plans
 - Retiree medical Change to age 55 plus 10 years vested Service
 - Retiree medical until Medicare eligible
 - Reduce retiree medical premiums (SPD clarified)
- Medical Plans
 - Medical contributions – low cost traditional 10% of Medical premium to 0%--
Company to provide a no cost plan
 - High cost tradition plan to be the difference between the two plans – hi and low
 - Premium contribution moving 1% each year if the low cost option increases 20%
 - 6 weeks paid maternity leave, 1-week paternity
 - 3 weeks paid adoption leave
 - Remove \$100 per month for spousal coverage
 - Remove increased deductibles for 2009-maintain current level
 - Improve coverage for out of area medical – all plans (i.e. College students)
 - Improve listing of specialist – provider listing
 - Holistic medicine, kinesiology, acupuncture coverage
 - Pay flex to federal maximums allowable
 - Increase mental health visit limitations
 - Process improved for incorrect or inappropriate billing by physician, health professional, facility or hospital
 - Include coverage for office visits in connection with immunization or testing for TB
 - Remove language on surrounding from exposure coverage (Page 75 SPD)
 - Increase preventative care
 - Lap ban coverage
- RX
 - Replace RX drug product resulting from lost, theft or damage (Page 158 SPD)
 - Pharmaceuticals subject to deductible
- Hearing
 - Increase Hearing Aids maximum coverage to \$1000
 - Improve hearing exam charges
- Dental Plans
 - Reduce dental premium to 10%
 - Dental - Increase annual max coverage to \$2500
 - Dental - Increase service allowable-Orthodontia to \$2500
- Vision – review
 - Increase vision coverage
 - Frames (\$82)
 - Lens (single \$78, bifocal \$160, trifocal or progressive \$190, lenticular \$215)
 - Contact Lens (\$160), Elective (\$210)
 - LASIK coverage or Len replacement– discount plans
- AD&D increase to 2.25 X base salary

- **Subrogation-applicable to all health and welfare plans**
- **Life increased to 2.25 X base salary**
- **Employee Paid - Company to offer**
- **Delete disability payment as other source of income remove from 232 and keep in 233 (Page 232/233 SPD)**
- **Increase LTD monthly maximums**
- **Include SPD in contract language [to prohibit changes without union notification](#)**

ARTICLE 17

HEALTH AND SAFETY

Section 17.1. Mutual Objective

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

Section 17.2. Health and Safety In The Workplace

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

17.2(b) The Company will furnish personal protective equipment ~~as deemed~~ necessary.

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

Section 17.3. Drug and Alcohol-Free Workplace

17.3(a) The Union and the Company recognize the value of working together to maintain the Drug and Alcohol-Free Workplace Program. This program has been established to promote a safe, healthy, and productive work environment. This program is intended to help prevent substance abuse through drug and alcohol/drug testing and enhanced ~~employee~~engineer communication that emphasizes the importance of awareness and rehabilitation. By complying with state/federal laws, regulations and enforcing the Company prohibition against drugs and alcohol in the workplace, public confidence in Company products and services is maintained. Both

parties commit to work together to create an environment which promotes a drug and alcohol-free workplace and adhere to the Company's established policy.

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

ARTICLE 18

NON-DISCRIMINATION

Section 18.1. Non-Discrimination

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

18.2(b) Administration and application of the Agreement that is not in contravention of federal or state law shall not be considered discrimination under this Article. The parties recognize that the Company is required to comply with applicable federal and state disability discrimination laws, and agree that the Company may take actions necessary to stay in compliance. The Company agrees to notify the Union in advance in the event that compliance with such laws affects the employeeengineer rights set forth in this Agreement.

Section 18.2. Non-Discrimination Grievances

Notwithstanding any other provision of Article 3, a grievance alleging a violation of this Article 18 shall be subject to the grievance and arbitration procedure of Article 3 only if it is filed on behalf of and pertains to a single employeeengineer. Class grievances under Article 18 shall not be subject to the grievance and arbitration procedure under this Agreement.

ARTICLE 19

SCOPE OF AGREEMENT

Section 19.1. Complete Agreement

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

Section 19.2. Severability

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

ARTICLE 20

MISCELLANEOUS

Section 20.1. Child and Elder Care Referral

The Company will maintain a child and elder-care referral program consisting of referrals of employeesengineers to licensed care facilities, consultation with employeesengineers to determine individual needs, and providing educational materials and programs.

Section 20.2. Printing of Contracts

The parties agree, in the spirit of labor/management cooperation, that they will equally share the costs of printing the labor agreement.

ARTICLE 21

PERIOD OF AGREEMENT

Section 21.1. Duration

This Agreement shall be effective for a three (3)-year period from the date of contract ratification ~~July 11, 2005~~, and shall remain in force through the third anniversary thereof.

21.1(a) This Agreement shall remain in force from year to year thereafter, unless either party shall notify the other, in writing by registered mail, not more than ninety (90) calendar days nor less than sixty (60) calendar days prior to the anniversary of the Effective Date in the year in which contract termination is desired. Unless terminated, this Agreement shall remain in full force and effect from year to year thereafter.

21.1(b) This Agreement shall remain in force in the event of a sale, divestiture or joint venture.

Section 21.2. Notification

Notice under Section 1 above shall be served on the senior Human Resources manager for the Company and the designated representative for the Union.

~~Section 21.3. Contract Review~~

~~The parties agree to reopen the collective bargaining agreement for the sole purpose of negotiating over bargaining unit structure, a wage increase, health care, pension and/or other economic items for the contract years after the 36th month. The Parties will meet sixty (60) days prior to the contract's third anniversary date for this purpose, but in no event shall any changes occur until after the third anniversary of the Effective Date. The parties shall not propose lesser terms than the current agreement. The parties further agree that they will expressly reaffirm the Agreement for its duration with any modifications agreed to during the re-opener. In the event that the parties cannot reach agreement on new terms, the parties shall expressly reaffirm the existing terms, which shall remain in effect for the duration of the Agreement. Even if the parties do not agree to the issues under negotiation for this period, the Union and the employeesengineers will not have the right to strike or otherwise disrupt the Company's business or operation.~~

Signed at Wichita, Kansas, and dated this 11th day of July, ~~2005~~2009

**Society of Professional Engineering
Employees in Aerospace**

By

~~Jennifer MacKay~~

President

Spirit AeroSystems

By

~~Jeffrey V. Clark~~

Director-Labor Relations