

Tentative Agreement
LETTER OF UNDERSTANDING
Between
UAW (Locals 952 and 1558) AND SPIRIT AEROSYSTEMS
Regarding Collective Bargaining Agreement
July ____, 2017

Whereas, the Parties currently have a Collective Bargaining Agreement (“CBA”) that became effective December 19, 2010.

Whereas, the Parties now agree that modifications to the current CBA are necessary to better position Oklahoma Operations for growth.

Whereas the Parties agree that unless specifically referenced and/or modified within this Tentative Agreement/Letter of Understanding, all provisions expressed and described in the Parties’ current CBA with an effective date of December 19, 2010 shall remain in full force and effect. Upon ratification, any modifications set forth within this Tentative Agreement/Letter of Understanding will be incorporated into the Parties’ CBA.

Now therefore, the parties agree to the following:

1. ARTICLE 6 – WAGES AND JOB CLASSIFICATIONS

a. Section 6.4 Rate Ranges and Wage Increases

- i. Deletion of: 2018 Market Base Pay Review
- ii. Deletion of: Minimum and Maximum Pay Range adjustment of 1% - 3%
- iii. Add: On or before December 1, 2018, all employees at or below the rate range maximum for their labor grade shall, subject to their labor grade, receive a 1% increase in their pay rate.
- iv. Add: On or before December 1, 2022, all employees at or below the rate range maximum for their labor grade shall, subject to their labor grade, receive a 1% increase in their pay rate.

b. Add New Language (Periodic Equity Reviews)

- i. Due to the constantly changing labor market and problems arising therefrom, joint reviews will be conducted periodically to correct inequities in wages. Adjustments may be made at the individual employee or the job classification level for groups of employees as appropriate with mutual consent by the LJC/JCSP. The case for adjustments will be based on performance measures that are pre-defined by the LJC/JCSP and/or objective external labor market data. Adjustments will not be made

that result in a monetary loss to the individual employee or to the classification level for groups of employees.

- ii. The LCJ/JCSP will define the process for conducting these reviews within 90 days of the ratification of this agreement.

c. Section 6.5 Performance Bonus and Gain Share Plan

- i. Section 6.5(a) Performance Bonus (Paragraph 3 ii): A 1% Performance Bonus is guaranteed in 2017, 2019, 2020, 2021, and 2023.
- ii. Section 6.5(b) Gain Share Plan:
 - 1. Section 6.5(b)(3):The Company will meet quarterly with Union officials to discuss the targets that have been set and the quarterly progress with regard to attainment of the target levels. Labor Relations, Oklahoma leadership, and the Union will work together to define the Target and Outstanding Performance goals. Their mutually agreed input will be submitted to the appropriate UAW International stakeholders for review before a final recommendation is made to the Company for the Company's consideration. The target date for a formal recommendation to be submitted will be December 1st of each year. Once set, the Target and Outstanding Performance goals may not be changed to be more difficult to achieve during the Plan Year.
 - 2. Section 6.5(b)(4): For Plan years 2017 through 2025, if the Target is met, employees will be paid a gain-sharing payment equal to *two (2.0)* percent of the employee's straight-time and overtime wages (pay for hours worked) during the calendar year. If the Outstanding goal is met, employees will be paid a gain-sharing payment equal to *four (4.0)* percent of the employee's straight-time and overtime wages (pay for hours worked) during the calendar year.

d. Section 6.6 Long Term Incentives

- i. Add Section 6.6(f): 2017 Lump Sum Award. A lump sum award of \$2,000 shall be paid to all eligible employees. All active employees on the ratification date shall be eligible for this lump sum payment. This lump sum payment shall be paid within sixty (60) days of ratification.

e. Section 6.7 Job Progression Increases

- i. On the twenty-second (22) week anniversary of the date of hire or date of the last job progression increase, employees below the rate range maximum for their labor grade shall, subject to such maximum, receive an hourly job progression increase of twenty-five cents (\$.25) to Base Rate.

f. Section 6.9 Cost Of Living Lump Sum Payment

- i. Determination of Cost of Living Lump Sum Payment (Section 6.9c, Paragraph 2) – the annual adjustment multiplier shall be capped at: in 2020 \$0.703, in 2021 \$0.757, in 2022 \$0.811, in 2023 \$0.865, and in 2024 \$0.919.

g. Add Section 6.12 Job Classifications and Apprenticeships

- i. The parties agree the LJC/JCSP will meet annually to review the workforce demographics, the skill sets required to meet business needs, the talent pipelines, the number of apprentices to be hired and the classifications in which they will be hired. Additionally the parties agree to discuss the current and future business needs and what, if any, adjustments need to be made to existing job classifications. The addition of new classifications, or the modification or deletion of existing job classifications will be done in accordance with the provisions of Article 6, Section 6.1.

2. ARTICLE 7 – HOURS OF LABOR

a. Section 7.1 Regular Hours

- i. Section 7.1(e) Standard Shift Hours.
 1. Replace last paragraph: The Company may make changes in the starting times of shifts within two hours of the ranges stated above in either direction, provided that the Chair of the Bargaining Committee is notified of such change at least ten (10) business days in advance. Changes outside of the two (2) hours in either direction may be made only by mutual agreement between the Company and the Union.

b. Add New Language: (Alternate Work Weeks)

The Company may transition a work area from the traditional 8x5 schedule to either a ten hour-four day (4x10) or twelve hour- three day (3x12) Alternative Work Week subject to the following provisions:

1. If possible, the positions will be filled by volunteers.
2. The hourly rate for employees on alternate shifts will include a 1.111 multiplier to generate 40 hours of pay for 36 hours of work on a 3x12 shift. ETO accrual and holiday pay will also include the multiplier.
3. The 3x12 alternate shifts will consist of the following:

Shift	S	M	T	W	Th	F	S
1A	2X	Work	Work	Work	1.5	2X	1.5
1B	1.5	2X	1.5	2X	Work	Work	Work
2A	1.5	2X	1.5	2X	Work	Work	Work
2B	2X	Work	Work	Work	1.5	2X	1.5

4. Daily Overtime (4x10) – All hours worked in excess of ten (10) hours in a day shall be paid for at time and one-half.
5. Weekly Overtime (4x10) – All hours worked on the fifth day of the individual’s normal work week shall be considered overtime and paid for a rate of time and one-half. All hours worked on the sixth and seventh day of the individual’s normal work week shall be considered overtime and paid for at double time.
6. Daily Overtime (3x12) – All hours worked in excess of twelve (12.0) hours in a day shall be paid for at double time.
7. Weekly Overtime (3x12) – All hours worked on the fourth and sixth day of the individual’s normal work week shall be considered overtime and paid for a rate of time and one-half. All hours worked on the fifth and seventh day of the individual’s normal work week shall be considered overtime and paid for at double time.
8. Employees will not be required to work in excess of 14 hours in one day
9. Employees on an alternate shift will be paid 96 hours of holiday pay per year. When the holiday falls on a regular day of work, they will be paid. If the holiday falls on a scheduled day off, employees will be granted 8 hours of Earned Time Off – Holiday (ETOH) to be used at their discretion.
10. The Company agrees that it will not transition more than fifty percent (50%) of the workforce to Alternative Work Week schedules without mutual consent.

3. ARTICLE 14 – HOLIDAYS

a. Section 14.1 Dates Observed. Add:

<u>2020 Holidays</u>	<u>Day of Week</u>	<u>Date of Observance</u>
Christmas Break	Thursday	December 24, 2020
Christmas Day	Friday	December 25, 2020
Christmas Break	Monday	December 28, 2020
Christmas Break	Tuesday	December 29, 2020
Christmas Break	Wednesday	December 30, 2020
Christmas Break	Thursday	December 31, 2020

2021 Holidays

	<u>Day of Week</u>	<u>Date of Observance</u>
New Year's Day	Friday	January 1, 2021
Memorial Day	Monday	May 31, 2021
Independence Day	Monday	July 5, 2021
Labor Day	Monday	September 6, 2021
Thanksgiving Day	Thursday	Nov. 25, 2021
Day following Thanksgiving	Friday	Nov. 26, 2021
Christmas Break	Friday	December 24, 2021
Christmas Break	Monday	December 27, 2021
Christmas Break	Tuesday	December 28, 2021
Christmas Break	Wednesday	December 29, 2021
Christmas Break	Thursday	December 30, 2021
Christmas Break	Friday	December 31, 2021

2022 Holidays

	<u>Day of Week</u>	<u>Date of Observance</u>
New Year's Day	Monday	January 3, 2022
Memorial Day	Monday	May 30, 2022
Independence Day	Monday	July 4, 2022
Labor Day	Monday	September 5, 2022
Thanksgiving Day	Thursday	Nov. 24, 2022
Day following Thanksgiving	Friday	Nov. 25, 2022
Christmas Break	Friday	December 23, 2022
Christmas Break	Monday	December 26, 2022
Christmas Break	Tuesday	December 27, 2022
Christmas Break	Wednesday	December 28, 2022
Christmas Break	Thursday	December 29, 2022
Christmas Break	Friday	December 30, 2022

2023 Holidays

	<u>Day of Week</u>	<u>Date of Observance</u>
New Year's Day	Monday	January 2, 2023
Memorial Day	Monday	May 29, 2023
Independence Day	Tuesday	July 4, 2023
Labor Day	Monday	September 4, 2023
Thanksgiving Day	Thursday	Nov. 23, 2023
Day following Thanksgiving	Friday	Nov. 24, 2023
Christmas Break	Friday	December 22, 2023
Christmas Day	Monday	December 25, 2023
Christmas Break	Tuesday	December 26, 2023
Christmas Break	Wednesday	December 27, 2023
Christmas Break	Thursday	December 28, 2023
Christmas Break	Friday	December 29, 2023

<u>2024 Holidays</u>	<u>Day of Week</u>	<u>Date of Observance</u>
New Year's Day	Monday	January 1, 2024
Memorial Day	Monday	May 27, 2024
Independence Day	Thursday	July 4, 2024
Labor Day	Monday	September 2, 2024
Thanksgiving Day	Thursday	Nov. 28, 2024
Day following Thanksgiving	Friday	Nov. 29, 2024
Christmas Break	Tuesday	December 24, 2024
Christmas Day	Wednesday	December 25, 2024
Christmas Break	Thursday	December 26, 2024
Christmas Break	Friday	December 27, 2024
Christmas Break	Monday	December 30, 2024
Christmas Break	Tuesday	December 31, 2024

<u>2025 Holidays</u>	<u>Day of Week</u>	<u>Date of Observance</u>
New Year's Day	Wednesday	January 1, 2025
Memorial Day	Monday	May 26, 2025
Independence Day	Friday	July 4, 2025
Labor Day	Monday	September 1, 2025
Thanksgiving Day	Thursday	Nov. 27, 2025
Day following Thanksgiving	Friday	Nov. 28, 2025

4. ARTICLE 16 – GROUP INSURANCE & RETIREMENT PLANS

a. Add: Section 16.3: Group Insurance

- i. Effective July 1, 2018, all employees who enroll in health insurance benefits with Spirit will participate in the Solidarity Health (direct primary care) network. All visits to the Solidarity Health Primary Care Physician (“PCP”) and approved services under the plan performed by the PCP will be performed at no cost to the employee.
- ii. Effective July 1, 2018 three health plans, the Green, Blue and Orange Plans, will be offered to all employees in Oklahoma, which will utilize the Solidarity Health offering. The new health plans will have an employee cost share of 25% (Green Plan) and 20% (Blue and Orange Plans), for the cost of coverage. Additional benefit information for the Plans is set out in Attachment A.

- iii. Effective July 1, 2018, to assist employees in the transition to the new health care model, all employees who enroll in medical health insurance with Spirit will receive, annually, a HRA credit in the following amounts:

Employee Only:	\$375
Employee +1:	\$750
Employee+ Family:	\$750

- iv. While the Company expects the cost of premiums for the new medical plans to be significantly more affordable, the Company commits that the employee's portion of the premiums (cost share) in the 2018/2019 Plan Year will not exceed the premiums for the 2017/2018 Premier Plan.

b. Retirement Plans

i. UAW Retirement and 401(k) Benefits—Summary

- 1. The parties agree that the benefit accrual rates in Article 16 of the CBA shall not change. The accrual rates shall remain as follows:
- 2. National Pension Fund Benefit Accrual rates

Benefit Accrual rates

2011 = \$64.09
2012 = \$66.08
2013 = \$66.08
2014 = \$68.08
2015 = \$68.08
2016 = \$70.09
2017 = \$70.09
2018 = \$72.09
2019 = \$74.10
2020 = \$76.10
2021 - 2025 = \$76.10

5. ARTICLE 19 – MISCELLANEOUS

a. Add: Section 19.9: Voluntary Retirement Program (VRP)

- i. A voluntary retirement offering will be made available to all employees 55 years of age or older with at least ten (10) years of service on or before July 17, 2017. Employees with thirty-five years of continuous service on or before July 17, 2017 are eligible to participate in the voluntary retirement offering, regardless of their age. Employees who elect to participate in the VRP and meet all requirements related thereto, will receive a lump sum benefit of \$50,000. Additionally, employees will have the option of selecting a reduced lump sum amount and the Company will pay the cost of COBRA coverage for the employee for a period of up to 18 months, so long as the employee makes a timely COBRA election and remains eligible for COBRA

coverage. Employees who elect to participate in the VRP will need to sign up for the program by no later than July 10, 2017 and must exit the business on or before December 8, 2017.

- ii. The terms of this Voluntary Retirement Program will also be offered on or before July 17, 2018, on or before July 17, 2019 and on or before July 17, 2020. Employees signing up for the VRP must exit the business on or before December 8 of the same year in which they elect to participate.

b. Added language – Section 19.6

- i. In order for the Company to focus on their core business and compete for new work, the Company intends to phase out of the logistics business. The Company agrees to provide retraining opportunities for all impacted employees. Additionally, any employee who is unwilling or unable to successfully complete a retraining program and subsequently terminates employment will receive four (4) weeks of severance pay. It is further agreed that employees working in other classifications will not be laid off as a direct result of the Company's phase out of Logistics and that the process will comply with the terms of Article 13.7, Recall of Employees. The Company agrees to work jointly with the UAW to develop the transition, training, and communication plans necessary to support this change.

6. ARTICLE 24 - PERIOD OF AGREEMENT

a. Section 24.1 Duration

- i. Section 24.1(a) to be replaced by: This Agreement shall be effective until 12:01 a.m. December 7, 2025, and shall remain in full force and effect for yearly periods thereafter, with the proviso that should either party desire to modify any portion or any of the terms hereof, it shall notify the other party, in writing, not more than ninety (90) 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.

b. Section 24.2 Contract Re-affirmance and Re-opener

- i. Section 24.2(a)(changed language in italics): The Company and the Union agree and commit that they will, on the day of the *ninth* and *twelfth* anniversaries of this Agreement, or such other date as either party requests, mutually sign and execute a written amendment to this Agreement, which expressly reaffirms this Agreement for its remaining stated term.
- ii. Section 24.2 (b) Deleted.

Therefore, the parties acknowledge and agree that this Letter of Understanding is subject to the UAW's

constitutional ratification process. The parties further acknowledge and agree that terms of this Letter of Understanding will become null and void if this Letter of Understanding is not ratified by the UAW on or before July 8, 2017.

Exhibit D Job Classifications and Rate Ranges

Job Code	Title	Min	New Min	New Max
610E5E	Logistical Support Technician 5E	\$ 11.00	\$ 12.00	\$ 23.93
610F6F	Logistical Support Technician 6F	\$ 10.00	\$ 11.00	\$ 22.74
611F6F	Timekeeper 6F	\$ 10.00	\$ 11.00	\$ 22.74
612E5E	Carpenter-Painter 5E	\$ 11.00	\$ 12.00	\$ 23.93
613D4D	Material Transportation Operator 4D	\$ 12.00	\$ 13.00	\$ 26.35
613E5E	Material Transportation Operator 5E	\$ 11.00	\$ 12.00	\$ 23.93
620A1A	Inspector 1A	\$ 15.00	\$ 16.00	\$ 30.87
630A1A	Machine Fabricator Technician 1A	\$ 15.00	\$ 16.00	\$ 30.87
630B2B	Machine Fabricator Technician 2B	\$ 14.00	\$ 15.00	\$ 29.66
630D4D	Machine Fabricator Technician 4D	\$ 12.00	\$ 13.00	\$ 26.35
631D4D	Sheet Metal Mechanic 4D	\$ 12.00	\$ 13.00	\$ 26.35
640A1A	Bonder 1A	\$ 15.00	\$ 16.00	\$ 30.87
640D4D	Bonder 4D	\$ 12.00	\$ 13.00	\$ 26.35
[REDACTED]				
650A1A	Structures Installation Mechanic 1A	\$ 15.00	\$ 16.00	\$ 30.87
650D4D	Structures Installation Mechanic 4D	\$ 12.00	\$ 13.00	\$ 26.35
660A1A	Tool Builder 1A	\$ 15.00	\$ 16.00	\$ 30.87
670D4D	Processor 4D	\$ 12.00	\$ 13.00	\$ 26.35
670E5E	Processor 5E	\$ 11.00	\$ 12.00	\$ 23.93
680C3C	Test Mechanic 3C	\$ 13.00	\$ 14.00	\$ 26.41
680E5E	Maintenance Utility Worker 5E	\$ 11.00	\$ 12.00	\$ 23.93
681A1A	Environmental Mechanic 1A	\$ 15.00	\$ 16.00	\$ 30.87
682A1A	Electrical Service Technician 1A	\$ 15.00	\$ 16.00	\$ 30.87
683A1A	Maintenance Mechanic 1A	\$ 15.00	\$ 16.00	\$ 30.87
684A1A	Welder 1A	\$ 15.00	\$ 16.00	\$ 30.87
690N1A	NDT Technician	\$ 16.00	\$ 17.00	\$ 33.19

INTRODUCING SOLIDARITY HEALTH

- Solidarity Health is a model of care that provides direct access to Primary Care Physicians and puts the patient at the center.
- Through Solidarity, employees and their family members will receive free services through a Primary Care Provider.
- This means no copayment, no deductible and no coinsurance when seeing a Solidarity primary care provider.
- Employees and family members will have 24/7 direct access to their personal physicians via guaranteed same day/next day appointments, telephone (direct to family doctor, NOT a triage line), and secure email and text messaging.
- The model results in a close patient-doctor relationship, decreasing unnecessary hospital and emergency room visits without restricting patient access to specialist or hospital providers.
- This results in decreased costs, improved quality of care, and a MUCH more satisfying patient experience.
- UHC will continue to administer benefits, meaning employees and their covered family members will still have insurance in the event they do need to see a Specialist, receive hospitalization care or go to the ER.

What makes the Solidarity Care model better than the traditional model?

- Employees benefit through:
 - *Improved health outcomes*
 - *Unlimited access to personal primary care providers*
 - *No out of pocket costs for seeing a primary care provider*
 - *A far better patient experience*
 - *Guaranteed same day/next day appointments for worker and family member urgent care needs*
 - *Expanded scope of health care services provided in a primary care setting*
 - *Virtually no waiting times at clinic appointments*
 - *24/7 access to accountable, personal doctor*
 - *Most commonly prescribed pharmaceutical drugs dispensed by the patient's personal doctor directly from clinic*
 - *Neighborhood-based clinics located to be conveniently accessible to employees and family members*
 - *Patients' personal doctor coordinates specialist and hospital appointments, without limiting patient choice.*
 - *All in all, this is a NEW benefit for UAW-represented Spirit employees and dependents*
- Providers benefit through:
 - *Having additional time to provide quality care to their patients*
 - *Higher job satisfaction*
- Everyone benefits from:
 - *Improved health*
 - *Lowered costs*
 - *Incomparable patient service*


	Green Plan	Blue Plan	Orange Plan
Primary care services provided by Solidarity Health	No Charge	No Charge	No Charge
Annual HRA Contribution			
Single	\$375	\$375	\$375
Employee + 1	\$750	\$750	\$750
Family	\$750	\$750	\$750
Services Provided Outside Solidarity Health			
Co-Insurance	20%	30%	30%
Annual Deductible	True Family	True Family	Embedded
Single	\$1,500	\$2,500	\$4,500
Family	\$3,000	\$5,000	\$9,000
Annual Out of Pocket Max (including Rx)			
Single	\$3,000	\$4,500	\$6,550
Family	\$6,000	\$6,850	\$13,100
Preventative Medications	\$10 copay / No deductible	\$10 copay / No deductible	\$10 copay / No deductible
Other Prescription Drugs	Deductible and Coinsurance	Deductible and Coinsurance	Deductible and Coinsurance

We unanimously endorse the proposed Agreement and ask for your affirmative vote.

For the UAW:




David Barker



David Brewer



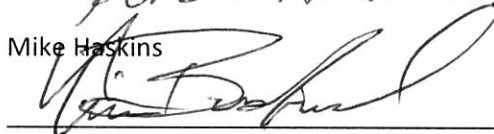
Ernest Russell



Terry Harwood



Mike Haskins

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Tim Bushyhead

Phillip Hunter



Brendan O'Shea



Jimmy Wagoner