

IAM Contract Training Questions and Answers

Compensation/Benefits

General Information

Q: Is the information presented today open for public knowledge?

A: Some is, but some as we have stated is not due to competitive sensitive issues. Remember trust goes both ways.

Q: Employees on the floor want money now.

A: With this contract, the Union and the Company recognized that the best job security is provided by focusing on long-term competitiveness. By working together, we can hit performance targets and get dollars without having to work the overtime.

Q: When will the 2010 IAM Contract be available?

A: The contract is being reviewed by lawyers that represent the Company and the Union. When this process is complete, the contract will be linked on the Company's and the Union's web sites and a communication will be sent out to employees and managers.

Progression

Q: How big a cost problem was it to move progression from 13 to 12 weeks?

A: We can only say that it was significant, since it would be considered forward looking information and a big component of the cost of the contract.

Overtime

Q: In areas where 1st shift employees don't want to work overtime, why not ask 2nd and 3rd shift employees?

A: Nothing contractually prevents this. It should be a discussion held between the Union Steward and the Manager in the area.

Q: If an employee is only scheduled to work on a Sunday, what rate of overtime pay will they receive?

A: The employee will receive double time pay for working on Sunday/or their 2nd day of rest. The exception is, if an employee is scheduled and doesn't work on the first day of rest (Sat), but works the 2nd day of rest, the employee will be paid one and one half (1 ½ x) times their base rate.

Q: At what hour threshold during the quarter does overtime begin to pay at 2x base rate, 128 or 160 hours?

A: After 160 hours of overtime in a quarter, you will receive 2x your base rate for all future overtime in that quarter until the next quarter begins. After 128 hours of overtime, the employee is not required to work any additional overtime until the next quarter.

GW

Q: Does a general wage increase (GW) help us to get to the maximum pay rate for our job level?

A: Payment of GW will be dependent on each employee's position within their jobs pay scale. Those employees below the maximum pay rate for their job will receive the GW increase in their base rate. Employees at the

maximum pay rate for their job will receive a cash lump sum payment. Employees who are slightly below the maximum pay rate for their job will receive a portion of the GWI in their base rate until their pay rate reaches the maximum and the remainder will be paid out in a cash lump sum.

Q: Does base pay change from year to year?

A: For employees not at the max pay rate for their job, their base pay will change in the years that GWIs are issued – 2012, 2014, 2016 and 2018.

Pay Rates

Q: Can wage min and max per hour be posted?

A: Wage min and max per hour are published in the contract as well as available at the Union Local Lodge 839.

Q: What are the I-code ranges and how do they relate to job codes/levels?

A: I-codes are a rate range set with a minimum and maximum. The level of the job is assigned to the I-code that most reflects the market competitive rate.

COLA

Q: What Consumer Price Index (CPI) is used for COLA?

A: The 'All City Average of the Consumer Price Index for Urban Wage Earners and Clerical Workers' – Not Seasonally Adjusted – Base period =100' published by the Bureau of Labor Statistics, U.S. Department of Labor.
<http://www.bls.gov/cpi/home.htm>

Q: How are COLA's and lump sums taxed?

A: Right now, they are taxed as supplemental wages. The company is working with the IAM legal reps to try and roll the lump sums into the 401K (provided the employee agrees), which could be taxed differently.

Q: When is COLA paid, if triggered?

A: If triggered, COLA will be paid no later than December 31st of each year.

Long Term Incentives – Stock/Cash payments

Q: I haven't received any stock info, where is it?

A: E-mails were sent to all eligible participants on Monday July 19th. If you have questions, you can contact the Morgan Stanley Smith Barney Participant Service Center Financial Advisor Team for assistance between the hours of 9 a.m. and 5 p.m. Eastern Time on all business days that the New York Stock Exchange is open. They can be reached at 1-888-297-7108. Additionally, we have a local Morgan Stanley Smith Barney Financial Advisor Team to assist you with any transactions or questions. The Wichita team is available to assist you between the hours of 8:00 AM and 4:30 PM Central Time on all business days that the New York Stock Exchange is open. The team consists of Steve Boleski, FVP and Spike Anderson, Financial Advisor. They can be reached directly at (316) 383-8300 or (800) 733-0388.

Q: What are the rules with the stock? How long can you hold it?

A: These shares have already vested and are accessible to the participants now. You can keep them or sell them as you wish.

Q: What was the price when the stock was purchased for the IAM employees?

A: The price was \$20.61 on July 12th when the stock was purchased, awarded and vested. The stock average on that day determined the tax value.

Q: Is selling the 53 shares immediately the only option for covering taxes?

A: Yes, in part due to the volume and to comply with the request to pay the award sooner than later.

Q: Does an employee have an option to move money from stock sold into their 401K and avoid paying the taxes?

A: No, this does not apply to the stock award. However, this option is being discussed for future lump sum payouts.

Q: When does the Long Term Incentive (LTI) pay out each year?

A: LTI lump sums will be paid out no later than December 15th in the applicable years.

Gain Share

Q: On Gain-Sharing, is vendor/third party rework and scrap figured into the scrap and rework dollars?

A: No, that is charged back to the vendor or captured on a separate charge line. It is not counted in the IAM scrap and rework targets or baseline.

Q: Do we get two, 1% payouts if both targets on Gain Share are met?

A: No, the total payout for achieving the Gain Share targets is 1%. A 1/2 of 1% payout would be generated if only one target is met. If both performance goals are met, the employee will receive a 1% payout. If both performance goals reach the outstanding target for both metrics, the employee will receive a 2% payout.

Q: On hours per unit, how does that figure in?

A: One piece of the Gain Share metrics is Wichita IAM bargaining unit employee hours per unit. If the targeted reductions to the IAM hours per unit are made, a cash payment will be generated.

Q: If there are vendor issues that are inappropriately charged to the floor and then it is discovered will it be fixed in the systems?

A: Yes.

Q: What about wasted items?

A: For the first two years we focused on scrap and rework and total hours. In the future, the targets may be based on other variables such as standards usage.

Q: What is our scrap rate compared to total revenue per fuselage unit?

A: That is Company sensitive information that cannot be released.

Q: When will the visibility on the Gain Share targets/metrics be out on the floor?

A: We are working to get the visibility out to the floor as quickly as possible. In the meantime, continue to monitor performance to the charts currently displayed on the boards.

Q: Since engineering can be responsible for bad engineering and/or bad parts, why do they influence this pay out?

A: Engineering is not included in the Gain Share metric. Scrap or rework created by engineering will be removed from both the targets and the performance results.

Q: How do we handle people in the shops who purposefully make things go slow, so they get the overtime and don't care about the Bonus or Incentive?

A: We need to aggressively work this issue together. If you have concerns, please address them with your Union Steward and/or Manager.

Performance / Incentive Pay

Q: Is the performance bonus just Wichita or companywide?

A: Companywide.

Q: Why is Cessna listed as a new program in the considerations for incentive pay?

A: At the time the BOD established the targets the Cessna program was still active. Thus a level of funding was spent on the Cessna programs which will be included in the performance metrics to the targets.

Q: When do new programs roll to sustaining?

A: This is at the discretion of the Board of Directors. The programs need to be in a 'sustaining' mode, past program implementation and non-recurring work, to move from the New Program category.

Q: How are targets set? Who sets them? Is there anything put in place to make sure that the goals are attainable?

A: Targets are set by the Board of Directors each year based on the past performance of the company, as well as the anticipated activities of the coming year. The Company and the Union will meet to discuss the anticipated metrics prior to them being presented to the Board of Directors.

Q: Will the targets change?

A: Each year the Board of Directors reviews our input and what the challenges are going to be. The goals will change over time. The Union over time will have input through the Joint Partnership Committee however the final goals are ultimately determined by the Board of Directors. The goals and targets are what we have ultimately told the "street" we are going to perform to. If we do not meet these goals we will have to answer to the "street".

Q: The Board of Directors has authorized a payout above what was warranted by the company performance. Can this happen for the IAM?

A: At the discretion of the Board of Directors, payments can be authorized even if the targets are not met to account for exceptional circumstances.

Q: If managers get a bonus, will the IAM get one too?

A: As it relates to the Performance Bonus the answer is yes. The Performance Bonus is based on Company performance and all eligible payrolls have the same trigger for payment.

Q: Do the IAM represented employees have the same percentage payout on the company incentive as the managers?

A: The calculation is the same, but the payout percentages are different for each payroll group. The percent is based on their entire compensation package; how much of their pay is at risk and where their pay is to market.

Q: Are taxes taken out of the lump sum? Are they added to the paycheck or on a separate paycheck?

A: Yes, however, the Company is working with the IAM for the potential to deposit the lump sums into the IAM 401k. Payments will be included on your regular paycheck.

Pension

Q: Can you do "30 and out" without pension penalty in the IAM pension?

A: Yes, the "30 and out" feature is only available with the IAM pension plan. For employees who have the Spirit Frozen Pension Plan, there is no such feature.

Q: For the pension, is the "30 and out" option for Spirit and Boeing?

A: The "30 and out" option is only on the IAM National Pension Fund (NPF). It does count Spirit and Boeing service.

Q: Will the Spirit and IAM pension ever be merged?

A: This is an item that would need to be discussed and agreed upon by Spirit and the IAM.

Q: When will Boeing retirement be unfrozen?

A: The pension plan that came across at divestiture for Day One employees who *did not retire* from Boeing will always be frozen. The amount of the benefit was frozen as of June 16, 2005.

Q: So if you are working for Spirit, you are not able to get the frozen pension?

A: The frozen pension applies only to Day One employees who transitioned over from Boeing and did not retire from Boeing. Commencement of the benefit requires termination of employment from Spirit.

Q: For a person who didn't retire, didn't commence a Boeing pension, and they die, who gets the money?

A: Their beneficiary.

Q: Is the National Pension Fund benefit funding amount negotiated?

A: The dollar benefit per hour is a negotiated benefit. The monthly benefit associated with each dollar per hour benefit is designated by the IAM National Pension Fund.

Q: Why is Sept 2, 2010 the cut-off date for age 55, on the retirement incentive?

A: This date was based upon the assumption that the earliest retirement dates would be in early September and the retirees must be 55 before their retirement date.

Q: Can a person retire from Spirit and work somewhere else and still collect the IAM retirement?

A: Yes, termination of employment from Spirit makes an individual eligible to commence their pension benefits provided the other conditions of the retirement plan are met. For further information on eligibility requirements please contact the IAM NPF at 1-800-424-9608 or via the web at www.iamnfpf.org.

Q: What is the definition of "hours worked" in the Pension portion of the training where it states an employee receives a contribution of \$1.50 per hour worked up to a maximum of 40 hours per week?

A: Hours worked include each regular hour worked and each paid hour while not working for vacation, sick leave and holidays. It does not include any un-paid time or Leave of Absence.

Work Movement

Q: We hear about moving work in and out but Boeing moved work out and didn't retrain us for the new work coming in. Is Spirit going to retrain us for new work or just lay us off and hire others who know how to do the new work?

A: Yes, Joint Training will be addressed by a special committee. The intent is to maintain our current level of employment and train as needed to accommodate work statement.

Q: Hourly people need to know about your example. While we may have lost work when 4 door jobs were off-loaded, we gained many parts onto the Modigs and Tulsa Gulfstream work.

A: We understand that our communication concerning this type of activity has not always been good. In the future, we intend to increase this type of information sharing, and discuss this in our regular meetings with your IAM reps.

Stewards Role

Q: Do stewards still write complaints?

A: Yes, the Steward's role is the same when it comes to writing a complaint/grievance.

Q: Will open grievances prior to contract process change?

A: Current grievances will close under previous process. The new process will be from June 26th forward.

Q: What if you have a problem, the manager and steward agree, but it needs to be fixed at the next level?

A: Steward goes to their In-plant rep, and the Manager will go up their chain of command. In addition, in the monthly meetings between Operations Leaders and IAM Union reps, which include the In-plant reps, your issues will be discussed.

Q: You say stewards should tell employees to go to work if they're wasting time, what about telling managers?

A: Stewards should be able to speak freely with a manager about productivity.

Q: Will the steward be compensated with these added responsibilities?

A: Nothing has changed in the Steward Role except you now have a voice. Senior Management listened to the Negotiating Team when they said that no one was listening to the Steward.

In our company's history, the Steward had huge voice. When you went to the shop floor, you knew who the Steward in the area was. The intent of both the Union and the Company is create a shop floor environment where the Steward is involved in the decision making and the success of the their shop.

Q: Should managers involve the stewards in performance conversations with other hourly employees, especially when the goals are clearly not being met by employees?

A: Managers and Stewards should discuss issues that impact the shops productivity regularly. This may include employee performance concerns which would be discussed to identify options for addressing the concerns. Depending on the situation, the Steward may discuss concerns with the employee to identify any issues they are uncomfortable telling the Manager prior to the Manager having a conversation with the employee.

Q: What can the Manager discuss with the Stewards regarding performance issues? Can they talk attendance, clocking issues, etc?

A: The Manager can discuss employee concerns with the Steward in regards to attendance, clocking and performance. They cannot discuss confidential medical information.

Q: Are Managers allowed to tell Union Stewards if there are attendance issues in advance of discipline? When I get called up thirty minutes before a CAM it is too late.

A: We hope that Stewards and Managers will be discussing performance issues well before actual discipline occurs in order to prevent discipline from becoming necessary.

Q: Don't Union Stewards also have to watch how much time they are spending on the floor?

A: We don't expect Stewards to spend half the day talking to members. Stewards are responsible for their own workload and quality as well. We would expect that you touch base with each member on a weekly basis. If you are unable to do that you should be talking in the crew meetings about any issues that need to be discussed. Distribution lists are an easy way to send out information to the members as well.

Q: Is what you're saying that if the issue is disciplinary, it should be worked by the Manager and Steward?

A: If it is worked properly ahead of time, it should be worked prior to discipline. The Stewards should be helping the Managers out so the performance concern does not become a disciplinary matter.

Q: No matter what we talk about today, there will be people (Hourly Employees and Managers) who will not change.

A: Possibly, then there is no room on the team for them.

Q: If there is an issue on the floor with no solution, not resolving it is causing bad attitudes

A: Attitude is a different issue. It will be handled on a case by case basis. But we are not prepared to accept that a problem will have no resolution. It may take time to determine, and lots of good faith efforts by all involved, but working together we should be able to find a solution.

Q: Will people be given time to shape up?

A: Yes, but time is of the essence. Take notice and talk to them to get them on board.

Q: Will HR be involved too?

A: Sometimes issues have been delegated to HR when it should be resolved in the shop. This will change. We will be resolving issues at the lowest possible level.

Q: What is a “reasonable time” to have a Steward investigation?

A: 30 minutes is not unreasonable. In cases where the investigation takes longer than 30 minutes, the Steward needs to clock to the Union charge-line.

Q: The rule used to be to clock over 30 minutes only, has that changed?

A: If working on a commercial program – use the union charge-line if investigation time is greater than 30 minutes.

Team Leader Role

Q: Is there a standard process for publicizing Team Leader openings?

A: Yes; the First Level Manager will communicate the opening to his or her crew. This is a good subject for a crew meeting.

Q: Does this new Team Leader selection process apply to existing Team Leaders?

A: No, just going forward. If there is an issue with the Team Leader performing their tasks, the Steward can discuss this with their Manager and follow the chain of command as required.

Q: Do Team Leaders still have to go through the off shift pre courses? It doesn't say that in the contract.

A: Yes, the Team Leader selection process is the same except for changes made, based on agreements in the new contract.

Q: How many employees are needed to require a Team Leader?

A: This differs by business case from one area to the next.

Q: What changes do you expect with the Team Leaders that are already in place?

A: A closer working relationship between the Manager, Team Leader and the Union Steward.

Q: Can a Steward also be a Team Leader?

A: Yes.

Q: If the Team Leader goes into a management position, does the temporary Team Leader become the Team Leader automatically?

A: The selection process for a new Team Leader should take place.

Q: Why were First Level Managers eliminated from the Team Leader process?

A: First Level Managers do have responsibilities in the Team Leader process. They were removed from the interview and decision process to help remove the perception of favoritism playing a role in the selection process.

Q: Temporary Promotion to Team Leader. Why do we have the 14 day minimum added to the language?

A: We have committed to going back to the table to discuss what makes sense here. The TP of a Team Leader for a 14 day minimum is largely an administrative payroll issue. We may be able to build a pool of potential TP Team Leaders.

Q: If the only Team Leader candidate doesn't exhibit the necessary qualities, do we have to take them?

A: No.

Q: Can I apply for Team Leader position in my area when the opening is on a different shift than I am on?

A: No, Team Leader applicants have to be on the same shift as the Team Leader opening. However, a 1st shift employee could make a permanent move to 2nd shift and apply for a Team Leader position on that shift.

Q: What if you have a current Team Leader that has no leadership qualities.

A: You need to discuss this with your Manager or Steward. There is a decertification process that can be implemented.

Q: Need a better way to assign temporary Team Leaders. By the time they go through the entire selection process, the original Team Leader may have come back from leave. Can we get a pool generated now, prior to actually needing the temporary Team Leaders?

A: The intent of the Team Leader process is to have a pool of candidates ready to cover in the absence of the Team Leader.

Q: Who decides if your area gets a Team Leader?

A: There should be a business case for having a Team Leader and Upper Management will probably need to determine whether the budget will allow for a new Team Leader.

Q: Can Team Leaders assign overtime?

A: No, Team Leaders cannot act as “assistant supervisors.” They can find out who is available for the overtime, but the Manager needs to assign all overtime.

Grievances

Q: Does this new grievance process apply to grievances that were open prior to the new contract?

A: No

Q: If we don't get grievances worked out verbally, do we call our In-Plant Rep?

A: At the first step of the grievance procedure, the employee may involve either the steward or the In-Plant Rep.

Q: As a result of losing a grievance, a manager moved the grieving employee from 2nd to 3rd shift; can they do that and what can we do as a result?

A: This issue should be elevated to the In-Plant Rep.

Q: If an employee wins a grievance and the Manager retaliates, what are we going to do to fix this?

A: The Company takes possible retaliation very seriously and it will not be tolerated. We cannot address issues unless they are brought forward. If an employee refuses to come forward about retaliation, no one knows there is an issue to fix.

Q: On resolving grievances, if a Manager and Steward agree to extend the timeframe to resolve, is that ok?

A: Yes, if both Company and Union agree, the five day timeframe may be extended. There may be security investigations, time needed to gather data or absences that could make this necessary.

Communication

Q: Can talking points also be sent to the Union Stewards?

A: Yes, the intent is that contract training communication will be made available to the Union Stewards.

Q: There needs to be a plan for Senior Management and Directors to meet with Stewards. Current plans show First Level Managers and Stewards only.

A: The contract addresses the minimum amount of communication required. In some areas, Senior Managers and/or Directors are already meeting with their Stewards on a regular basis.

Q: What is in the future for interdepartmental training or knowledge of your supplier or your customer? It seems the focus now is just departmental and only that. What has happened to “customer- friendly” and knowing what your customer needs are? It could start with the Manager, Steward, and Team Leader getting to know the supplier and customer. Maybe this is in Phase IV. How can you have a successful team without knowing their best interest?

A: Managers, Stewards and Team Leaders should be aware of their customer’s needs. If they are not, they should be reaching out to their customer to identify any gaps in service and developing a good working relationship with them.

Q: Can there be an email list of other communication avenues to get us answers to the questions we are not getting the answers to today?

A: The Company and the Union will be discussing how communication can be enhanced and will include an avenue for getting answers to questions.

Q: What if we don’t have a Manager on third shift and first shift never ties us in; how do we get the information to share with our crews?

A: Speak with your Manager about this concern. If resolution is not satisfactory, contact your In-Plant Rep and/or your Second Level Manager.

Q: You say the Company is going to notify the Union about the condition and health of the Company. Who is going to notify whom specifically?

A: Different levels of Management, depending on the nature of the information. Some information will be shared at higher levels of the Company and Union based on confidential information that is discussed. As much as possible this will flow down to First Level Managers and Stewards to share with their shops.

Q: What can you do as a Steward if your First Level Manager does not hold the joint crew meetings and/or any crew meetings?

A: These issues need to be elevated. All Managers and Stewards are receiving the information that joint crew meetings are imperative. If a Steward and Manager cannot come to agreement to hold these meetings, this needs to be elevated to either the In-Plant Rep, the 2nd level manager, or both.

Q: Is there anything planned to get the general IAM membership trained on this contract to get them all educated and on board?

A: Our first goal is to get you trained. We are building communications, training, and other tools to get you educated on this. We are going to be videotaping this and will also be sending out additional joint communications to address issues. It is up to Management and our Union Stewards to communicate. It starts with you.

Q: You talk about weekly crew meetings. What is going to make sure that this continues to happen over the long-haul?

A: It is all of our responsibility. We have language in the contract in the form of quarterly reviews among other things. This will be one opportunity to discuss as a team if the weekly communications are happening. Success is dependent on you as First Level Managers, Upper Managers, Stewards and Team Leaders.

Q: What can we do as Union Stewards for those Managers who do not want to have weekly crew meetings?

A: Go to the next level of Management. If the Manager or Union Steward is unavailable another individual can run that crew meeting.

Job Security

Q: Does the job security language mean the Company can't move jobs elsewhere?

A: If the Company begins to consider an option that involves outsourcing of major work statement, the Company agrees to work together with the Union in considering options that would maintain work levels in Wichita.

Q: I know that Jeff Turner is committed to this facility and keeping the team for the future intact but what happens when Jeff Turner leaves? How can we be sure that his successor will have the same goals and commitments that Turner has given us?

A: That is one reason why we have so many different pieces of language that address this issue. This agreement is in place for 10 years regardless of who our leaders might be.

Contract Language Clarification

Q: Do we know who the Safety Steering Committee members will be?

A: The members for all the committees will be identified in the near future.

Q: What is meant in the Reaffirmance by "written amendment?"

A: This is an amendment required to be signed by both parties on specific dates. The amendment expressly confirms the agreement for its remaining stated term.

Q: What kind of changes do you mean by written amendments?

A: This is meant to be a living agreement; 10 years is a long time. We may have to come back together to change something that is not working.

Q: When is it appropriate to clock union business paid time vs. unpaid time?

A: When the IAM takes a Steward out of their area to work Union business, the Steward should be clocking to Excused Absence (EA), and the IAM will be paying their time.

For all other time spent working Union business, a Steward should use the charge-line for Union Business. The instructions for using this can be found at:

<https://learnspirit.web.spiritaero.com/e-train/cats/non-prod%20charging.pdf>

Work hours

Q: What about people coming 2 hours early on flex time. They are coming in at 12:30.

A: There is no flexing in the contract. When flexing, an employee can only start as early as 1:30 if they are on 2nd shift. Shift start times in the contract need to be honored.

Q: Is there an early start time on 2nd shift on weekends?

A: It is up to the Manager, but an employee shift can start as early as 10:01am.