

## Summary of 2008 Proposed Settlement Agreement

Attached is the Proposed Settlement Agreement Summary that was recently negotiated between HBC and the Machinists Union. Highlights of the settlement are:

**Wage Increases** – 4% each year; \$2.81 per hour average increase or 12.5% (\$.06 COLA added to rates prior to GWI calculation)

**Job Grade** – 21 jobs upgraded; **none** downgraded

**Seniority** - The wait time to exercise seniority rights in a department, a new facility, or an intermediate department has been reduced from 18 to **12 months**

**Pension** – increased from \$44 to \$51 per month per year of service – frontloaded on January 1, 2009

**401k Plan** – 100% company match on first 4%

### **ETO**

- No takeaway for new hires
- All ETO can be used in one (1) hour increments
- Full accumulated unused ETO will be paid when an employee dies, takes disability retirement, retires at age 55 or after, or is laid off.

**Short Term Disability** – increased from \$375 to \$425 per week

**Hours of Work** – added three (3) new shift patterns (3 equal shifts, 4x10 and 3x12).

### **Overtime**

- All overtime on the 7<sup>th</sup> day for employees assigned to the 4x10 or 3x12 work weeks will be voluntary.
- Overtime required on weekends for 4x10 and 3x12 work weeks will not exceed the employees' scheduled hours (10 or 12) on any given day.
- Added vacation, ETO, and Military Leave as time worked for purposes of paid double time

**Second Shift and eight (8) hour 3<sup>rd</sup> shift Differential** – increased from \$.40 to \$.45 per hour

**Vacation Improvement** – 3 weeks after 8 years; 4 weeks after 18 years

**Bereavement** – 3 paid days added for son-in-law and daughter-in-law

**Group Life, Medical, Accident and Sickness Disability Benefit, Dental and Vision Plans**

- Employee contributions frozen at the current rate for all 3 years
- BC/BS of Kansas – PPO
- **(NEW)** – Preferred Health Systems - POS (Via Christi)
- Improvements:
  - Office visits (\$20 co-pay, no co-insurance)
  - Routine physical exams (\$20 co-pay, no co-insurance)
  - Lab and X-ray (100%, no deductible)
  - Maximum Lifetime Benefit (\$2.5M – in network)
  - Orthodontic benefit increased to 50% of \$4,000 up to a lifetime maximum of \$2,000
  - Frame benefit increasing \$20.00 from \$105.00 to \$125.00.
- Employee Benefit Systems - Hawker Beechcraft Corporation has agreed to allow the International Association of Machinists and Aerospace Workers to offer the Machinists Custom Choices Worksite Benefits program of supplemental insurance benefits to their employees in the bargaining unit through their designated agent, Employee Benefit Systems, Inc. (EBS). Members will be given an opportunity to spend up to fifteen minutes with an EBS Counselor at the worksite during normal working hours, once per year. Further, Hawker Beechcraft Corporation will honor payroll deduction requests and make payments to the underwriting insurance companies for supplemental life, cancer, critical illness, accident and long term disability insurance. All policy holder service will be provided by the underwriter and Employee Benefit Systems Inc.

**Severance Pay** – improved severance pay for laid off employees as a direct result of subcontracting

- 1-5 Years 2 weeks
- 6-10 Years 4 weeks
- 11-15 Years 6 weeks
- 16 and More 8 weeks

**Return to Work**

- Employees who return to work by September 5<sup>th</sup> will be paid for the Labor Day Holiday
- If the Contract is ratified on Thursday, August 28<sup>th</sup>, health and welfare benefits will be reinstated without having to re-qualify for coverage.
- Probationary employees will be reinstated and their probationary period extended by the amount of time on strike.