

LETTER OF UNDERSTANDING NO. 37

SUBJECT: MATERIALS DELIVERY AND INVENTORY PROCESS

The Company and the Union agree that parts, materials, tools, kits and other goods or products furnished by an internal or external supplier, vendor, contractor, or subcontractor may be delivered or presented to the Company at any location to be designated by the Company, including but not limited to staging areas, parts control areas, materials and tool storage areas, and/or factory locations where parts or assemblies are installed. In addition, internal and external suppliers, vendors, contractors, or subcontractors may, at the Company's request, perform inventory transactions, which may include tracking use, disbursement, acquisition, and/or inventory of parts, materials, tools, kits, and other goods or products.

The Company will conduct a quarterly review with the Union to provide status on the previous quarter's activities. The reviews may include a discussion of opportunities to improve the Materials Delivery and Inventory process. Union Site Representatives will be notified of studies undertaken pursuant to this Letter of Understanding when the studies are initiated.

Nothing in this Letter of Understanding will be construed to permit suppliers or vendors to install parts or components on the airplane, unless the vendors or suppliers are correcting errors or performing warranty work.

The Company agrees that bargaining unit employees will not be laid off as a direct result of the Company's conversion to the Materials Delivery and Inventory Process, unless the employees are unwilling to change jobs (including a downgrade), shifts, or locations within the bargaining unit. Employees who are employed as forklift drivers as of September 2, 2005 will continue their regular assignments for the term of the contract, including but not limited to the movement of supplier and vendor parts from local receiving areas within the factory.

Dated: September 4, 2008