

TENTATIVE AGREEMENT

LETTER OF UNDERSTANDING NO. 38

**SUBJECT: SI&A / MSE INFRASTRUCTURE, ROLES
AND RESPONSIBILITIES**

Self-Inspection and Acceptance (SI&A) / Manufacturing Self Examination (MSE) is the process of having the employee who made the product, or performed the task, also check the product or task data, and indicate that the product/task conforms to requirements. This is indicated by having the same employee stamp off his or her work as conforming to requirements.

In February, 2001, a joint IAM/Company committee was formed in an effort to facilitate resolution of issues and concerns regarding implementation and maintenance of SI&A programs. The committee's charter was and is to work together to improve the SI&A implementation and maintenance process. As further described below, the committee will remain available as a resource to provide guidance and direction for the Site Representatives as necessary. This committee shall be referred to as the SI&A Leadership Committee.

The committee recommended changes to improve SI&A / MSE implementation and maintenance processes. It reviewed currently implemented areas and met with affected employees to establish some of the existing best practices and areas of concerns. This provided the insight to make improvements in several areas. The committee also developed and implemented improvements to our procedures and infrastructure for SI&A / MSE, and identified and documented the type of environment required to foster successful implementation. To accomplish those changes, the committee modified the procedures to provide criteria for implementation readiness evaluation, for monitoring progress to ensure sustainability of the program, and identification of the environmental factors that will lead to successful implementation of SI&A / MSE programs.

The primary purpose of this Letter is to define the roles, responsibilities and interaction within the ~~new~~ SI&A / MSE infrastructure.

Site Representatives

Each site having implemented or that is in the process of implementing SI&A / MSE will have two (2) Site Representatives, one (1) from the Company and one (1) from the Union, to be appointed by their respective leadership. Additional Site Representatives may be added upon mutual agreement between the Company and the Union. These individuals should be (or be interested in becoming) an SI&A / MSE subject matter expert. It is expected that they will have completed all SI&A / MSE prerequisite courses and have had exposure to SI&A / MSE. They should have excellent conflict resolution and communication skills.

Best and Final Offer
August 28, 2008

The Site Representatives' primary responsibilities are to act as a resource to the employees, management, and area committees; to provide information and perform monitoring activities; to attend meetings and participate as required; and to resolve issues and concerns elevated to them by area committees. They will also help coordinate and participate in area SI&A / MSE overview presentations. They will need to stay informed of SI&A / MSE implementation progress and issues across BCAG & IDS as a network, to identify and spread "best practices" tools, and to encourage communication.

The Company will provide a reasonable amount of time for the Site Representatives to perform their required duties. As determined by the SI&A Leadership Committee, training and education requirements will be provided to the Site Representatives.

Area Management

Area management will provide active support for the implementation and maintenance of SI&A / MSE by fostering an environment that encourages engagement and supports the desired culture and values identified as keys for success.

Area Committees

The area committees have the primary responsibility for implementation and ongoing maintenance of SI&A / MSE in a specific shop or work area. The area committees should decide the meeting frequency and include at least the following functional representation: Quality & Manufacturing IAM members and management. Additional participants, such as Quality Engineering and Manufacturing Engineering, will be asked to participate as needed and determined by the Area Committee. The area manager and the Site Representative will work together to select area committee members. The active involvement of each of these team members is critical to success, and adequate time should be allowed to ensure this involvement takes place. The number of committee members should be appropriate to the size and complexity of the implementation work statement. Their responsibility is to work with Quality Engineering in assessment of the suitability of SI&A / MSE for the work area statement.

This assessment should include consideration of work content as well as current process capability and control. The area committee must ensure adequate employee involvement and understanding of the SI&A / MSE process. This includes addressing any concerns or issues and elevation of unresolved issues to the Site Representatives for assistance. The area committee will provide input and oversee the initial and ongoing employee training and assessment processes to ensure each individual's skill and knowledge is adequate to perform the SI&A / MSE function and that any knowledge gaps are constructively addressed through additional training. Additionally, they may be involved in the development of training as required. After implementation of SI&A / MSE, the responsibility of the committee will change from active engagement in the development process to that of monitoring success and resolving concerns. In this role they can suggest improvements and handle questions or concerns by resolving locally or elevating to the Site Representatives for assistance. The area committee will also keep the Site Representatives informed on general implementation progress and

Best and Final Offer
August 28, 2008

ongoing maintenance so that they will be able to identify “best practices” and communicate to the Site Representative network.

Training Programs

~~QTTPIAM/Boeing Joint Programs, by working together with Site Representatives, Area Committees, line organizations, and subject matter experts,~~ may assist in the development of and implementation of education, training and retraining needs to support those organizations implementing SI&A / MSE.

This Letter, together with PRO-1125, Self-Inspection and Acceptance Requirements and BPI-298 Self Inspection and Acceptance, and/or the D950-10306-1 IDS site specific MSE command media, is intended to provide the framework necessary for successful implementation. It is the expectation of this committee that all parties involved in the implementation and maintenance of SI&A / MSE will adhere to the guidelines and principles described in PRO-1125 and BPI-298, and/or the D950-10306-1 IDS site specific MSE command media.

Dated: September 4, 2008