

SUMMARY PLAN DESCRIPTION AND PLAN DOCUMENT

# Severance Benefit Plan

**For Eligible Non-Represented Employees of  
Vought Aircraft Industries, Inc.**

Effective Date: January 1, 2009

**Important note:** This document does not create a contract of employment between Vought Aircraft Industries, Inc. (“the Company”) and any employee. Nothing in this booklet prevents the Company from terminating or changing the terms of any employee’s employment. This Plan is expected to be continued indefinitely. However, the Company reserves the right to amend, suspend, or terminate the Plan at any time. The Plan’s terms cannot be modified by written or oral statements to you from Human Resources representatives or other personnel. No answer or statement by a Human Resources representative or other employee may be relied on if it differs from the terms set forth in the Plan Document.

# I. About this booklet

This Summary Plan Description and Plan Document describes the Severance Benefit Plan for Eligible Non-Represented Employees of Vought Aircraft Industries, Inc. (the Plan). The Plan provides financial benefits to employees who lose their jobs because of a Reduction in Force. Many terms used in this booklet are defined in the Definitions section beginning on page 16. Please read this booklet, share it with your family, and keep it for future reference.

## An overview

- The Severance Plan is provided by the Company to all eligible non-represented Employees of Participating Company Elements who are not covered under a collective bargaining agreement.
- The Basic Severance Benefit payable to eligible employees is two (2) weeks' Base Pay.
- The Supplemental Severance Benefit may pay up to eleven (11) additional weeks' Base Pay, for a maximum of thirteen (13) weeks' total severance pay.
- Severance payments will be in a lump sum and are subject to taxation.
- Severance payments are not eligible compensation for purposes of any pension plan or the Savings and Investment Plan (SIP) sponsored by the Company.

# II. Eligibility

## A. Who is eligible?

You may be eligible for benefits under the Severance Plan if you are on the active payroll of a Participating Company Element (see Appendix A), if you have been employed by the Company for at least six months, and if you are:

- A full-time employee not covered under a collective bargaining agreement, or
- A part-time employee not covered under a collective bargaining agreement, who is regularly scheduled to work at least 20 hours a week.

**Note:** *If your part-time or full-time status has changed within the six months prior to your layoff date, then any severance benefits under this Plan will be calculated based upon your prior status. If your part-time or full-time status*

*changed more than six months prior to your layoff date, then your current status will apply for purposes of calculating benefits under the Plan.*

*In addition, to receive benefits under this Plan you must not have waived coverage under this Plan through any individually-negotiated contract or agreement, and your employment must be terminated by layoff as a result of a Reduction in Force.*

*The term "Employee" includes only those individuals that the Company classifies on its payroll records as regular Employees of the Company. Thus, the term does not include consultants, independent contractors, leased or temporary employees, individuals paid by or through a third-party employer, or other individuals not classified as regular Employees by the Company.*

## **B. Who is NOT eligible?**

You will not be eligible to receive a benefit under this Plan if you do not meet the eligibility rules in the "Who is eligible" section above. You will also not be eligible to receive severance benefits under this Plan if any of the following apply to you:

- You are not an employee of a participating company element in exhibit A
- You are an employee of Contour Aerospace Corporation
- You are transferred to or accept another position within the Company or with any Affiliate
- You are a former hourly employee who has been a salaried employee for less than 90 days at the time of layoff, and you refuse to accept an offered hourly position in lieu of layoff
- You refuse an offer of employment within the Company, unless the offer results in a decrease of more than 15% of your Base Pay, or would require relocation and (i) the new location is more than 50 miles from your principal place of residence prior to the relocation, and (ii) the new location is farther from your residence than your current place of employment; or
- You are transferred to, assume or are offered a job with any of the following: a purchaser of the stock, a business unit, or assets or equity interests of the Company or an Affiliate; the surviving entity following a merger or consolidation of the Company or an Affiliate with another entity; an entity serving as a contractor or a succeeding contractor (including a subcontractor) for business or functions performed by the Company; an entity including but not limited to a joint venture or partnership to whom control of a business unit, organization or function within the Company or a business unit of the Company or of an Affiliate or contract is transferred, whether by stock or asset sale or other means; or an affiliate of any such purchaser, contractor, succeeding contractor, subcontractor or entity; or

- You are terminated in a Reduction in Force but thereafter (and prior to the full payment of any Basic Severance Benefit or Supplemental Severance Benefit under this Plan) accept reemployment or another position with any of the following:
  - The Company or any Affiliate
  - A purchaser of the stock of the Company, or of assets the Company, or of a business unit of the Company, or of stock or other equity interests or assets of an Affiliate or of a business unit of an Affiliate
  - The surviving entity following a merger or consolidation of the Company or an Affiliate with another entity
  - An entity serving as a contractor or a succeeding contractor (including a subcontractor) for business or functions performed by the Company
  - an entity including but not limited to a joint venture or partnership to whom control of a business unit, organization or function within the Company or a business unit of the Company or of an Affiliate, or contract is transferred, whether by stock or asset sale or other means
  - an affiliate of any such purchaser, contractor, succeeding contractor, subcontractor or entity
- You are Terminated for Cause (as determined by the Company), quit, resign, retire (although you may receive benefits under this Plan if you elect to retire concurrent with your termination by layoff), fail to return from a leave of absence, or die
- You are not a citizen or resident of the United States, and your duties are primarily performed outside the United States

## III. How the Severance Plan Works

### A. The Basic Severance Benefit

If you are an Eligible Employee and are terminated by layoff in a Reduction in Force, the Basic Severance Benefit payable to you is a sum equal to two weeks of your Base Pay. Base Pay is defined as your weekly base salary in effect at the time of your termination of employment. If you are an eligible, Part-time Employee, your weekly Base Pay is determined by multiplying the number of your regularly scheduled hours in a work week times your hourly rate of pay. Base Pay does not include incentive compensation, overtime pay, double time pay, holiday pay, shift differential, or any other compensation in addition to Base Pay such as Gaining Ground.

### Payment of Basic Severance

Your Basic Severance Benefit will be paid in a lump sum, less any required payroll deductions such as tax withholdings and garnishments, as soon as practicable following your layoff.

## **B. The Supplemental Severance Benefit**

In addition to the Basic Severance Benefit, you may be entitled to a Supplemental Severance Benefit if you sign and timely return a Release of Claims in a form approved by the Company. The Company must receive your signed release within 60 calendar days of your layoff as a result of a Reduction in Force.

### **1. Calculation of Supplemental Severance**

The Supplemental Severance Benefit is calculated based upon an employee's full Years of Service from the most recent hire date. Starting at three full years of initial service, eligible employees will receive one additional week of severance pay per successive two-year period, up to a maximum of 23 years of service. The maximum payout is 13 weeks of pay, including the two weeks of Basic Severance. Partial years of service will not count in computing this benefit. For example, if you have been employed for 16 years and 11 months from your most recent date of hire at the time of your layoff, your Supplemental Severance Benefit would be seven (7) weeks of pay, for a total severance benefit of nine (9) weeks of pay.

See the following table for a schedule of how severance benefits would be paid to eligible employees:

Full Years of Service From Most Recent Date of Hire		Basic Severance Benefit	Supplemental Severance Benefit (w/signed Release)	Total Severance Benefit
At least 6 mos.	But less than 3 years	2 weeks Base Pay	None	2 weeks Base Pay
At least 3 years	But less than 5 years	2 weeks Base Pay	1 week Base Pay	3 weeks Base Pay
At least 5 years	But less than 7 years	2 weeks Base Pay	2 weeks Base Pay	4 weeks Base Pay
At least 7 years	But less than 9 years	2 weeks Base Pay	3 weeks Base Pay	5 weeks Base Pay
At least 9 years	But less than 11 years	2 weeks Base Pay	4 weeks Base Pay	6 weeks Base Pay
At least 11 years	But less than 13 years	2 weeks Base Pay	5 weeks Base Pay	7 weeks Base Pay
At least 13 years	But less than 15 years	2 weeks Base Pay	6 weeks Base Pay	8 weeks Base Pay
At least 15 years	But less than 17 years	2 weeks Base Pay	7 weeks Base Pay	9 weeks Base Pay
At least 17 years	But less than 19 years	2 weeks Base Pay	8 weeks Base Pay	10 weeks Base Pay
At least 19 years	But less than 21 years	2 weeks Base Pay	9 weeks Base Pay	11 weeks Base Pay
At least 21 years	But less than 23 years	2 weeks Base Pay	10 weeks Base Pay	12 weeks Base Pay
23 years or more		2 weeks Base Pay	11 weeks Base Pay	13 weeks Base Pay

## **2. Execution of Release of Claims Agreement**

By signing and submitting the Release of Claims agreement, you are releasing any claims that you may have against the Company at the time you sign (except any rights to benefits payable under the terms of any other benefit plans of the Company), as well as agreeing to abide by other restrictions that may be in the Release of Claims agreement, such as provisions relating to confidentiality of Company information, non-disparagement of the Company, and non-solicitation of Company employees and/or customers.

The Release of Claims agreement must be signed on or after your date of layoff and received by the Company within 60 calendar days of your layoff date in order to qualify for the Supplemental Severance Benefit.

## **3. Payment of Supplemental Severance**

Payment will be made in a lump sum, less any required payroll deductions such as tax withholdings and garnishments, within thirty (30) calendar days following the timely receipt of your Release of Claims form.

In no event will payment be made (i) earlier than eight (8) calendar days from the Company's receipt of the signed Release of Claims agreement, or (ii) later than March 15 of the year following the year in which your termination occurred. Provided, however, in the case of any Eligible Employee who is determined to be a "specified employee," as such term is defined in Treas. Reg. Section 1.409A-1(i), if a "six-month hold" on payments is mandated by Section 409A of the Internal Revenue Code, no payment made on account of employment termination may be made before the date that is six (6) months after such employment termination.

## **4. Other conditions of payment**

In order to receive the Basic Severance Benefit and/or the Supplemental Severance Benefit, you must maintain a fully satisfactory work performance until your termination date, including meeting any obligations you have to the Company such as immediate reimbursement for cash advances or other amounts owed to the Company and return of all Company property, including but not limited to keys, badges, manuals, engineering stamps, Company or customer data or documents (including copies), laptops, phones, pagers, parking passes, or other property belonging to the Company.

If you are laid off, receive a severance benefit, and then become re-employed by the Company within 90 days following your termination date, you will be required to repay upon rehire the number of weeks of Supplemental Severance Benefit pay you received that exceeds the total number of weeks you were laid off. You may not be rehired until this amount is repaid or arrangements are made for payroll deductions from your paycheck(s). You will not be required to repay the Basic Severance Benefit.

If you die after your layoff but before any Severance Benefit payments have been made, your estate will receive the Basic Severance Benefit. In addition, if you had signed the required Release of Claims, and it is delivered to the Company within the required time period, the Supplemental Severance Benefit will be paid to your estate.

Any benefits payable to an Eligible Employee under this Plan shall be offset, to the extent permitted by law, by any severance amount payable by the Company under any other arrangement covering that individual or as may be required to be paid by applicable law. When an Eligible Employee's termination is deemed to be covered by the WARN Act or similar law governing plant closings or mass workforce reductions, the benefit payable under this Plan shall be reduced by the amount paid to the Employee under that law, up to sixty (60) working days' pay.

### C. Benefits continuation

Benefits available to active employees shall be discontinued as of the last date of employment in accordance with the terms of the applicable plan. Certain benefits, such as medical, dental, vision and health care spending accounts, may be continued under COBRA after your termination. Other benefits, such as term life insurance, may be able to be converted to an individual policy. You should review the Summary Plan Descriptions for these benefits for details.

## IV. ERISA Rights

As a participant in this Plan, you are entitled to certain rights and protection under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

### A. Receive information about your plan and benefits.

You are entitled to examine without charge, at the Plan Administrator's office and at other specified locations, such as work sites, all documents governing the Plan.

- You can obtain a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor, which is available at the Public Disclosure Room of the Employee Benefits Security Administration.
- You can obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

## **B. Prudent actions by plan fiduciaries**

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called “fiduciaries” of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. You cannot be fired or discriminated against to prevent you from obtaining a benefit under the Plan or exercising your rights under ERISA.

## **C. Enforce your rights**

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you make a written request for a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that Plan fiduciaries misuse the Plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

## **D. Assistance with your questions**

If you have questions about your plan, you should contact the Plan Administrator. If you have questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor (listed in your local telephone directory), or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Pension and Welfare Benefits Administration. To obtain the addresses and telephone numbers of the District offices, you may access the Department of Labor Employee Benefits Security Administration Web site at <http://www.dol.gov/ebsa>.

## **E. Administrative information**

The information in this section explains how the Plan is administered and what your rights are under the Plan.

Plan name, number, and type: The official name of the Plan is Severance Benefit Plan for Eligible Non-Represented Employees of Vought Aircraft Industries, Inc., which is part of the Vought Aircraft Industries, Inc. Flexible Benefits Plan, identified by the Plan number 501. Please use this number whenever you correspond with anyone about the Plan. This Plan is a welfare benefit plan.

Employer identification number: The Company's employer identification number is 75-2884072.

Plan Sponsor and Administrator:

The Administrative Committee for Vought Aircraft Industries, Inc.  
Flexible Benefits Plan  
Vought Aircraft Industries, Inc.  
201 E. John Carpenter Freeway, Suite 900  
Irving, TX 75062

Mailing address:

The Administrative Committee for Vought Aircraft Industries, Inc.  
Flexible Benefits Plan  
Vought Aircraft Industries, Inc.  
P.O. Box 655907, Mail Stop 49L-02  
Dallas, TX 75265

For general plan administrative matters, contact your local Human Resources department or Benefits representative.

Agent for service of legal process: You can serve legal process on the Corporate Secretary for Vought Aircraft Industries, Inc. at the address provided under "Plan Sponsor."

Plan year: The Plan Year runs from July 1 to June 30 each year.

## **F. Administration of the Plan**

The Company shall be the named fiduciary of the Plan and the Plan Administrator for purposes of ERISA. The Company shall be responsible for the overall operation of the Plan and shall have the fiduciary responsibility for the general operation of the Plan, although routine administration of the Plan may be performed by a human resources or benefits representative of each Participating Company Element. The Company may appoint or employ such persons as it deems necessary to render advice with respect to any responsibility of the Company under the Plan. The Company shall have the sole discretionary

authority to interpret any term of the Plan and to decide all questions concerning the eligibility of any person to participate in the Plan, the right to any benefit and the amount of any benefit payable under the Plan to any individual, and the date on which any individual ceases to be a Plan participant. The Company, in its sole and absolute discretion, shall construe any ambiguous terms of the Plan. The Company may allocate to any one or more of its employees any responsibility it may have under the Plan and may designate any other person or persons to carry out any of its responsibilities under the Plan. No employee of the Company shall receive compensation from the Plan for his/her services in such capacity (other than expense reimbursements). As Plan Administrator, the Company shall maintain records of the Plan's provisions, and shall be responsible for the handling, processing and payment of any claims for benefits under the Plan.

## **V. Other Plan Information**

### **A. Plan documents**

This document describes the benefits, terms and conditions of the Severance Benefit Plan for Eligible Non-Represented Employees of Vought Aircraft Industries, Inc. There may be other documents that are part of the official Plan documents and which legally govern the operation of the Plan. If there is any conflict between the official Plan documents and other documents relating to severance benefits, the Plan documents will govern.

The Plan Administrator has the sole and absolute discretion to interpret and construe the terms of the Plan and to resolve any ambiguities in the Plan. The Plan Administrator can act through a delegate.

During normal working hours, you can review the annual report of the Plan's operations and the Plan documents under which the Plan is established or operated. These documents are available from the Plan Administrator. You can also write to the Plan Administrator and ask for copies of any or all of these documents. They will be furnished at a reasonable charge within 30 days.

### **B. Plan funding**

The Plan shall not be funded through a trust, an insurance contract or otherwise, and all benefit payments from the Plan shall be made from the general assets of the Company. Accordingly, you shall not have any claim against specific assets of the Company, and shall be only a general creditor, with respect to any rights you may have under the Plan.

### **C. Future of the Plan**

Vought Aircraft Industries, Inc. expects to continue the Plan as described in this booklet. However, the Plan may be amended, suspended or terminated, in whole

or in part, at any time by action of the Chief Human Resources Officer of the Company or by any authorized delegate, without notice. Any Plan change or termination may apply to all or designated classes of employees (including former employees).

#### **D. Benefit claims**

If you are an Eligible Employee whom the Company determines is entitled to benefits under the Plan, the Company will notify you of your entitlement to receive severance benefits and will provide any forms required in connection with application for severance benefits. If you disagree with the Company's determination of your eligibility for benefits, you may submit a claim to the Plan Administrator by remitting a written claim to the Chief Human Resources Officer of the Company, describing the basis of your claim for benefits, together with any forms required in connection with application for a benefit, at any time within the 120-day period following the date on which you claim to have become entitled to the Basic Severance Benefit or Supplemental Severance Benefit.

If you are not notified of your eligibility for these benefits but believe that you should be entitled to benefits under the Plan, you may submit a claim to the Plan Administrator by remitting a written statement to the Chief Human Resources Officer of the Company describing the basis of your claim for benefits. You may also request any forms required in connection with application for benefits from the same office. This request may be made at any time within the 120-day period following the date on which you claim to have become entitled to the Basic Severance Benefit or the Supplemental Severance Benefit. If you are claiming a benefit under the Plan you must complete and file any required application forms with the Company.

When filing for benefits or appealing a denied claim, you may use an authorized representative if you choose.

#### **E. The appeals process**

If your claim is denied, the Company will notify you in writing within 90 days after receiving your claim. The notice will state the following, if applicable:

- Specific reasons for denial
- Plan provisions that support the denial
- A description of any additional information needed to review your claim request
- Specific reasons for requesting additional information with an explanation as to why additional material or information is necessary
- Instructions for requesting a review of your claim denial and the applicable time limits, including information regarding your right to bring a civil lawsuit under section 502(a) of ERISA following an adverse benefit determination

on review.

If special circumstances require additional time, the Company may extend the period allowed for notice of its decision by a period not to exceed ninety (90) days. Written notice of an extension, stating the circumstances requiring the extension and the date by which a final decision is expected, will be provided to you before the expiration of the initial ninety (90) day period. If you do not file your claim in a timely manner as required, you will be, to the extent permitted by law, conclusively deemed to have waived any right to contest the determination of the Company.

If your claim is denied in whole or part, you have 60 days after receipt of the written denial to make a written application for review to the Chief Human Resources Officer of the Company. The review will take into account all comments, documents, records, and other information you submit relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. If you wish, you may review the appropriate plan documents and submit written information supporting your claim. You will be provided, upon request and free of charge, reasonable access to and copies of all documents, records, or other information relevant to your claim for benefits.

Unless otherwise specified by the Chief Human Resources Officer of the Company, the Vice President of Human Resources (acting as Chairman) and a Division Vice President shall be responsible for deciding any request for an appeal of a denial of a claim. You will receive written notice of the decision not later than sixty (60) days after receipt of your application. If special circumstances exist, you will be notified in writing within the original 60-day period if an extension is required to make a decision, and you will be told the reason for the extension and the date by which a final decision is expected. The final decision of the Company shall to the extent permitted by law, be final and binding on all parties.

If your claim is approved, you will receive the appropriate benefit from the Plan. If your claim is denied on review, in whole or part, your written notice will include the following, as applicable:

- The specific reasons for the decision.
- A reference to the specific plan provisions upon which the decision is based.
- A statement that you are entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to your claim for benefits.
- A statement describing any voluntary appeal procedures offered by the Plan and your right to obtain those procedures.
- Where required, a statement that there may be other voluntary alternative

dispute resolution options.

The written denial on appeal will include a statement regarding your right to bring a timely civil lawsuit under section 502(a) of ERISA following an adverse determination on appeal.

**F. No Assignment**

No Basic Severance Benefit or Supplemental Severance Benefit payable under this Plan may be assigned, transferred, pledged as a security for indebtedness or otherwise encumbered, or subjected to any legal process for the payment of any claim against an Employee.

**G. Relationship to other benefits**

Your Basic Severance Benefit or the Supplemental Severance Benefit will not be taken into account to increase any benefits provided (or continue coverage) under any other Plan, arrangement, or policy of the Company or an Affiliate, except as otherwise specifically provided in the other Plan, arrangement, or policy.

## H. Definitions

The following terms, when capitalized in this document, have the following meaning:

1. **Affiliate** - Any person, any corporation, association, partnership, joint venture or other business entity of which 50% or more of the voting stock or other equity interests (in the case of entities other than corporations), is owned or controlled (directly or indirectly) by Vought Aircraft Industries, Inc. or by one or more of its Affiliates, or by a combination thereof.
2. **Base Pay** - For a Full-time Employee, the Employee's regular weekly base salary in effect at the time of the Employee's termination of employment. For an eligible Part-time Employee, the Employee's weekly base salary at the time of Employee's termination of employment shall be determined by multiplying the number of his/her regularly scheduled hours in a workweek times the employee's hourly rate of pay. Base Pay shall not include. incentive compensation, overtime pay, double time pay, holiday pay, shift differential, or any other compensation in addition to Base Pay such as Gaining Ground.
3. **Basic Severance Benefit** - The benefit described as the Basic Plan Benefit under Section III.A. of the Plan.
4. **Company** - Vought Aircraft Industries, Inc. and its Affiliates, Participating Company Elements, including any successor entity (by merger or otherwise).
5. **Employee** - An individual who is employed by the Company and who is classified by the Company as a non-represented or salaried regular employee on the payroll of the Company. The term "Employee" shall not include any individual except to the extent that such individual is designated on the Company's records contemporaneously as an employee for all purposes including, without limitation, all purposes under Subtitle C of the Internal Revenue Code. Thus, for example, an individual shall not be an Employee if such individual (a) is designated by the Company contemporaneously as an independent contractor or a leased employee; (b) is not contemporaneously designated solely as an employee on the regular payroll of the Company; or (c) is paid by a third party employer, such as an engineering services or temporary staffing firm or any entity other than the Company. The preceding two sentences shall apply to an individual without regard to whether the Company provides remuneration to such individual and without regard to the manner in which a Participating Company Element calculates or provides any such remuneration and without regard to any retroactive classification of the individual as an employee.
6. **Eligible Employee** – An Employee who satisfies the requirements for

Eligibility for Coverage and who is not covered by any of the Exceptions to Coverage pursuant to the Plan.

7. Full-time Employee – An Employee regularly scheduled to work at least 40 hours per week. However, if an Eligible Employee has changed from Part-time to Full-time status within the six months prior to his or her layoff date, then he or she will be considered a Part-time Employee for purposes of this Plan.
8. Part-time Employee – An Employee who is regularly scheduled to work at least 20 hours per week but less than 40 hours per week. However, if an Eligible Employee has changed from Full-time to Part-time status within the six months prior to his or her layoff date, then he or she will be considered a Full-time Employee for purposes of this Plan.
9. Participating Company Element - Any affiliated organization or entity of the Company listed in Appendix A to this Plan, or any division or department thereof.
10. Plan Administrator - Vought Aircraft Industries, Inc.
11. Plan Year – the 12-month period beginning on July 1 each year and ending on the following June 30.
12. Prior Plan(s) – Includes The Aerostructures Corporation Severance Pay and Benefit Continuation Plan for Certain Salaried Employees, as well as any other severance or layoff plan, practice or policy covering Employees of a Participating Company Element prior to the Effective Date of this Plan.
13. Reduction in Force - A decrease in the number of Employees resulting from a reduction in the workforce or discontinuance of operations or part of operations at a location. The term “Reduction in Force” includes only those reductions in employee population designated by the Company in writing as a reduction in force and does not apply to a termination of employment for any other reason. It also does not include interruptions in operations brought about by such factors as acts of God, acts of war, civil insurrections, labor disputes, and/or accidental or intentional man-caused acts resulting in loss of operational capability; nor does the term apply to attrition in the employee population that is not the result of a decision by the Company to implement a reduction in the workforce or discontinuance of operations.
14. Release of Claims – A written agreement, in a form acceptable to the Company as may be modified from time to time by the Company, releasing claims on behalf of yourself and your heirs or assigns and relieving the Company of any liability as to any claims that you may have against the Company and its employees, successors, and Affiliates at the time you sign (except any rights to benefits payable under the terms of any other benefit plans of the Company), as well as

agreeing to abide by other restrictions that may be in the Release of Claims agreement, such as provisions relating to confidentiality of Company information, non-disparagement of the Company, and non-solicitation of Company employees and/or customers.

15. Supplemental Severance Benefit – The additional benefit beyond the Basic Severance Benefit that is payable under this Plan as described under Section III.B. of the Plan, for Eligible Employees who timely sign and return a Release of Claims.

16. Terminated for Cause - Terminated for any of the following reasons:

- a. Any willful and continuous neglect of or refusal to perform the Employee's duties or responsibilities with respect to the Company — insubordination, dishonesty, misconduct, gross negligence or willful malfeasance by the Employee in the performance of the Employee's duties and responsibilities, or the willful taking of actions that materially impair the Employee's ability to perform his/her duties and responsibilities, or any serious violation of Company rules or regulations
- b. The violation of any local, state or federal criminal statute, including, without limitation, an act of dishonesty such as embezzlement, theft or larceny, if the violation either relates to the Company or could have an adverse effect on the Company or its reputation
- c. Intentional provision of services in competition with the Company, or intentional disclosure to a competitor of the Company of any confidential or proprietary information of the Company or any Affiliate or client
- d. Any violation of the Company's code of ethics and/or Standards of Conduct
- e. Any similar conduct by the Employee with respect to which the Company determines in its sole discretion that the Employee has terminated employment under circumstances such that the payment of a Severance Benefit or Supplemental Severance Benefit would not be in the Company's best interest

**Note:** This definition of "Terminated for Cause" shall be used only for the purposes of administering and determining eligibility under this Plan. This Plan provision shall not be construed as implying that Employees may only be terminated "for cause." Generally, all Employees covered by this Plan are employed by the Company "at will" and may be terminated at any time for any reason, with or without cause.

17. Years of Service - The number of consecutive calendar months from (and including) the month of the Employee's most recent date of hire

as recorded in the Company's Human Resources Information System through the month of the Employee's layoff as part of a Reduction in Force, divided by 12, subject to the following:

- a. Fractional Years of Service will be disregarded, so that only full Years of Service will be recognized. The only exception relating to fractional years of service pertains to Eligible Employees who have more than six months of service, but less than a full year, in which case the Years of Service will be calculated as one year.
- b. Service provided to the Company in any capacity other than as an Employee as defined herein (e.g., temporary agency or contract employee, independent contractor, consultant, or leased employee) shall be disregarded.
- c. An Employee's Years of Service under the foregoing rules shall never exceed the actual number of full years worked by the Employee for the Company.

#### **I. Effective Date**

The Plan shall be effective with respect to Reductions in Force that take place on or after January 1, 2009, regardless of when the Reduction in Force is announced.

#### **J. Relationship to Other Documents**

The Plan is the sole benefit plan of general applicability providing severance, layoff, plant closing or other employment termination benefits for non-represented or salaried employees of the Participating Company Elements. All Prior Plans, including other such severance, layoff, plant closing or other employment termination benefits plans in effect for employees of the Participating Company Elements prior to January 1, 2009 are superseded and terminated (to the extent not previously terminated) as of the Effective Date of this Plan (as defined in Section V.I., above).

#### **K. Governing Law.**

Except to the extent preempted by Federal law, the Plan shall be construed, administered and enforced according to the laws of the State of Texas, without regard to its conflict of laws provisions.

Appendix A to the Severance Benefit Plan for Eligible Non-  
represented Employees of Vought Aircraft Industries, Inc.

Effective January 1, 2009

**Participating Company Elements:**

Vought Aircraft Industries, Inc.

VAC Industries, Inc.

Vought Commercial Aircraft Company