

BRIEFING BOOK
TEAMMATE QUESTIONS

Job Security Questions

1. Q: Will this result in more layoffs?

A: The decision to take-on a risk sharing partner, in itself, will not mean more layoffs. Without the financial means to develop the MD-12, DAC employment levels will continue to drop as orders for MD-80s and MD-11s fall off. We will also have to continue to make adjustments in employment as rates for the C-17 change. With the MD-12 a reality, some MD-12 work will be done at Long Beach, and additional work will be needed to bring both the overseas and additional U.S. site up to a level where they can sustain production.

2. Q: Aren't you giving American jobs away to foreigners?

A: No, to the contrary, by forming this new company we will be able to go after additional market segments where we have heretofore not had a product. This decision will actually allow us to expand our commercial lines of business. There can be an overall net increase in MDC commercial airliner jobs.

3. Q: Are we doing this to avoid bankruptcy?

A: We are in no danger of going bankrupt. Our improved performance over the last three quarters proves that we are putting our financial problems behind us. We are taking this bold step to insure that we will have a future as a commercial airplane builder.

WAGES AND BENEFITS

4. Q: If this is a new company, will I have the same benefits?

A: The intent is for wages and benefits for those employed by the new company to remain essentially the same. We will continue to honor all existing union contracts.

5. Q: Will my seniority continue?

A: Seniority will continue according to the applicable provision of current contracts.

6. Q: Will the new owners set wage and benefits packages?

A. MDC will be the majority owner of the new company. MDC does not intend to establish distinct wage and benefit packages. We will continue to offer pay and benefits packages which attract and retain motivated employees and enable us to compete effectively in our markets.

7. Q: What will happen to my medical/dental coverage?

A: Your medical and dental coverage will continue to replicate that provided by MDC.

8. Q: What happens to my retirement benefits? Will my service be continued from the old to the new company?

A: You will receive a retirement benefit from both companies. Generally, the combined benefit will be the same as if you had continued to work for MDC, and service time used to calculate various benefits will be continuous.

9. Q: Will there be any golden parachutes, handshakes, early retirement packages, etc.

A: No.

COMMERCIAL vs. MILITARY SPLIT

10. Q: Will I have a choice where I work? Are my career opportunities limited? If I work on the government program can I transfer to the commercial company? Will I have to be hired by the new company like a new hire from the street?

A: In our DAC Administrative Bulletin of November 4, 1991, we said that most teammates in the aircraft programs will experience no change in their organizations, reporting relationships or job assignments. People who work in HR&C, QP&NBD, Business Operations, PCO and Supplier Management will be assigned to one or the other companies. Generally, there will be no choice. Those assigned to commercial programs will automatically become employees of the new company.

11. Q: Will the C-17 program move to St. Louis?

A: No, the C-17 program will remain in Long Beach. This will not preclude other MDC components from bidding on C-17 manufacturing and sub assembly work. They must be able to prove that they can do the work more economically while insuring high quality.

12. Q: Who will head the various companies?

A: Those are decisions that will be reached at a later date.

13. Q: Where will the new company's headquarters be?

A: The new company will be headquartered in Long Beach. The Long Beach site will be responsible for overall program direction, design

leadership, systems integration, and will continue to be the center for marketing and product support.

14. Q: How will the new company merge different management styles and philosophies? For examples, what happens if their Asian management styles clash with ours?

A: We are not inventing the concept of international alliances and working relationships. As most of you are aware, the foreign content in our existing commercial aircraft is already considerable. We get parts and assemblies from suppliers all over the world without a problem. MDC will retain majority ownership of the new company and will therefore have a majority voice in all major decisions.

15 Q: Are you taking this action to eliminate the unions?

A: No, we are taking this action to become truly competitive in the commercial aircraft market. By producing this highest quality aircraft at the lowest cost, we will have a bright future in commercial aviation. We will be able to do that with sound financial backing, the most modern facilities in the industry and a highly motivated team of people.

16. Q: Will I have to assist in training Asian workers who will end up taking my job?

A: As we have seen with our experiences with the Peoples Republic of China facility in Shanghai, helping to train key people from other countries pays off in additional MD-80 work coming into the United States. In the case of the MD-12, any people who receive training here in the U.S. will be helping MDC build a world class airliner for a growing market segment. Together we will be able to produce the highest quality airliners at the lowest prices.

17. Q: Couldn't we find a U.S. partner? -- like Rockwell or Lockheed?

A: No we could not. None of the U.S. manufacturers were willing to become equity partners in our entire commercial aircraft business. In addition, no U.S. partner could give us access to the Pacific/Asia region, the fastest growing segment of the international airline market. By our own estimates, within 15-18 years, commercial airline traffic in the Pacific/Asian can equal that of the United States.