

1 **LETTER OF UNDERSTANDING NO. 42**

2 **SUBJECT: WORK PLACEMENT**

3 **737 Work Placement.**

4 ~~The Union has inquired about the Company's intentions to place production~~
5 ~~work on the 737MAX program in Puget Sound. Independently, the~~
6 ~~Company has been undertaking a thorough review of the 737MAX program,~~
7 ~~including options for locating such work. The Company has assessed those~~
8 ~~options in light of the economics set forth in its proposal to extend the current~~
9 ~~Collective Bargaining Agreement for four (4) years, and should those~~
10 ~~economics be achieved through a contract extension, the Company will~~
11 ~~locate the 737MAX production work in Puget Sound. With approval of the~~
12 ~~contract extension, the~~ The Company will continue to produce the 737NG
13 models and 737MAX models in Renton, to the extent such production can
14 be feasibly completed in the current and existing 737 Renton production
15 facilities. The Company has also begun planning and preparations to
16 produce the 737MAX on an additional production line in Everett, thereby
17 increasing the commitment in Puget Sound. The fabrication work currently
18 being performed by bargaining unit employees in support of the 737
19 production will be continued in their current and existing facilities in Puget
20 Sound and Portland – again, to the extent such production can be feasibly
21 completed in those current and existing facilities.

22 **Wichita KC-46 Tanker Work Placement.**

23 KC-46 Tanker production work currently being performed within the
24 Company's current and existing facilities in Puget Sound will remain. In the
25 ~~event the Company decides to place Tanker production work currently~~
26 ~~performed in its Wichita facilities (or work of a similar type) in a location~~
27 ~~other than Wichita, the Company agrees that such Wichita Tanker~~
28 ~~production work will be performed in the Company's current and existing~~
29 ~~facilities in Puget Sound.~~

30 **P-8 Production Work Placement.**

31 The Company will continue production of the P-8 program in the
32 Company's current and existing facilities in Puget Sound. The fabrication
33 work currently being performed by bargaining unit employees in support of
34 the P-8 production work in Puget Sound and Portland will be continued in
35 their current and existing facilities in Puget Sound and Portland, to the extent
36 such fabrication work can be feasibly completed in those current and
37 existing facilities.

1 **Everett Wide-Body Airplanes.**

2 The Company intends to continue production of wide-body airplanes in its
3 Everett facilities.

4 **Supplier Warranty Work.**

5 ~~The amount of supplier warranty work required to be performed on 787~~
6 ~~aircraft in inventory at Everett (e.g., PlaneTech employees performing~~
7 ~~supplier warranty work), is higher than anticipated due to incomplete~~
8 ~~deliveries and engineering changes. It is the Company's intent to~~
9 ~~expeditiously reduce the amount of supplier warranty work at the~~
10 ~~Company's Everett facilities, with a target of having minimal on site work~~
11 ~~not later than June, 2013. The Company will inform the Union in the Joint~~
12 ~~Union/Boeing Council monthly meetings of plans and actions regarding~~
13 ~~supplier warranty work.~~

14 **No Impact to Collective Bargaining Agreement.**

15 Except as expressly provided herein, nothing in this Letter of Understanding
16 supersedes or impacts any rights of the parties under ~~the 2008-2012~~
17 ~~Collective Bargaining Agreement and the 2012-2016 extension to the~~
18 Collective Bargaining Agreement, including but not limited to Article 2 and
19 Section 21.7. Nothing in this Letter of Understanding will impact the
20 Company's rights under Section 21.7 of the Collective Bargaining
21 Agreement to make strategic work placement decisions associated with a
22 condition of sale or market access, to subcontract or offload work due to lack
23 of capability or capacity, to subcontract or offload work to prevent
24 production schedule slippage, or to temporarily subcontract or offload work
25 due to emergent short term needs.

26 **Duration.**

27 This Letter of Understanding will become effective on the date that the
28 ~~second contract extension and modification contract~~ has been ratified by the
29 bargaining unit members ("effective date") and shall remain in full force and
30 effect until ~~September 7, 2028~~September 12, 2024.

31 Dated: ~~December 7, 2011 and January 3, 2014~~September 13, 2024