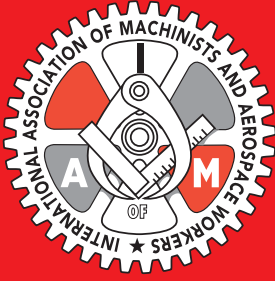


# 2008 IAM/BOEING CONTRACT LANGUAGE CHANGES



The following are the specific proposed language changes for the new contract offer that are different from the 9/3/08 offer. New language is highlighted in bold, underlined italics and deleted language has a strikethrough.

Attachments A and B reverted back to 2005 contract language. The only change was a format change. It now mirrors the current format of the summary plan descriptions to make it easier to read. You can view them on a separate link on the website.

This is not the complete contract book - just the proposed changes from the 9/3/08 Company offer.

Any addition, deletions or corrections will be posted online at [www.iam751.org](http://www.iam751.org). A complete copy of the contract is posted online.

## ARTICLE 6 - Rates of Pay

**6.3(b) General Wage Increase.** General wage increases will be granted as follows:

**6.3(b)(1)** Effective September 5, 2008, all employees on the active payroll on September 3, 2008, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.2(b) and then by application of a five (5) percent general wage increase.

**6.3(b)(2)** Effective September 4, 2009, all employees on the active payroll on September 3, 2009, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.4(c) and then by application of a three (3) percent general wage increase.

**6.3(b)(3)** Effective September 3, 2010, all employees on the active payroll on September 2, 2010, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.4(c) and then by application of a three (3) percent general wage increase.

**6.3(b)(4)** Effective September 2, 2011, all employees on the active payroll on September 1, 2011, including those on approved leave of absence for ninety (90) days or less, will have their base rates increased first by application of Section 6.4(c) and then by application of a four (4) percent general wage increase.

### Section 6.4 Cost of Living Adjustment.

(Only change was updating the chart to reflect the 4th year COLA Adjustments as follows)

<b>Effective Date of Potential Adjustment</b>	<b>Based Upon the Average of the Three-Month BLS Consumer Price Indexes for</b>
December 5, 2008	August, Sept., Oct. 2008
March 6, 2009	Nov., Dec. 2008, Jan. 2009
June 5, 2009	Feb., Mar. April 2009
September 4, 2009	May, June, July 2009
December 4, 2009	Aug., Sept., Oct. 2009
March 5, 2010	Nov., Dec. 2009, Jan. 2010
June 4, 2010	Feb., Mar. April 2010
September 3, 2010	May, June, July 2010
December 3, 2010	Aug., Sept., Oct. 2010
March 4, 2011	Nov., Dec. 2010, Jan. 2011
June 3, 2011	Feb., Mar. April 2011
<b>September 2, 2011</b>	<b>May, June, July 2011</b>
<b>December 2, 2011</b>	<b>Aug., Sept., Oct. 2011</b>
<b>March 2, 2012</b>	<b>Nov., Dec. 2011, Jan. 2012</b>
<b>June 1, 2012</b>	<b>Feb., Mar. April 2012</b>

**6.4(c) Cost of Living Adjustments** shall not be added to or subtracted from any employee's base rate, except as herein provided:

On September 4, 2009, the Cost of Living Adjustment being paid to employees on that date under Section 6.4 shall be added to the employees' base rates and made a part thereof.

On September 3, 2010, the Cost of Living

Adjustment being paid to employees on that date under Section 6.4 shall be added to the employees' base rates and made a part thereof.

**On September 2, 2011, the Cost of Living Adjustment being paid to employees on that date under Section 6.4 shall be added to the employees' base rates and made a part thereof.**

## ARTICLE 7 - Holidays

Only change on holidays was adding for the 4-year agreement.

**2008 Holidays**      **Date of Observance**

Thanksgiving Day	November 27, 2008
Friday following	
Thanksgiving	November 28, 2008
Winter Break	December 24, 2008
Winter Break	December 25, 2008
Winter Break	December 26, 2008
Winter Break	December 29, 2008
Winter Break	December 30, 2008
Winter Break	December 31, 2008

**2009 Holidays**      **Date of Observance**

Winter Break	January 1, 2009
Memorial Day	May 25, 2009
Independence Day	July 3, 2009
Labor Day	September 7, 2009
Thanksgiving Day	November 26, 2009
Friday following	
Thanksgiving	November 27, 2009
Winter Break	December 24, 2009
Winter Break	December 25, 2009
Winter Break	December 28, 2009
Winter Break	December 29, 2009
Winter Break	December 30, 2009
Winter Break	December 31, 2009

**2010 Holidays**      **Date of Observance**

Winter Break	January 1, 2010
Memorial Day	May 31, 2010
Independence Day	July 5, 2010
Labor Day	September 6, 2010

**2010 Holidays (continued)**

Thanksgiving Day	November 25, 2010
Friday following	
Thanksgiving	November 26, 2010
Winter Break	December 24, 2010
Winter Break	December 27, 2010
Winter Break	December 28, 2010
Winter Break	December 29, 2010
Winter Break	December 30, 2010
Winter Break	December 31, 2010

**2011 Holidays**      **Date of Observance**

Winter Break	January 3, 2011
Memorial Day	May 30, 2011
Independence Day	July 4, 2011
Labor Day	September 5, 2011
<b><u>Thanksgiving Day</u></b>	<b><u>November 24, 2011</u></b>
<b><u>Friday following</u></b>	
<b><u>Thanksgiving</u></b>	<b><u>November 25, 2011</u></b>
<b><u>Winter Break</u></b>	<b><u>December 23, 2011</u></b>
<b><u>Winter Break</u></b>	<b><u>December 26, 2011</u></b>
<b><u>Winter Break</u></b>	<b><u>December 27, 2011</u></b>
<b><u>Winter Break</u></b>	<b><u>December 28, 2011</u></b>
<b><u>Winter Break</u></b>	<b><u>December 29, 2011</u></b>
<b><u>Winter Break</u></b>	<b><u>December 30, 2011</u></b>

**2012 Holidays**      **Date of Observance**

<b><u>Winter Break</u></b>	<b><u>January 2, 2012</u></b>
<b><u>Memorial Day</u></b>	<b><u>May 28, 2012</u></b>
<b><u>Independence Day</u></b>	<b><u>July 4, 2012</u></b>
<b><u>Labor Day</u></b>	<b><u>September 3, 2012</u></b>

## ARTICLE 10 - Retirement Plan

10.6(a) Basic Benefit. Effective January 1, 2009, Tthe Basic Benefit will be increased to ~~\$70.00~~ **\$81.00** per month for all years of credited service for employees on the active payroll of the Company, or those on an authorized period of absence on or after January 1, 2009 (including those who retire from the employ of the Company on January 1, 2009). **Effective January 1, 2012, the Basic Benefit will be increased to \$83.00 per month for all years of credited service for employees on the active payroll of the Company, or those on an authorized period of absence on or after January 1, 2012 (including those who retire from the employ of the Company on January 1, 2012).**

**NOTE: This language deleted from 9/3/08 proposal since LOU on Incentive Plan was withdrawn.**

**~~10.6(b) Compensation. The definition of compensation will include payments from the Incentive Plan described in this Agreement.~~**

# ARTICLE 11 - Group Benefits

**NOTE: Article 11 reverted to 2005 language**

## **Section 11.1 Type of Group Benefits Program for Employees on the Active Payroll.**

The Company will extend until ~~June 30, 2009~~ **December 31, 2009**, the Group Benefits Program agreed to in the Collective Bargaining Agreement of ~~September 29, 2002~~, between the Company and the Union for eligible employees and medical benefits and dental benefits for covered dependents of eligible employees as summarized in the document entitled Attachment A effective ~~July 1, 2006~~ **January 1, 2010**, or on such later date when specifically stated therein. **The period of July 1, 2009 through December 31, 2009 will be a short plan year prior to the transition to a calendar year plan beginning January 1, 2010.**

## **Section 11.2 Cost of the Group Benefits Program for Employees on the Active Payroll.**

**11.2(a) Life Insurance and Disability Benefits.** The Company will pay the full cost of the Life Insurance, Accidental Death and Dismemberment, Survivor Income and Weekly Disability Plans for eligible employees.

**11.2(b) Medical Benefits.** The Company and the Union are committed to controlling health care costs through joint efforts under the Joint Committee on Health Care Costs and Quality. In support of these efforts, the Company will continue to share the cost of medical coverage with employees. Effective January 1, ~~2004~~ **2010**, Company and employee contributions will be as follows:

**11.2(b)(1)** In regions where employees may choose between Coordinated Care and/or Health Maintenance Organization plans or the Traditional Medical Plan, the Company will pay the full cost of the low-cost plan in the applicable region for eligible employees and dependents. For those employees and dependents whose coverage is with another plan, employees will contribute on a pre-tax basis the difference between the cost of the low-cost plan and the plan the employee chooses.

**11.2(b)(2)** In regions where Coordinated Care and/or Health Maintenance Organization plans are not available, the Company will pay the full cost of the Traditional Medical Plan.

**11.2(b)(3)** The employee is required to contribute an additional \$100 each month for medical coverage under the Group Benefits Program to enroll a spouse or same-gender domestic partner who is eligible for medical coverage under another employer-sponsored plan and waives such coverage. This \$100 contribution will not be required for a spouse or same-gender domestic partner who waived coverage under another employer-sponsored plan prior to eligibility for medical coverage under the Group Benefits Program, provided he or she enrolls at the other plan's next enrollment period or, if earlier, at an enrollment date allowed by the other plan.

**11.2(c) Dental Benefits.** The Company will pay the full cost of either the Incentive Dental Plan or Prepaid Dental Plan.

## **Section 11.3 Type of Retiree Medical Plan.**

For employees covered on or after July 1, 2003, the Company will provide for the duration of this Agreement for eligible retired employees and covered dependents of eligible retired

employees the medical benefits summarized in the document entitled Attachment B, effective July 1, 2003, or on such later date when specifically stated therein and subject to all of the terms and conditions contained in or referred to in such Attachment B. The program summarized in Attachment B shall be referred to as the Retiree Medical Plan.

**The period of July 1, 2009 through December 31, 2009 will be a short plan year prior to the transition to a calendar year plan beginning January 1, 2010.**

## **Section 11.4 Cost of the Retiree Medical Plan.**

Except as described in 11.4(b) and 11.4(c), the Company will share the cost of medical coverage for current eligible retired employees, employees on the active payroll, on layoff or on leave of absence on June 30, 2002 as follows:

**11.4(a)** Effective July 1, 2003, Company and retired employee contributions will be as follows:

For any Coordinated Care/Health Maintenance Organization plan coverage, retired employees will contribute \$10 for a retired employee only, \$20 for a retired employee and spouse, \$20 for a retired employee and child(ren), or \$30 for a retired employee and family. For Traditional Medical Plan coverage, retired employees will contribute \$20 for a retired employee only, \$40 for a retired employee and spouse, \$40 for a retired employee and child(ren), or \$60 for a retired employee and family. The Company will pay the cost of each plan in excess of the amount contributed by retired employees.

**11.4(b)** For employees who are hired on or after January 1, 1993, the Company contributions are limited to three and one third percent of the cost of the Coordinated Care/Health Maintenance Organization plan or Traditional Medical Plan the retired employee chooses per year of service for the duration of the Agreement. Retired employees pay the difference (the cost of the plan minus the Company contributions). However, all covered retirees must make contributions not less than the amount specified in Section 11.4(a).

**11.4(c)** The retired employee is required to contribute \$100 a month to enroll a spouse in the Retiree Medical Plan if the spouse is eligible for coverage under another employer-sponsored plan as an active employee and waives such coverage.

**11.4(d)** Company contributions will be made only for an eligible retired employee who is receiving benefits from The Boeing Company Employee Retirement Plan provided the employee meets the eligibility requirements of the Retiree Medical Plan and either authorizes deduction of the balance of plan rates, if any, from his or her retirement check or makes arrangements with the Company to self-pay for coverage. Such Company contribution will continue for an eligible retired employee or eligible spouse reduced by retired employee contributions required under Sections 11.4(a) and 11.4(b) and the spouse contribution in Section 11.4(c), if any, until such eligible person attains 65 years of age or is earlier eligible for Medicare, and for a dependent child, until such dependent is no longer an eligible dependent or earlier qualifies for Medicare.

## **Section 11.5 Details and Method of Coverage.**

The benefits summarized in the Group Benefits Program and the Retiree Medical Plan shall be procured by the Company under contracts and/or administrative agreements with insurance companies, health care contractors or administrative agents

which will be in the form customarily written by such carriers and administrative agents, and the Group Benefits Program and Retiree Medical Plan shall be subject to the terms and conditions of such contracts and/or administrative agreements, consistent with the summary in the Group Benefits Program or Retiree Medical Plan.

Such contracts and/or administrative agreements will require the administrative agents to develop various programs and procedures designed to contain costs based on those portions of the Group Benefits Program and the Retiree Medical Plan which contain the requirement that charges are covered only on the basis of medical necessity. Such cost containment programs or procedures may be utilized to determine the medical necessity of the treatment itself, the appropriateness of the services provided, the place of treatment or the duration of treatment. The administrative agents and the Company will announce each such program or procedure before it is required or available to the affected employees or retirees. Any such cost containment program or procedure will not operate to reduce or deny the benefit properly due under the Plans to any covered person or to shift the costs covered under the Plans to the covered person.

During the term of this Agreement, the Company shall not change the benefits or increase the deductibles or copayments shown in Attachment A and Attachment B, except as required by law, without approval of the Union, and in the event the Company makes such change without the Union's approval, such action shall be subject to the provisions of Article 19 of this Agreement. The failure of an insurance company, health care contractor or administrative agent to provide for any of the benefits for which it has contracted shall result in no liability to the Company, nor shall such failure be considered a breach by the Company of the obligations which it has undertaken by this Agreement. However, in the event of any such failure, the Company shall immediately evaluate the need to replace the services of such insurance company, health care contractor, or administrative agent.

#### **Section 11.6 Administration.**

The Group Benefits Program and the Retiree Medical Plan

shall be administered by the insurance companies, health care contractors or administrative agents with whom the Company enters into contractual relationships for the purpose of providing and/or administering the coverage contemplated by the Group Benefits Program or the Retiree Medical Plan and the Employee Benefit Plans Committee of The Boeing Company, and, except as provided in Section 11.5 above, no question or issue arising under the administration of such Group Benefits Program or the Retiree Medical Plan or the contracts and/or administrative agreements identified therewith shall be subject to the grievance procedure or arbitration provisions of Article 19 of this Agreement. No new medical or dental plans will be added or existing plans deleted without prior consultation and notification of the Union.

#### **Section 11.7 Copies of Policies to be Furnished to Union.**

Copies of the policies, contracts, and administrative agreements executed pursuant to this Article 11 shall be furnished to the Union and the coverages and benefits indicated in the Group Benefits Program or the Retiree Medical Plan, the rights of eligible employees in respect of such coverages, and the settlement of all claims arising out of such coverages shall be in accordance with the provisions, terms and rules set forth in such contracts.

#### **Section 11.8 Federal or State Programs.**

If during the term of this Agreement there is mandated by federal or state government a program that affords to employees and/or retirees covered by this Agreement similar benefits (such as but not limited to medical benefits and dental benefits) to those that are afforded by this Agreement, benefits afforded by this Agreement will be replaced by such federal or state program. The Company will comply with the provisions for the furnishing of such program to the extent required by law. No question or issue regarding the level of benefits under the state or federal program shall be subject to the grievance procedure or arbitration provisions of Article 19 of this Agreement.

## **ARTICLE 14 - Seniority**

**NOTE:** This clause had been deleted from the 9/3/08 Company offer. It was returned to 2005 language with the exception of the date change.

**Section 14.4 Reinstatement of Seniority Lost by Reason of Duration of Layoff.**  
**An employee laid off on or after October 4, 1980/1990, who has lost his/her seniority solely because of the application of Subparagraph 14.3(a)(5) shall, upon re-employ-**

**ment by the Company, have that seniority reinstated if the employee returns to the active payroll and his/her period of separation from the active payroll does not exceed the amount of seniority he/she had at the date of his/her layoff, plus the amount of seniority he/she accumulated under the applicable provisions of all Collective Bargaining Agreements between the parties beginning October 4, 1980 and thereafter.**

## **ARTICLE 16 - Health & Safety**

**NOTE:** This returned to 2005 contract language with the exception of changing "SHEA" to EHS". Eliminated proposed two and three year rotation from 9/3/08 proposal so Site Committees will have continuity.

#### **16.2(de) Site Committees.**

16.2(de)(1) Structure. The Governing Board shall be responsible for the establishment of Site Committees and may add, delete or modify existing or future Site Committees as it

deems necessary. Site Committees are currently established at: Auburn Site, Developmental Center/Kent Site, Everett Site, Frederickson Site, Plant II Site, Portland Site, Renton Site, and Wichita Site. Site Committees shall be comprised of a minimum of four (4) representatives from each of the parties, one of whom shall be the Union's health and safety focal point for that site, one of whom shall be the SHEA **EHS** safety manager for that site and one of whom shall be an HSI Ad-

ministrator from each of the parties. The appropriate Directing Business Representative will appoint Union representatives to the Site Committees. as authorized by the Governing Board. No Committee member shall suffer any loss of employee rights or benefits, including opportunities for promotion, as a result of serving on the Committee.

**16.2(de)(2) Responsibilities.** Each Site Committee shall meet at least monthly and shall select from among its members a chairperson and secretary, from each party, who shall serve a half-year term. The chair and secretary shall rotate between the parties. Minutes of all meetings, tours and recommendations shall be forwarded to the Committee members, the senior operations site manager(s) the SHEA EHS Director and the Health and Safety Institute office. Each

Site Committee shall be responsible to carry out those functions as directed by the Governing Board and as coordinated by the administrative staff. Each Site Committee also shall make a monthly tour based on the following criteria: accident injury rates, SHEAR forms, Operations safety plan goals and objectives and/or other tour indicators agreed to by the Site Committee. Information gathered will be shared with the organization, members of the Site Committee, Division Executives, SHEA and the Health and Safety Institute offices. Such tours shall be conducted as efficiently as possible and time spent in each instance shall be kept to the reasonably necessary minimum. In support of Site Committee responsibilities, Site Committee members will receive adequate training as determined by HSI in support of individual site requirements.

## ARTICLE 21 - Miscellaneous

### Section 21.7 Subcontracting.

The parties acknowledge that subcontracting work (moving work from a Company facility to an outside supplier) and offloading work (moving work from one Company facility to another Company facility not covered by this Agreement) affect the job security of employees. The word “work” for purposes of this Section refers to work of a type currently performed within the bargaining unit. Accordingly, notwithstanding any other provision of this Agreement, the Company agrees that employees will not be laid off as a direct result of subcontracting or offloading work unless they are unwilling to change jobs (including a downgrade), shift, or locations within the bargaining unit. This layoff restriction does not apply to strategic work placements, see below, or offsets or offset arrangements (condition of sale placements); to a merger, sale, transfer, or other disposition of a plant or facility or operating unit thereof; or to temporary subcontracting or offloading necessary because of required equipment overhaul or repair, labor disruptions, or events beyond the control of the Company (acts of God, natural disasters, equipment failure, major accidents, etc.).

The parties agree to oversee, upon the Union’s request, significant subcontracting and offload proposals (those affecting at least ten (10) employees) and to determine whether a financially and strategically justifiable basis exists either to keep work within the Company or return work to a Company facility covered by this Agreement. To assist in the oversight process, Union Site Representatives, (six (6) in Puget Sound, and one (1) in Portland) will actively participate in the Company’s Work Transfer Movement Groups’ studies, for the purpose of reviewing and recommending, early in the business case analysis, subcontracting or offloading alternatives that are financially and strategically sound.

To enable the Union Site Representatives to suggest alternatives that would allow the retention of work within the bargaining unit, the Company will, at least one hundred eighty (180) days prior to signing the subcontract or offloading the work, provide notice to the Union of plans to subcontract or offload work then being performed by bargaining unit employees. With respect to plans to consolidate work for efficiency or strategic reasons in a Company facility not covered by this Agreement, the Company will provide notice at least sixty (60) days prior to offloading the work then being performed by bargaining unit employees. The

notice will include the reason for the planned subcontracting or offloading. The Company will provide the Union Site Representatives with the information used by the Company’s Work Transfer Movement Groups to assess the relative costs of subcontracting, offloading, or performing the work in the bargaining unit. The Union will keep confidential, and not disclose, any information provided pursuant to this Section 21.7 which the Company designates as not subject to disclosure.

For subcontracting and offloading decisions affecting less than ten (10) employees (including but not limited to decisions to consolidate work for efficiency or strategic reasons in a Company facility not covered by this Agreement), the Company will provide notice to the Union Site Representatives of plans to subcontract or offload work then being performed by bargaining unit employees. The notice will include the reason for the planned subcontracting or offloading. The one hundred eighty (180) day or sixty (60) day notice restriction will not apply to subcontracting and offloading decisions affecting less than ten (10) employees. If time permits following the notice, Union Site Representatives may recommend subcontracting of offloading alternatives to such decisions (those affecting less than ten (10) employees) that are financially and strategically sound.

It is agreed that the Union Site Representatives’ evaluation process is to be limited to those significant subcontracting or offloading decisions where cost is the determining factor. Consequently, the notice and review process does not cover the following work transfers:

- a. Decisions made primarily for strategic considerations (“strategic work placement”) such as decisions to place work with foreign suppliers (1) for purposes of forming or continuing key strategic alliances, (2) for gaining potential access to a key market, (3) for entering risk sharing arrangements, or (4) because of condition of sale placements;
- b. Decisions arising from a merger, sale, transfer, or other disposition of a plant or facility or operating unit thereof;
- c. Decisions to subcontract or offload work due to lack of capability or capacity, or to prevent production schedule slippage;
- d. Decisions to temporarily onload work or to temporarily subcontract or offload work due to emergent short-term needs; or

e. Decisions to consolidate work for efficiency or strategic reasons in a Company facility not covered by this Agreement.

In the event of a decision described in (a) through (ed) above, the Company will notify the Union as soon as practical of the decision and the reasons for the decision. **For tooling subcontracting or offloading decisions described in (a) through (d) above, the Company will provide Union Site Representatives with information concerning subcontracting or offloading activity on a monthly basis.**

The Company's **Work Movement Group** will conduct a ~~quarterly~~ **monthly** review with the Union Site Representatives to ~~share~~ status on the previous quarter's **discuss** activities related to the Company/Union oversight process and to discuss opportunities to improve the process. **Upon the Union's request, the Company will conduct a quarterly review to share the status of**

**the previous quarter's activities.**

Anything in this Section 21.7 to the contrary notwithstanding, it is agreed that under and included within the meaning of Article 2 of this Agreement that the Company has the right to subcontract and offload work, to make and carry out decisions in (a) through (ed) above, to enter offsets and offset arrangements, and to designate the work to be performed by the Company and the places where it is to be performed, which rights shall not be subject to arbitration.

The parties recognize that the Company must compete in a highly competitive global economy, and commit to achieving the highest level of quality and productivity possible. Both parties recognize that ultimate job security can only be realized in a work environment that creates operational effectiveness, continuous improvement and competitiveness.

## ARTICLE 22 - Workforce Administration

**22.3** - Company withdrew their 9/3/08 proposal which would have eliminated seniority bands so that retentions could not be used across the board without regard to seniority. Agreed to revert to 2005 language below:

**Section 22.3 Surplusing Procedures - Number of Retentions Allowable.**

**22.3(a) Periods Used for Making Computations.** For purposes of determining the allowable number of retentions and using and applying such retentions, calendar six (6)-month periods shall be used, the first period in each year to be from January 1 to June 30, inclusive, and the second period to be from July 1 to December 31, inclusive.

**22.3(b) Allowable Number – By Location.** For each such period the number of allowable retentions shall be determined separately for each of the following "locations": Seattle-Renton; Wichita; and Portland. At each such location, the number of allowable retentions for the applicable six (6)-month period will be four and one-half (4.5) percent of the bargaining unit head count at the beginning of the period.

**22.3(c) Allowable Usage.** At each location the use of the number of allowable retentions for the applicable six (6)-month period shall be in accordance with the following:

22.3(c)(1) Three (3) levels of seniority will be identified: (a) zero (0) years through nine (9) years, (b) ten (10) years through fourteen (14) years and (c) fifteen (15) years or more. The total retentions in all three (3) levels shall not exceed four and one-half percent (4.5), subject to Subparagraph 22.3(c)(3).

22.3(c)(2) Retentions shall apply only as against another employee in the same seniority level, subject to Subparagraph 22.3(c)(3).

22.3(c)(3) An additional one (1) percent number of retentions

(one (1) percent in addition to the four and one-half (4.5) percent allowed by Section 22.3(b)) may be used in each such six (6)-month period at each such location only to retain (a) an employee in Labor Grade 5 or above as against another employee who is in a higher seniority level; or (b) an employee assigned to a program having restricted access limitations.

22.3(c)(4) Retentions described in Subparagraph 22.3(c)(3) will be accounted for separately and the Union will be advised of the reason the retention has been designated.

**22.3(d) Computations – Fractional Results.** In applying the percentages and making the computations under this Section 22.3, the number of allowable retainees shall be computed to the nearest whole number and a fraction of one-half (1/2) or more shall be treated as one (1).

**NOTE: Article 22.13 - Promotional Procedures – Effect of Refusing Promotion.** *Returned to 2005 language. Company proposed on 9/3/08 changing from "particular location and shift" to job. Under the Company's 9/3/08 proposal if a person declines an ERT promotion to any location or shift, they would not be eligible for any other promotion to that job for 90 days. By reverting back to current language, they are still eligible for other shifts and locations - just not the shift or location they declined.*

**Section 22.13 Promotional Procedures – Effect of Refusing Promotion.**

In the event an employee declines to accept a normal line promotion for a location and shift for which he/she has filed an effective application, there will be no requirement that he/she again be considered for that particular location and shift unless the employee refiles an application at any time ninety (90) or more calendar days after he/she declines the promotion.

## ARTICLE 24 - Duration

This Agreement shall become effective as of the beginning of ~~third~~ **first** shift on ~~September 29, 2005~~ **November 2, 2008** (which date is the date as of which this Agreement was executed, sometimes referred to as the "effective date of this Agreement") and shall remain in full force and effect until midnight at the close of September ~~38, 2008~~ **2012**, and shall automatically be renewed for consecutive periods of one (1) year thereafter (after September 38, 2008/2012), unless either party shall notify the other in writing, at least sixty (60) days but not more than seventy-five (75) days prior

to September ~~3rd~~ **8th** of any calendar year, beginning with ~~2008~~ **2012**, of its desire to terminate the Agreement, in which event this Agreement shall terminate at midnight at the close of such September ~~3rd~~ **8th**, unless renewed or extended by mutual written agreement. In the case of such notice the parties agree to meet immediately thereafter for the purpose of negotiating a new Agreement or a written renewal of this Agreement.

## LOU #2 - Facilities Maintenance Subcontracting

The Company and the Union have undertaken a joint review of subcontracting practices in the Facilities Maintenance and General Construction organizations at the Primary Locations covered by this Agreement. It has been determined that managing the unique subcontracting aspects of those organizations, including the cost effectiveness of subcontracting practices, can be improved by regularly reviewing subcontracting decisions, including work packages being subcontracted and let out to bid. Accordingly, the parties agree to develop a process to review subcontracting decisions at each Primary Location in order to determine whether work packages can be completed by hourly Facilities Maintenance and General Construction employees within budgeted costs and schedules. As part of this joint effort, the parties commit to furthering a work environment that creates operational effectiveness, continuous improvement, and competitiveness.

The Company will conduct a quarterly review with the Union to share status on the previous quarter's activities and to discuss opportunities to improve the joint review process.

In addition, the Company agrees that employees in Facilities

Maintenance and General Construction organization as of September 23, 1999~~2008~~, will not be laid off as a direct result of Facilities Maintenance or General Construction subcontracting. This restriction does not apply in the event of a merger, sale, transfer, or other disposition of a plant or facility or operating unit thereof, or to temporary subcontracting necessary because of required equipment overhaul or repair, labor disruptions, or events beyond the control of the Company (acts of God, natural disasters, equipment failure, major accidents, etc.). In lieu of layoff, employees will be retrained and reassigned for available work outside the Facilities Maintenance and General Construction organization.

The Company may continue to subcontract Facilities Maintenance and General Construction work to be performed on Company property by outside workers provided that such work is of a type and character as has been so subcontracted in the past.

Disputes involving alleged violations of this Letter of Understanding shall be subject to the grievance and arbitration procedure provided for in Article 19 of this Agreement.

## LOU #37 - Materials Delivery & 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 local receiving areas, staging areas, parts control areas, materials and tool storage areas, and/or factory locations where parts or assemblies are installed.

Such locations will be staffed, as necessary, with Company employees, including bargaining unit employees in classifications responsible for receiving and distribution, and job functions performed by employees that fall within bargaining unit job description(s) will continue to be performed by such bargaining unit employees. In addition,

On Commercial Airplane programs other than 787-Everett, internal and external suppliers, vendors, contractors, or subcontractors may, at the Company's request, perform inventory transactions related to goods or products they are delivering or furnishing to the Company, which may include with bargaining unit employees tracking use, disbursement, acquisition, and/or inventory of parts, materials, tools, kits, and other goods or products consistent with bargaining unit job descriptions.

The Company's Materials Delivery Group Process Owner will conduct a quarterly review consult with the Union Site Representatives on a monthly basis to provide status on the previous quarter's discuss activities and issues related to the Materials Delivery and Inventory process and to discuss The reviews may include a discussion of opportunities to improve the Materials Delivery and Inventory process, including the most efficient use of Boeing employees and resources and the implementation of new technology. Upon the Union's request, the Company

will conduct a quarterly review to discuss decisions or issues with the Materials Delivery and Inventory process from the previous quarter's activity.

The parties will explore options for retraining or reassigning bargaining unit employees to equal level jobs when bargaining unit employees are impacted by the Company's implementation of process and technology changes. In addition, forklift drivers (419 classification), MPRFs (614 classification), Factory Consumables Handlers (607 classification), Environmental Control Workers (HazMat – 855 classification), and Shipping/Distribution (611 classification) as of September 3, 2008 will not be laid off or removed from their job classification and grade as a result of the Materials Delivery and Inventory process.

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.

## Clarification Letter on LOU #37

• On Commercial Airplane programs other than the 787 Everett, internal and external suppliers, vendors, etc. may continue to perform all transactions relating to the Materials Delivery and Inventory process that they were performing as of September 3, 2008.

• On the 787 Everett and IDS programs, internal and external suppliers, vendors, etc. may perform the inventory transactions described in LOU 37 of the 2005-2008 collective bargaining agreement.

## LOU XX - Lump Sum Payment

The Company agrees to pay a lump sum payment to employees who on September 3, 2008 were covered by this Agreement and on (a) the active payroll on September 3, 2008 (including a leave of absence of ninety (90) days or less) or (b) approved military leave of absence on September 3, 2008 pursuant to Section 6.6(b), even if such military leave of absence is longer than ninety (90) days. The lump sum payment will be the greater of (a) ten (10) percent of their bargaining unit gross earnings during the period August 31, 2007, through September 4, 2008, less applicable withholding, or (b) \$5000, less applicable withholding. The lump sum payment will be paid within thirty (30) days of ratification of the Agreement. Bargaining unit gross earnings are defined as that portion of an eligible employee's total earnings while in the bargaining unit which is computed at the employee's base rate plus cost of living adjustment rate, military pay differential, shift differential rate, team leader premium and non-regular workweek premium rate, as applicable, on regular and overtime hours worked, overtime bonus hours, third shift bonus hours, sick leave hours, vacation hours, holiday hours, report time hours and leave with pay hours. All other payments to an employee, imputed or otherwise, including this payment, are excluded from bargaining unit gross earnings for purposes of computing the lump sum payment.

For employees covered by this Agreement and on (a) the

active payroll on September 4, 2009 (including a leave of absence of ninety (90) days or less) or (b) approved military leave of absence on September 4, 2009 pursuant to Section 6.6(b), even if such military leave of absence is longer than ninety (90) days, the Company agrees to pay a lump sum payment of \$1500, less applicable withholding by December 1, 2009 (the "2009 Lump Sum Payment").

For employees covered by this Agreement and on (a) the active payroll on September 3, 2010 (including a leave of absence of ninety (90) days or less) or (b) approved military leave of absence on September 3, 2010 pursuant to Section 6.6(b), even if such military leave of absence is longer than ninety (90) days, the Company agrees to pay a lump sum payment of \$1500, less applicable withholding by December 1, 2010 (the "2010 Lump Sum Payment").

The 2009 Lump Sum Payment and the 2010 Lump Sum Payment may be diverted into the Voluntary Investment Plan without any employer matching contribution, at the employee's election and pursuant to procedures established by the Plan Administrator or its Delegate or Agent established for making such election. Any diversion of these lump sum payments shall be subject to all limitations on employee contributions set forth in the Voluntary Investment Plan, the Code and applicable Regulations.

## Memorandum of Agreement Supplemental Increase for Employees in Progression

After the application of the Cost of Living Adjustment set forth in Section 6.2(b) and the General Wage Increase set forth in Section 6.3(b)(1), employees in progression on September 3, 2008 will receive a supplemental wage increase to their base rate in the amount of \$1.00. If, after the \$1.00 increase, the employee's base rate is below the new minimum rate in his or her labor grade, the employee's base rate will be further increased to the new minimum rate.

The \$1.00 increase set forth in the paragraph above will not apply to employees who are less than \$1.00 from the maximum rate. Those employees who are less than \$1.00 from the maximum rate will receive a base rate increase up to the new maximum rate.

# 2008 Strike Settlement Agreement

The Boeing Company ("Company") and the International Association of Machinists and Aerospace Workers, AFL-CIO, on its own behalf and on behalf of its District Lodges 24, 70, and 751 (hereinafter collectively referred to as the "Union") agree as follows:

1. Upon ratification of the parties 2008 – 2012 collective bargaining agreement, the union will terminate its strike and picketing against the Company.

2. All company employees on strike shall be returned to the same job they held prior to the strike and the time spent on strike will be counted for the following purposes: seniority, seniority progression, sick leave/vacation eligibility date, eligible months of participation for purposes of the ShareValue Trust, and, to the extent permitted by ERISA, the Retirement Plan.

3. All bargaining unit striking employees will be returned to work commencing on the 3rd shift on November 2, 2008. All employees will be returned to the shift, labor grade and job classification they held on the last day of work prior to the strike.

4. Employees shall be given until the beginning of their shift on Monday, November 10, 2008 to report to work. Employees who are unable to return to work because of medical reasons will be reviewed for medical leave of absence on a case-by-case basis. Further, employees who are unable to return to work because of unavoidable and compelling reasons will also be reviewed on a case-by-case basis. Other employment during the strike will not be considered as an unavoidable and compelling reason to delay reporting to work.

5. The Company shall be under no obligation to reinstate employees who do not return to work in accordance with paragraph 4, above, and such employees will be considered to have voluntarily resigned their employment. Such employees will be placed on a Preferential Hiring list if they notify the Company, in writing, of their desire to be reconsidered for employment. Individuals on the Preferential Hiring list will be hired by their job, labor grade, and seniority as of September 3, 2008 before new employees are hired. Individuals will be removed from the Preferential Hiring list if they refuse a job offer from the Company. The Preferential Hiring list shall automatically terminate on September 3, 2009.

6. Employees who prior to the strike scheduled vacations which would have occurred during the strike will be given priority in vacation scheduling. Employees may request vacation pay in lieu of time off in accordance with established practices.

7. Employee group benefits shall be reinstated effective November 3, 2008 for employees who return to work. The Company shall return all insurance premiums which have

been paid to it. In addition, insurance eligibility shall be considered continuous for all returning employees and their dependants, without interruption since September 3, 2008, and all valid insurance claims will be paid, including those of employees who may have died during the strike. Normal payroll contributions for the month of October will be collected from a future paycheck.

8. No striking employee or union official shall be issued corrective action by the Company for any activity taking place during the strike except if such individual is convicted of a penal offense.

9. All authorization/dues deduction cards will remain valid for employees who continued their Union membership throughout the strike. Employees (other than those in right-to-work states) who resigned their union membership during the strike will be required to comply with the Union Security provisions of the collective bargaining agreement. The Company will not collect funds owed the Union during the strike for programs such as the Machinists Non-Partisan Political League, Guide Dogs, or Union dues. The Company will not deduct funds for the Good Neighbor Fund, Credit Union deductions, or Savings Bond contributions missed during the strike.

10. Any grievance pending prior to the strike shall not be affected by the strike.

11. The Company and the Union mutually pledge their best efforts to return all operations back to normal at the earliest possible time.

12. Any payments resulting from changes to base rates, cost of living adjustments, shift differentials, AOG premiums, team leader premiums, job classification upgrades, or any other wage adjustments resulting from changes made to wages or premiums in the 2008-2012 collective bargaining agreement, will be paid on or before December 4, 2008, and may be paid in the employee's regularly scheduled paycheck(s) or by separate paycheck.

13. Each party agrees to withdraw any and all legal actions, including charges before the NLRB or the Department of Labor filed by either party against the other, its officers, agents, and/or members, or may hereafter be filed, based on activity related to the negotiations, the strike, or connected therewith.

14. Any disputes concerning the application of the provisions of this Strike Settlement Agreement will be subject to the grievance and arbitration provisions of the collective bargaining agreement except as stated in paragraph 11.

DATED this 29th day of October, 2008.