

# ANALYSIS/COMPARISON OF BOEING PROPOSAL 12/12/13 VS PROPOSAL VOTED ON 11/13/13

## THE ONLY CHANGES FOR CURRENT EMPLOYEES FROM THE PREVIOUS OFFER ARE:

- \$5,000 lump sum bonus in January, 2020
- Dental annual maximum coverage per person increases \$500 in 2020, and another \$500 in 2024.
- Boeing extended 737 MAX LOU 42 through 2024

## CHANGE FOR NEW HIRES

- Progression - no change from current contract - remains with current zoom at 6 years. Boeing withdrew takeaway proposal.

## ALL OTHER PROVISIONS OF NOV. 13 OFFER REMAIN THE SAME!

Below are a few of the reasons why you rejected this proposal on 11/13/13. They are the same concessionary proposals, you will vote on January 3rd.

- There's no clear statement of work, and the language in the proposal would allow Boeing to subcontract or outsource 777X work packages for any number of reasons.
- Current wingline mechanics in the 31005 are in danger. Boeing said "they have no intention of utilizing those wing structure mechanics working on aluminum wings to work on a composite wing."
- RETIREMENT: If you are at maximum pay today, the new retirement savings plan will provide two-thirds less than the current pension (assuming the new plan gets 7% return). If you are in progression, the losses will be more dramatic. **YOU WILL HAVE TO WORK LONGER, RETIRE WITH LESS AND CAREFULLY PLAN HOW LONG YOU MAY LIVE.** With the new plan, when the money runs out, its gone and you might still be living.

- Monthly premium payments for health care will TRIPLE, insurance coverage for those on Selections and Group Health will drop 10% to 90%, co-pays will DOUBLE. In 2014, a family will pay \$1,782 annually for Selections and at the end of the contract in 2024 will pay \$4,910 annually. That's \$3,128 more without ever seeing a doctor. **YOU WILL HAVE LESS TAKE HOME PAY.**
- The average annual wage increase from 2016 to 2024 would be 0.5 percent. For a Machinist making \$30 an hour, that would mean an annual average increase of only 15 cents an hour, or a measly \$300 a year.
- Entry level pay would be frozen until 2024, meaning for the first time in our history more than 2,000 Aerospace Machinists Union jobs would have starting pay sadly at minimum wage by the end of the contract.
- 9 out of the last 30 years, we did not receive a general wage increase and that was a choice to purchase health care and pension benefits. The same benefits you are now asked to give up.

BOEING 12/12/13 PROPOSAL	REALITY	OPINION & QUESTIONS
<b>LANDING 777X (the whole reason why there were talks)</b>		
<p>Company agrees to locate the 777X wing fabrication and assembly, and final assembly and major components (fabrication, interiors, wires) of the 777X in Puget Sound.</p> <p><b>MINIMAL REVISION CHANGES:</b> Added wording to 777X LOU to include “major components (fabrication, interiors and wires)”. Boeing agreed to extend LOU 42 (on 737MAX and other airplane programs) through 2024.</p>	<p>The threats from the Company are real. They could make the decision to locate the 777X outside of Washington state, but that decision is on them because everything says the best business case is to build it here.</p> <p>Boeing can still get rid of our jobs and outsource, subcontract or strategically place work elsewhere (why trade away your wages and benefits for a meaningless guarantee - read the language that was proposed).</p> <p>Language said “Boeing may subcontract or outsource certain 777X wing fabrication and assembly work packages in whole or part”</p> <p>What’s the capacity threshold the company would use to offload or outsource work especially when Boeing committed to building a new 1 million sq ft wings facility and 400,000 sq ft facility for final assembly?</p>	<p><b>MODIFIED FROM 11/13/13 PROPOSAL</b></p> <p><b>NEW JOBS - UNKNOWNNS &amp; QUESTIONS</b> - No one can quantify how many jobs it will bring, Is this a reason to consider all the other takeaways?</p> <p>Current wingline mechanics in the 31005 job number are in danger. Boeing said “they have no intention of utilizing those wing structure mechanics working on aluminum wings to work on a composite wing.”</p> <p>If you don’t get to build the 777X wing, then why take concessions everywhere else?</p> <p>Boeing has already said publicly that the 777X will have less jobs than current production lines due to robotics and automation.</p>
<b>WAGES/ECONOMICS</b>		
<p>On progression, Boeing agreed to maintain ZOOM per current contract <b>(REVISED)</b></p>	<p>Progression remains same as current contract for future hires. Boeing agreed to withdraw takeaway proposal for endless progression.</p>	<p><b>REVISED FROM 11/13/13 PROPOSAL - COMPANY WITH-DREW TAKEAWAY PROPOSAL ON PROGRESSION. Same language as current contract.</b></p>
<p>\$5,000 lump sum bonus in January 2020 <b>(NEW ADDITION)</b></p>	<p>This is the only additional money added for current employees from previous offer, but you have to wait 6 years to collect it. By then, you will have spent more than that to cover increased health care costs.</p>	<p><b>REVISED FROM 11/13/13 PROPOSAL</b></p>
<p>1% General Wage Increase in 2016, 2018, 2020, and 2023 <b>(NO CHANGE)</b></p>	<p>Current contract gives General Wage Increases of 2% each year (if it continued that would be an additional 16% over 8 years, but they are offering only 4% over 8 years. This proposal would provide 75% less.</p>	<p><b>SAME AS 11/13/13 PROPOSAL. CONCESSION from current contract - Slowed wage growth</b> Keep in mind that McNerney got a 20 percent raise in his wages last year, yet we would only get 4% over 8 years.</p>
<p>COLA formula remains same <b>(NO CHANGE)</b></p>	<p>Maintain current language</p>	<p><b>SAME AS 11/13/13 PROPOSAL &amp; same as current contract</b></p>
<p>\$10,000 ratification bonus in 2013 <b>(NO CHANGE)</b></p>	<p>Bonus does not begin to cover cost shift in health care expenses or the loss felt from losing a defined benefit pension plan and slowed wage growth.</p>	<p><b>SAME AS 11/13/13 PROPOSAL</b> Just another way Boeing was trying to divide and conquer us by hoping up front money would distract you from the losses in coming years.</p>
<p>Incentive plan maximum rate increased to 6% starting in 2017 with option to put in 401K. Option to defer AMPP into savings plan. <b>(NO CHANGE)</b></p>	<p>Again, incentive plan payout is dependent on reaching targets proposed by Boeing with numbers controlled by Boeing. The plan can pay anywhere from zero to 6% in a year.</p>	<p><b>SAME AS 11/13/13 OFFER - IMPROVEMENT from current contract.</b> All of Boeing’s examples showed a maximum 6 percent payout each year, yet it can pay zero if targets are not met. Why can’t Boeing allow us to defer AMPP to VIP now?</p>

BOEING 12/12/13 PROPOSAL	REALITY	OPINION & QUESTIONS
<b>WAGES/ECONOMICS (continued)</b>		
Hire in rates - <b>(NO CHANGE)</b>	If approved, hire in rates will change only one time in 32 years. By the end of the proposed agreement, the bottom three labor grades' hire in rates would be at the state minimum wage (since it has a COLA escalator and increases each year).	<b>SAME AS 11/13/13 PROPOSAL</b>
<b>PENSION</b>		
Current retirement plan frozen in 2016. Eff. 10/1/16 monthly multiplier raised to \$95 per month (however, no additional accumulation after 2016) <b>(NO CHANGE)</b>	Boeing's proposal would freeze our pension, which translates into lost retirement income in the future. Once the plan is terminated, it can be sold as an annuity at a later date. Who knows what benefit you would actually collect.  <b>ALSO ONCE THE PENSION IS FROZEN, IT CAN BE MERGED WITH OTHER PLANS. SINCE BCERP (OUR PENSION PLAN) IS OVERFUNDED AND THE EXECUTIVE SUPPLEMENTAL PLAN IS UNDERFUNDED, ONCE MERGED BOEING COULD USE OUR PENSION FUND TO FINANCE THE EXECUTIVE SUPPLEMENT PLAN</b>	<b>SAME AS 11/13/13 PROPOSAL - CONCESSION from current contract</b> Analysts agree there isn't anything that can compare to a defined benefit pension plan. It is the best retirement security you can have.  McNerney, if he retires now, will get <b>\$265,575 a month</b> . While trying to eliminate our pensions, McNerney, as head of the Business Roundtable (a lobbying group of top U.S. Corporations) is pushing to raise eligibility age for Social Security to 70 years old.  If we give up pensions without a fight, will any workers' pension be safe?
No penalty for early retirement at 58 years old eff. 10/1/16 <b>(NO CHANGE)</b>	Again, to get the penalty reduced from age 60 to 58, you must give up any future pension accumulation.	<b>SAME AS 11/13/13 PROPOSAL - IMPROVEMENT from current contract</b>
<b>NEW RETIREMENT SAVINGS PLAN</b>		
Starting in 2016 Boeing will contribute a percentage of your gross earnings: • 10% in Nov. 2016 • 10% in Nov. 2017 • 6% in Nov. 2018 • 4% per pay period thereafter  New hires only receive 4% each year  <b>(NO CHANGE)</b>	Retirement savings plan does not equal the current pension multiplier. Boeing's new retirement savings plans would provide 2/3 less (if you are making a good income) than the current plan. For employees in the lower labor grades or new hires, the percentage of loss is even more dramatic since current pension is a fixed amount and not based on income.  The only fact we know is that the new plan can go up or down depending on market investments, so nothing is guaranteed. No details of the new plan itself.  It is not a set amount per month for the rest of your life. When the money runs out, it is gone. Current pension gives set amount for life with a spousal option should the member pass away.	<b>SAME AS 11/13/13 PROPOSAL - CONCESSION from current contract. New plan delivers at least 2/3rds LESS for retirement going forward and there are many unanswered questions.</b> How is new retirement savings invested? What are the rules for moving savings between investments? What are the fees associated with holding or moving investments? What are the rules to access or withdraw money?  Boeing examples assume a 7% rate of return every year with no loss (what happened to your VIP in crash of 2008?)

BOEING 12/12/13 PROPOSAL	REALITY	OPINION & QUESTIONS
<b>VIP PROGRAM</b>		
<p>Eff. Nov 2016, Company match increased to 75% of first 8% (currently matched at 50%). <b>(NO CHANGE)</b></p>	<p>The increase in company contributions in Nov. 2016 is what other payrolls currently receive as a match.</p> <p>Other proposed language provided an automatic escalation effective 4/1/17, if an employee was giving 4%, their contribution would automatically escalate to 5% (at the same time you are only getting a wage increase of 1% every other year - meaning less take home pay unless you fill out required paperwork to stop the automatic escalation).</p>	<p><b>SAME AS 11/13/13 PROPOSAL - IMPROVEMENT from current contract. This is what other Boeing payrolls currently receive.</b></p> <p>Boeing also noted that employees, beginning 1/1/15, could contribute up to 30% of their income to VIP on a pre-tax and after-tax basis in 1% increments. Who, besides McNerney, can afford to put 30% of their income away for retirement?</p>
<b>HEALTH CARE/DENTAL</b>		
<p>No changes in 2014 and 2015 from current contract language on monthly premium <b>(NO CHANGE)</b></p>	<p>Current language has employee cost of monthly premiums increasing by 10% each year (so it is not frozen). *See chart on following page and note employee costs for monthly health insurance premiums more than triple over life of proposed agreement.</p>	<p><b>SAME AS 11/13/13 PROPOSAL - CONCESSION from current contract.</b> If Boeing's offer was accepted, it would triple or quadruple total health care costs to you over the life of the contract from where they are today.</p> <p>Boeing has not even been able to quantify the health care savings from our last negotiations when we accepted concessions they figured to be a 10 percent cost shift from previous percentages. Those only went into effect January, 2013 so not even for a full benefit year.</p>
<p>Employee cost sharing increased to 16% for 2016 through 2024 (Boeing's proposal says 16% but 16% of what?) <b>(NO CHANGE)</b></p>	<p>It is unclear what 16% is based on. We believe it is much greater.</p> <p>Again, employee cost of monthly premiums continues to escalate 10% each year after another major increase in 2017. LOOK AT 2014 NUMBERS AND 2024 NUMBERS, WHICH MORE THAN TRIPLE DURING THAT TIME (see chart on following page)</p>	<p><b>SAME AS 11/13/13 PROPOSAL - CONCESSION from current contract-</b> Since monthly premiums continue to escalate, what percent would we really be paying in 2024? Boeing says it is a 3 percent cost shift, but your cost each month more than triples during the life of the proposed contract &amp; that is before you visit the doctor. Seems to be much more of a dramatic shift than they lead you to believe.</p>
<p>Office visit co-pays increase twice in new proposal <b>(NO CHANGE)</b></p>	<p>Office visit copay increases from \$15 per visit to \$20 &amp; \$25 in 2017 then to \$30 and \$40 in 2020.</p>	<p><b>SAME AS 11/13/13 PROPOSAL - CONCESSION from current contract</b></p>
<p>Decreased overall medical coverage from 100% to 90% for those in Selections and Group Health <b>(NO CHANGE)</b></p>	<p>In 2017, both Group Health and Selections Plan reduce from current 100% coverage to 90%, which would mean thousands each year if you or any of your dependents have a hospital stay or surgery. Members would also begin paying 10% of every office visit and medical coverage, in addition to the increased office visit copays.</p>	<p><b>SAME AS 11/13/13 PROPOSAL - CONCESSION from current contract -</b> Decreasing overall medical from 100% to 90% means that every hospital stay will cost a member hundreds of dollars (possibly thousands up to annual out-of-pocket maximum). Members would also pay 10% of every office visit.</p>

BOEING'S 12/12/13 PROPOSAL	REALITY	OPINION & QUESTIONS
<b>HEALTH CARE/DENTAL (continued)</b>		
Prescription drugs <b>(NO CHANGE)</b>	Increases in 2017 for all plans (and we continue to have members pay the difference if you use anything other than generic)	<b>SAME AS 11/13/13 PROPOSAL - CONCESSION from current contract</b> - Members agreed to cost shift in 2011 extension on prescription drug coverage.
Yearly deductible for TMP would have two increases during additional extension <b>(NO CHANGE)</b>	TMP deductible increases to \$300 individual/\$900 family in 2017 and again increases in 2020 to \$400 individual/\$1,200 family.	<b>SAME AS 11/13/13 PROPOSAL - CONCESSION from current contract</b> - Members agreed to increase deductible in 2011 extension.
Hearing Aids <b>(NO CHANGE)</b>	Hearings aids for those in Selections and Group Health increase to \$800 in 1/1/14. Benefit increases to \$1,000 for all plans in 2020.	<b>SAME AS 11/13/13 PROPOSAL - CONCESSION from current contract</b> - Union believed we had secured \$800 benefit in 2011 extension, but Boeing only honored them for those in TMP.
Language to allow Boeing to make necessary plan changes to avoid ACA excise tax. <b>(NO CHANGE)</b>	Proposal gives Boeing the ability to reduce health care benefit levels without negotiations to avoid potential excise taxes required in the Affordable Care Act. Boeing is self insured and Boeing alone determines what the costs are so they could manipulate the numbers and change our benefits at will.	<b>SAME AS 11/13/13 PROPOSAL - CONCESSION from current contract</b> - Gives Boeing unlimited ability to change your benefits without negotiations and you nor your union have any say in the matter.

### Employee Monthly Contribution for Health Care Premiums

**EMPLOYEE COSTS MORE THAN TRIPLE FROM 2014 TO 2024 (HOW IS THAT A 3% COST SHIFT AS BOEING SAYS?)**

(all assume that employee and spouse took the health assessment each year; if not, add \$20 or \$40 a month to each figure)

These are costs you pay monthly whether or not you ever go to a doctor.

Plan Name & Type	Locations	Level of Coverage	CURRENT CONTRACT			PROPOSED MONTHLY PREMIUM (assuming health assessment completed each year)							
			1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024
Traditional Medical Medical Plan (PPO)	Seattle WA	1 - Employee	\$22.00	\$24.20	\$26.62	\$40.00	\$44.00	\$48.40	\$53.24	\$58.56	\$64.42	\$70.86	\$77.95
		2 - Emp + Spouse	\$44.00	\$48.40	\$53.24	\$80.00	\$88.00	\$96.80	\$106.48	\$117.13	\$128.84	\$141.72	\$155.90
	Portland, OR California	3 - Emp + Child(ren)	\$44.00	\$48.40	\$53.24	\$80.00	\$88.00	\$96.80	\$106.48	\$117.13	\$128.84	\$141.72	\$155.90
		4 - Family	\$66.00	\$72.60	\$79.86	\$120.00	\$132.00	\$145.20	\$159.72	\$175.69	\$193.26	\$212.59	\$233.85
Selections (CCP) Group Health HMO Selections Plus (CCP)	Seattle WA	1 - Employee	\$49.50	\$54.45	\$59.90	\$70.00	\$77.00	\$84.70	\$93.17	\$102.49	\$112.74	\$124.01	\$136.41
		2 - Emp + Spouse	\$99.00	\$108.90	\$119.79	\$140.00	\$154.00	\$169.40	\$186.34	\$204.97	\$225.47	\$248.02	\$272.82
	Portland, OR	3 - Emp + Child(ren)	\$99.00	\$108.90	\$119.79	\$140.00	\$154.00	\$169.40	\$186.34	\$204.97	\$225.47	\$248.02	\$272.82
		4 - Family	\$148.50	\$163.35	\$179.69	\$210.00	\$231.00	\$254.10	\$279.51	\$307.46	\$338.21	\$372.03	\$409.23
Kaiser Permanente (CCP)	Portland OR	1 - Employee	\$22.00	\$24.20	\$26.62	\$40.00	\$44.00	\$48.40	\$53.24	\$58.56	\$64.42	\$70.86	\$77.95
		2 - Emp + Spouse	\$44.00	\$48.40	\$53.24	\$80.00	\$88.00	\$96.80	\$106.48	\$117.13	\$128.84	\$141.72	\$155.90
	California	3 - Emp + Child(ren)	\$44.00	\$48.40	\$53.24	\$80.00	\$88.00	\$96.80	\$106.48	\$117.13	\$128.84	\$141.72	\$155.90
		4 - Family	\$66.00	\$72.60	\$79.86	\$120.00	\$132.00	\$145.20	\$159.72	\$175.69	\$193.26	\$212.59	\$233.85

BOEING'S PROPOSAL	REALITY	OPINIONS & QUESTIONS
<b>RETIREE MEDICAL</b>		
Retiree health care remains protected for 10 years <b>(NO CHANGE)</b>	Retiree medical plan contributions continue under current contract provisions. However, the same changes that apply (increased co-pays, deductibles, etc) will apply to retiree medical.	<b>SAME AS 11/13/13 PROPOSAL - CONCESSION from current contract</b>

## ADDITIONAL THINGS TO CONSIDER

### WHO CAN FORESEE WHAT THE ECONOMY WILL DO BETWEEN NOW

**AND 2024?** With only 4% in General Wage Increases over 8 years, the GWIs will not cover increased health care costs so you will have less take home pay. Is that the future you want?

9 out of the last 30 years, we did not receive a general wage increase and that was a choice to purchase health care and pension benefits. The same benefits you are now asked to give up.

### IF WE ACCEPT THIS, IT WILL BE 10 LONG YEARS BEFORE WE HAVE AN OPPORTUNITY TO ADDRESS CURRENT ISSUES THAT HAVE A SERIOUS IMPACT ON YOU EVERY DAY. ISSUES LIKE:

- Progression rules when accepting promotions that relock you to zero.
- Transfers based on seniority
- Sick leave to match other payrolls
- Designated overtime limits
- Offloading and subcontracting in 21.7
- Facilities/maintenance subcontracting
- Tool control policies that are out of control
- Indefinite suspensions with no apparent justification
- Using alleged safety violations as a discipline hammer
- Boeing's current push to degrade job grade levels (getting lower graded jobs to do higher graded work)

### WE HAVE A LEGAL, BINDING CONTRACT UNTIL SEPT. 2016

We have a legal contract in place until Sept. 2016. Doesn't it mean something when you sign a legal document? Boeing only wants to negotiate when the one weapon we have (the ability to call a strike) isn't available. Approving this tells Boeing we will vote on any demand they make – even if there is a contract in place.

### DIMINISHED BARGAINING POWER IN THE FUTURE

In the last 10 years, name examples when a group or union makes concessions and is able to get it back in future negotiations. If approved, we would have no ability to negotiate anything for over 10 long years. By the time we sit down again, most members will not have gone through a traditional bargaining cycle and understand the importance of solidarity; thereby diminishing our ability to rally the troops.

### BOEING'S FINANCIAL POSITION

Boeing is still asking for huge concessions while experiencing record profits, record backlogs and record stock prices. In the last quarter, Boeing Commercial had revenue of \$14 billion and an 11.6 percent profit margin, which is up from 9.5 percent last year. Boeing once said it would be thrilled to ever realize a 10 percent profit margin. Last week Boeing Board of Directors also approved a \$10 billion stock buy back to bolster shareholder revenue and executive compensation.

Our wages and benefits are less than 5 percent of the cost of the airplane. Boeing would be much better off to harness our skills and knowledge on increasing productivity. They landed the tanker because our expertise helped shave 20-25 percent off the cost of that plane. Even working for free with no benefits, we could only shave off 5 percent.

Should Boeing face less profitable times, what will they ask for then?

Also once our pension is frozen, it can be merged with other plans. This means since BCERP (our pension plan) is overfunded and the executive supplemental plan is underfunded, so once merged Boeing could use our pensions to fund the executive supplement plan. That is especially insulting when you consider that McNerney if he retires now, will get \$265,575 a month. While trying to eliminate our pensions, McNerney as head of the Business Roundtable (a lobbying group of top U.S. Corporations), is also pushing to raise eligibility age for Social Security to 70 years old.